



**ZAMBIA
REVENUE
AUTHORITY** | *My Tax
Your Tax
Our Destiny*

2019



Practice Note No.1

Limits the deductibility of interest on debts to 30% of the tax earnings before interest, tax, depreciation and amortisation (EBITDA);

Reintroduces a flat rate for Turnover Tax at 4%;

Increases the mineral royalty rates for copper by 1.5 percentage points for the first three price ranges;

Increases the period for the retention of documents related to transfer pricing to 10 from 6 years;

Authorises the Commissioner-General to appoint agents to withhold turnover tax;

Our Mission

To optimise and sustain revenue collection and administration for a prosperous Zambia.

My Tax,

Our Vision

A world class model of excellence in revenue administration and trade facilitation.

Your Tax,

Our Destiny

1.0	FOREWORD	iii
	PART I: SUMMARY OF AMENDMENTS	
2.0	THE INCOME TAX (AMENDMENT) ACT NO. 17 OF 2018	1
3.0	THE MINES AND MINERALS DEVELOPMENT (AMENDMENT) ACT NO.18 Of2018	3
4.0	THE VALUE ADDED TAX (AMENDMENT) ACT NO. 15 OF 2018	3
5.0	THE VALUE ADDED TAX (ZERO -RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 3 OF 2019	4
6.0	THE VALUE ADDED TAX (GENERAL) (AMENDMENT) RULES GAZETTE NOTICE NO. 13 OF 2019	4
7.0	THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 19 OF 2018	4
8.0	THE INSURANCE PREMIUM LEVY (AMENDMENT) ACT NO. 16 OF 2018	5
	PART II: COMMENTARY ON AMENDMENTS	
9.0	THE INCOME TAX (AMENDMENT) ACT NO. 17 OF 2018	6
10.0	THE MINES AND MINERALS DEVELOPMENT (AMENDMENT) ACT NO. 18 OF 2018	26
11.0	THE VALUE ADDED TAX (AMENDMENT) ACT NO. 15 OF 2018	28
12.0	THE VALUE ADDED TAX (ZERO -RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 3 OF 2019	30
13.0	THE VALUE ADDED TAX (GENERAL) (AMENDMENT) RULES GAZETTE NOTICE NO. 13 OF 2019	31
14.0	THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 19 OF 2018	32
15.0	THE INSURANCE PREMIUM LEVY (AMENDMENT) ACT NO. 16 OF 2018	34
	PART III: OTHER MATTERS	
16.0	TAX TREATMENT OF EMPLOYMENT BENEFITS	35
16.1	PAYMENTS THAT ARE NOT SUBJECT TO PAY AS YOU EARN (PAYE)	36
17.0	TAX TREATMENT OF CERTAIN EXPENSES	37
17.1	TAX TREATMENT OF EXPENSES INCURRED ON ENTERTAINMENT, HOSPITALITY AND GIFTS	37



17.2 TAX TREATMENT OF CANTEEN EXPENSES, REFRESHMENTS AND FOOD RATIONS	38
18.0 PAYMENTS ON CESSATION OF EMPLOYMENT	38
18.1 TAX TREATMENT OF PAYMENTS MADE ON MEDICAL DISCHARGE	39
19.0 TAX TREATMENT OF ADVANCE AGAINST GRATUITY, PENSIONS AND EMPLOYEE PENSION WITHDRAWALS BY AN INDIVIDUAL CONTINUING IN EMPLOYMENT	39
20.0 TAX TREATMENT OF SETTLING IN ALLOWANCES	39
21.0 TAXATION OF RENTAL INCOME	39
22.0 VALUE ADDED TAX TREATMENT OF AIRCRAFT GROUND HANDLING SERVICES	41
23.0 TAX RATES	43
24.0 ZAMBIA REVENUE AUTHORITY – DOMESTIC TAXES DIVISION CONTACT ADDRESSES	48

FOREWORD

1.0 FOREWORD

This **Practice Note** describes the various changes introduced by the:

1. Income Tax (Amendment) Act No. 17 of 2018
2. Mines and Minerals Development (Amendment) Act No. 18 of 2018
3. Value Added Tax (Amendment) Act No. 15 of 2018
4. Value Added Tax (Zero-rating) (Amendment) Order Statutory Instrument No. 3 of 2019
5. Value Added Tax (General) (Amendment) Rules Gazette Notice No. 13 of 2019
6. Customs and Excise (Amendment) Act No. 19 of 2018
7. Insurance Premium Levy (Amendment) Act No. 16 of 2018



The commentary is for general guidance only and is not to be taken as an authority in any particular case. The information provided is not exhaustive and does not affect any person's right of appeal on any point concerning a person's liability to tax, nor does it preclude any discretionary treatment which may be allowed under the law.

Note that regarding Excise Duty, only matters relating to domestic Excise Duty have been included in this Practice Note.

Any enquiries regarding the content of this document may be made through the ZRA National Call Centre, your nearest Taxpayer Service Centre or any Domestic Taxes Office.

A handwritten signature in black ink, appearing to read 'Kingsley Chanda'. The signature is stylized and fluid.

Kingsley Chanda
COMMISSIONER-GENERAL

PART I: SUMMARY OF AMENDMENTS

2.0 THE INCOME TAX (AMENDMENT) ACT NO. 17 OF 2018 – EFFECTIVE 1ST JANUARY 2019

Section	Subject
1	Title and commencement
29(1)(a)(3),(4),(5),(6)&(7)	(i) Limits the amount of gross interest expense that can be deducted to 30% of the tax earnings before interest, tax, depreciation and amortisation (EBITDA). (ii) Provides for the disallowed interest expense in the charge year to be carried forward up to a maximum of 5 years.
30A(2)	Prescribes the exchange rate to be used for computing indexed losses where books of accounts are held in United States dollars by eligible mining companies.
33(3) & (4)	Prescribes the exchange rate to be used for computing indexed capital allowances where books of accounts are held in United States dollars by eligible mining companies.
33(5)	Clarifies that capital allowances are granted in full irrespective of the number of months in the accounting period.
43B	Repeals the provision which allowed for the deduction of mineral royalty in ascertaining the gains or profits of a business.
44(o)	Prohibits the deduction of a provision for contingent employee costs.
44(p)	Prohibits the deduction of mineral royalty.
55(1)	Broadens the scope of documentation and/or information to be kept in the English language by a taxpayer.
55(2)	Increases the period for the retention of documents and information to 10 years for a business transacting with associated persons.
64A(3)	Introduces presumptive tax on betting and gaming businesses.
64A(4)	Empowers the Commissioner-General to appoint any person as an agent to withhold turnover tax on payments to suppliers of goods and services.
65(2) & (3)	Extends the period within which the Commissioner-General may raise an assessment to 10 years from 6 years in the case of <i>a business transacting with associated persons</i> .

97AA	Repeals special provisions on loans between two associated persons where actual conditions include issuing security.
97C(7)	Increases the penalty fee for non-compliance with Transfer Pricing Regulations to K24,000,000 from K3,000.
100(1)(e)(iii)	Introduces specific penalties for incorrect declarations in relation to the Skills Development Levy.
Second Schedule Paragraph 6(1)	Limits the tax exemption only to those public benefit organisations whose income has been approved for exemption by the Minister.
6(2)	Provides for the taxation of business profits of any body or persons or trust which is not an approved public benefit organisation at the applicable tax rate.
Third Schedule Paragraph 3	Removes the provision that guided the treatment of profits of a business engaged in both life and general (non-life) insurance.
Fifth Schedule Paragraph 19	Introduces a definition for the term <i>non-contiguous</i> .
22A	Repeals the thin capitalisation provision in respect of a company carrying out mining operations.
23(1)	Replaces the words <i>not contiguous</i> with the word <i>non-contiguous</i> to give effect to the new definition that has been provided.
Ninth Schedule Part II	Introduces a flat rate of 4% for turnover tax.
Part III	Prescribes the specific tax rates and presumptive tax amounts applicable to betting and gaming businesses.
Charging Schedule Paragraph 3(1)(g)	Restricts the prescribed rate of 15% to business profits of a public benefit organisation approved by the Minister.
5(c)	Clarifies that the applicable tax rate is 10% for income arising from the export of non-traditional products from farming or agro-processing.
5(f)	Introduces a tax rate of 15% on income earned by a company from the manufacturing of products using copper cathodes.
6(1)(b)	Increases the withholding tax rate to 20% from 15% on any payment of dividends to a non-resident.

- 6A Increases the withholding tax rate to 20% from 15% on a payment or distribution of branch profits.
- 7(x) Increases the withholding tax rate to 20% from 15% on any payment of interest to a non-resident.

THE MINES AND MINERALS DEVELOPMENT (AMENDMENT) ACT NO. 18 OF 2018 – EFFECTIVE 1ST JANUARY 2019

3.0

Section Subject

- 1 Title and Commencement
- 89(1)(a) Excludes cobalt and vanadium from other base metals on which a holder of a mining licence is liable to pay mineral royalty at the rate of 5%.
- 89(2)(a)(b)(c) Increases the mineral royalty rates for copper by 1.5 percentage points for the first three price ranges.
- 89(2)(d) Introduces a mineral royalty rate of 8.5% when copper price per tonne is US\$7,500 or higher but less than US\$9,000.
- 89(2)(e) Introduces a mineral royalty rate of 10% when copper price per tonne rises to US\$9,000 and above.
- 89(3) Increases the mineral royalty rate on cobalt and vanadium to 8% from 5%.
- 89(4) Extends the liability to any person in possession of minerals to account for mineral royalty where it has not been accounted for.

4.0 THE VALUE ADDED TAX (AMENDMENT) ACT NO. 15 OF 2018 – EFFECTIVE 1ST JANUARY 2019

Section Subject

- 1 Title and commencement
- 2 Provides appropriate definitions for the devices used by suppliers.
- 10(8) Prescribes the taxable value where a trade or cash discount has been granted.
- 46A Provides for the prosecution of directors, managers, partners or shareholders for offences committed by a body corporate or an unincorporate body.

5.0 THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 3 OF 2019 – EFFECTIVE 1ST JANUARY 2019

Paragraph	Subject
1	Title and Commencement
Group 7 (b)	Provides for the zero-rating of Light Emitting Diode (LED) lights.

6.0 THE VALUE ADDED TAX (GENERAL) (AMENDMENT) RULES GAZETTE NOTICE NO. 13 OF 2019 – EFFECTIVE 11TH JANUARY 2019

Rule	Subject
1	Title and Commencement
7(1)(c)	Extends cash accounting to suppliers in the electricity generation sector.

7.0 THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 19 OF 2018 – EFFECTIVE 1ST JANUARY 2019

Section	Subject
1	Title and Commencement
154A	Provides for the prosecution of directors, managers, partners or shareholders for offences committed by a body corporate or an unincorporate body.
155	Provides for the charging of a fine for a service provider who is licensed for excise.
155A	Repeals the provision.
Second Schedule	Introduces excise duty on products under headings 2009 (fruit juices), 2201 (unflavoured and unsweetened water) and 2202 (flavoured or sweetened water) of the First Schedule.
Sixth Schedule	Prescribes the applicable tax rates for locally manufactured fruit juices and packed water.



8.0 THE INSURANCE PREMIUM LEVY (AMENDMENT) ACT NO. 16 OF 2018 – EFFECTIVE 1ST JANUARY 2019

Section	Subject
1	Title and Commencement
2	Introduces a definition for electronic fiscal device.
4(3)	Makes it mandatory for an insurer, an insurance agent or a broker to record a payment of the levy and issue a tax invoice generated by an electronic fiscal device.
5	Changes the due date for the payment of Insurance Premium Levy to the 18 th day from the 14 th day of the month.

PART II: COMMENTARY ON AMENDMENTS

9.0 THE INCOME TAX (AMENDMENT) ACT NO. 17 OF 2018

9.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January, 2019.

9.2 SECTION 29: DEDUCTIONS GENERALLY

9.2.1 Section 29 of the principal Act is amended by the deletion of subsection 1(a) and the substitution thereof of the following:-

(a) in ascertaining business gains or profits in a charge year, there shall be deducted the losses and expenditures, other than of a capital nature, incurred in that year wholly and exclusively for the purposes of the business, except that a deduction shall not be allowed on gross interest expense that exceeds thirty percent of the tax earnings before interest, tax, depreciation and amortisation.

This amendment limits the amount of gross interest expense that can be deducted to 30% of the tax earnings before interest, tax, depreciation and amortisation (EBITDA). See Example 1 in paragraph 8.2.2 below.

Prior to this change in the law, interest arising from a loan or advance that was wholly and exclusively employed for the purposes of a business was deductible in full subject to the thin capitalisation limitations which existed under section 97AA and paragraph 22A (debt-equity ratio for mining) of the Fifth Schedule to the Income Tax Act.

The 30% limitation applies to all sectors (except those regulated under the Banking and Financial Services Act, Pension Scheme Regulation Act or the Insurance Act) and to all borrowings irrespective of whether the parties are related or not.

NOTES:

- (i) The limitation will be on gross interest and it will apply on the tax EBITDA.
- (ii) In a situation where a company has incurred a loss (i.e. the tax EBITDA is negative), the whole amount of the interest for that charge year will be disallowed. However, the disallowed interest will be carried forward.

9.2.2 Section 29 of the principal Act is amended by the insertion of the following new subsections immediately after subsection (2):

(3) Despite subsection (1) (a), interest, including disallowed interest, is subject to the deduction of withholding tax in accordance with section 82A.

(4) Interest on which a deduction is not allowed under this section may be carried forward and treated as incurred during the next charge year, except that interest shall not –

(a) exceed thirty percent of the tax earnings before interest, tax, depreciation and amortisation; and

(b) be carried forward for more than five years.

(5) Section 97A applies to interest which is allowable as a deduction under this section or which would, but for this section, be allowable as a deduction.

(6) This section does not apply to an institution registered under the Banking and Financial Services Act, 2017, the Pension Scheme Regulation Act, or the Insurance Act, 1997;

(7) For the purposes of this section-

“gross interest expense” means the interest paid or accrued by a business in a charge year;

“interest” includes interest on all forms of debt, payments that are economically equivalent to interest and expenses incurred in connection with the raising of finance to the extent that the incidental costs of raising finance are not covered by Section 44(n); and

“tax earnings before interest, tax, depreciation and amortisation” means the sum of taxable income, gross interest expense, depreciation and amortisation.

In addition, section 29 has been amended to introduce new subsections which have the following implications:

- (i) The whole interest (including the disallowed interest, where applicable) will still be subject to withholding tax in the charge

- 
- year in which the payer has incurred it or made the payment, whichever one is earlier.
- (ii) Interest above the 30% threshold that is disallowed can be carried forward up to a maximum of 5 years. Any balance of the unexhausted interest beyond the 5-year period will not be deductible.
 - (iii) Where the interest is arising from a related party, such a transaction will be subject to transfer pricing tests irrespective of whether or not such interest is within the allowable range.
 - (iv) The provision does not apply to banks, financial institutions, insurance companies, insurance brokers, insurance agents, and pension funds.
 - (v) The definitions of gross interest expense, interest, and tax earnings before interest, tax, depreciation and amortisation have been provided.

The interest limitation rule applies on three components of interest expense, which are; (i) interest on all forms of debt; (ii) payments economically equivalent to interest; and (iii) expenses incurred in connection with the raising of finance. Payments economically equivalent to interest are financial instruments which have payments economically equivalent to interest but having a different legal form. These payments include those that are linked to the financing of an entity where the payment is determined by applying a fixed or variable percentage to the actual or notional principal over time. In determining the payments that are economically equivalent to interest, the Commissioner-General shall rely on the economic substance rather than the legal form of the financial instrument.

The three interest expense components above may include though not limited (non-exhaustive) to following:

- payments under profit participating loans;
- imputed interest on instruments such as convertible bonds and zero coupon bonds;
- amounts under alternative financing arrangements, such as Islamic finance;
- the finance cost element of finance lease payments;
- capitalised interest included in the balance sheet value of a related asset, or the amortisation of capitalised interest;
- amounts measured by reference to a funding return under transfer pricing rules, where applicable;
- certain foreign exchange gains and losses on borrowings and instruments connected with the raising of finance (Subject to section 29A);
- guarantee fees with respect to financing arrangements [Subject to section 44(n)]; and

- arrangement fees and similar costs related to the borrowing of funds [Subject to section 44 (n)].

The amendment has further excluded from the definition of interest the incidental costs of obtaining finance that are covered under section 44(n) and these include commitment and guarantee fees, commissions and any other incidental costs of a similar nature.

Furthermore, the deductibility of foreign exchange losses arising from the settlement of any foreign debt or borrowings, though covered under Section 29A of the Income Tax Act, shall be subject to the 30% limitation rule on realisation.

NOTE: The Zambia Revenue Authority acknowledges that the commentary on the three components of interest expense draws from an extract in the OECD BEPS Final Action 4 Report.

Example 1: Illustration of tax EBITDA

The following example is an extract from the income statement of ABC Holdings for the charge year 2019.

Table 1: Income statement of ABC Holdings

	K'000	K'000
TRADING GROSS PROFIT	200	
Interest Receivable	20	
Total Gross Profit		220
EXPENSES:		
Wages and Salaries	65	
Electricity and Water	15	
Amortisation	10	
Guarantee Fees	5	
Interest	60	
Depreciation	25	
Total Expenses		180
Net Profit		40

Computation of Tax EBITDA:

From the figures in Table 1 above and assuming that the taxable income is equivalent to the net profit, tax EBITDA is computed as below:

$$\begin{aligned}
 \text{Tax EBITDA} &= \text{Taxable income} + \text{Interest} + \text{Depreciation} + \\
 \text{Amortisation} &= 40,000 + 60,000 + 25,000 + 10,000 \\
 &= 135,000
 \end{aligned}$$

Therefore, the allowable interest in 2019 is $30\% \times 135,000 = 40,500$ and the disallowed amount that will be carried forward is 19,500 (60,000 – 40,500). The amount of 19,500 will be available for deduction in the subsequent years until 2024.

Example 2: Illustration of carry forward of disallowed interest

On the basis of the information in Example 1, carried forward interest can be illustrated as below:

Table 2: 2019 Charge Year

Charge Year	2019	2020 (Year 1)	2021 (Year 2)
Unclaimed interest brought forward	-	19,500	
Tax EBITDA	135,000		
30% Tax EBITDA	40,500		
Gross Interest for the year	60,000		
Allowable Interest	40,500		
Disallowed Interest	19,500		

Table 3: 2020 Charge Year

Charge Year	2020 (Year 1)	2021 (Year 2)
Interest brought forward	19,500	27,500
Tax EBITDA	140,000	
30% Tax EBITDA	42,000	
Interest for the year	50,000	
Add: Unclaimed interest brought forward	19,500	
Total interest available for the year	69,500	
Less: Total interest allowable for 2020	42,000	
2020 unclaimed interest carried forward (50,000 + 19,500 – 42,000)	27,500	

NOTES:

- (i) The total interest allowable of 42,000 for the 2020 charge year consists of 19,500 from the 2019 charge year and 22,500 for the 2020 charge year.
- (ii) The whole amount of 19,500 from the 2019 charge year has been fully exhausted. However, if the balance of the interest of 19,500 for the 2019 charge year was not fully exhausted in the 2020 charge year, the difference would have been carried forward to 2021.

- (iii) The unclaimed interest of 27,500 consists entirely of the 2020 charge year interest.
- (iv) The interest for each year that is carried forward should be tracked separately to determine the validity period of the claim.

9.3 SECTION 30A: INDEXATION OF LOSSES

Section 30A of the principal Act is amended by the deletion of subsection (2) and the substitution therefor of the following:

(2) For the purposes of this section indexed losses shall be computed as follows:

$$[1 + (R2-R1)/R1] \times \text{loss brought forward}$$

Where:

R1 is the Kwacha against the United States dollar at the average exchange rate for the accounting year preceding the accounting year in which the loss is being claimed; and

R2 is the Kwacha against the United States dollar at the average exchange rate for the accounting year in which the loss is being claimed.

(3) The Kwacha against the United States dollar exchange rate to be used for the purpose of subsection (2) is the average Bank of Zambia mid-rate for the relevant accounting years.

This amendment prescribes the exchange rate to be used for computing indexed losses where books of accounts are held in United States dollars by an entity engaged in mining operations. The prescribed rate shall be the average Bank of Zambia mid-rate for the accounting period.

Prior to this amendment, indexed losses were computed using the Bank of Zambia mid-rate prevailing at the end of the accounting period.

The provision on the indexation of losses was introduced by Act No. 7 of 2006 and is intended to maintain the real value of the tax losses which have been incurred by taxpayers who have been allowed to keep books of accounts in United States dollars.

Example 3: Computation of the average Bank of Zambia mid-rate

In computing the average Bank of Zambia (BOZ) mid-rate for a given accounting period, the mid-rates for all the months are summed up and

divided by the total number of months in that accounting period as illustrated in Table 4 below:

Table 4: Bank of Zambia monthly mid-rates

Period	2018 Mid-rate	2019 Mid-rate
January	9.83	12.20
February	9.20	12.00
March	10.50	11.50
April	11.20	11.10
May	11.20	10.30
June	12.40	10.90
July	10.80	10.50
August	10.30	11.83
September	9.60	10.20
October	9.52	9.64
November	9.65	8.43
December	9.20	7.32
Total	123.40	125.92
Average mid-rate	10.28	10.49

NOTE: The above mid-rates are for illustration purposes only.

Example 4: Computation of indexation of losses

A mining company has a brought forward tax loss of K5,000,000 from the charge year 2018. The indexed losses will be computed as follows:

On the basis of the information in Table 4 above, R1 and R2 are 10.28 and 10.49 respectively. Thus,

Indexed loss = $[1 + (R2-R1)/R1]$ x loss brought forward

Indexed loss = $[1 + (10.49 - 10.28)/10.28]$ x 5,000,000

Indexed loss = 5,102,140.08

Therefore, the 5,102,140.08 is the loss brought forward into 2019.

9.4 SECTION 33: CAPITAL ALLOWANCES

9.4.1 Section 33 of the principal Act is amended by the deletion of subsection (3) and the substitution thereof of the following:

(3) For the purposes of this section indexed capital allowances shall be computed as follows:

$$[1 + (R2-R1)/R1] \times \text{capital allowance}$$

Where:

R1 is the Kwacha against the United States dollar at the average exchange rate for the accounting year preceding the accounting year in which the capital allowance is being claimed; and

R2 is the Kwacha against the United States dollar at the average exchange rate for the accounting year in which the capital allowance is being claimed.

(4) The Kwacha against the United States dollar exchange rate to be used for the purpose of subsection (3) is the average Bank of Zambia mid-rate for the relevant accounting years.

(5) Despite the other provisions of this Act, a capital allowance granted under this section shall be granted for a charge year irrespective of the period covered by the accounts being assessed.

This amendment prescribes the exchange rate to be used for computing capital allowances where books of accounts are held in United States dollars by an entity engaged in mining operations. The prescribed rate shall be the average Bank of Zambia mid-rate for the accounting period.

The amendment further provides clarity that where a business is allowed to prepare accounts for a non-standard accounting period capital allowances will be granted for a full charge year notwithstanding the number of months in that accounting period that fall within the respective charge year.

Example 5: Computation of the average Bank of Zambia mid-rate

In computing the average Bank of Zambia (BOZ) mid-rate for a given accounting period, the mid rates for all the months are summed up and divided by the total number of months in that accounting period as illustrated in Table 5 below:

Period	2018 Mid-rate	2019 Mid-rate
January	9.83	12.20
February	9.20	12.00
March	10.50	11.50
April	11.20	11.10
May	11.20	10.30
June	12.40	10.90
July	10.80	10.50
August	10.30	11.83
September	9.60	10.20
October	9.52	9.64
November	9.65	8.43
December	9.20	7.32
Total	123.40	125.92
Average mid-rate	10.28	10.49

NOTE: The above mid-rates are for illustration purposes only.

Example 6: Computation of indexed capital allowances for Company M

Company M is allowed to keep books of accounts in the USD currency. The company purchased office equipment in 2018 and brought it into use the same year. The cost of equipment was US\$972,762.65 and declared at Kwacha equivalent value of K10,000,000 in the 2018 tax return. The other relevant information is indicated below and the assumed exchange rates for various years are as below:

- *BOZ mid-rate as at 31st December 2017 is K9 per 1USD*
- *Average BOZ mid-rate for the year 2018 is K10.28 per 1USD (as per Table 5)*
- *Average BOZ mid-rate for the year 2019 is K10.49 per 1USD (as per Table 5)*
- *Average BOZ mid-rate for the year 2020 is K11 per 1USD*

Charge Year: 2018

Accounting date: 31st December 2018

Profit for the year: K50,000,000.00

Cost of office equipment: K10,000,000.00 (bought in the charge year 2018)

Capital allowance computation in 2018

<i>Cost:</i>	<i>10,000,000.00</i>
<i>Wear and tear at 25%:</i>	<i>2,500,000.00</i>
<i>Written down value:</i>	<i>7,500,000.00</i>

Tax computation in 2018

<i>Profit:</i>	50,000,000.00
<i>Less Capital allowances:</i>	2,500,000.00
<i>Taxable profit:</i>	47,500,000.00

Charge Year: 2019
Profit for the year: K70, 000,000.00

Capital allowance computation in 2019
Since the average exchange rates for 2018 and 2019 are different, the capital allowance deduction for the 2019 charge year will have to be indexed.

The indexed capital allowance in 2019 will be computed as follows:
 Indexed capital allowance = $[1 + (R2-R1)/R1] \times \text{capital allowance}$
 Indexed capital allowance = $[1 + (10.49 - 10.28)/10.28] \times 2,500,000$
 Indexed capital allowance = 2,551,070.04

Therefore, the 2,551,070.04 is the amount of capital allowances claimed in 2019.

Tax computation in 2019

<i>Profit:</i>	70,000,000.00
<i>Less Capital allowances (indexed):</i>	2,551,070.04
<i>Taxable profit:</i>	67,448,929.96

Charge Year: 2020
Profit for the year: K80, 000,000.00

The indexed capital allowance in 2020 will be computed as follows:
 Indexed capital allowance = $[1 + (R2-R1)/R1] \times \text{capital allowance}$
 Indexed capital allowance = $[1 + (11.00 - 10.49)/10.49] \times 2,551,070.04$
 Indexed capital allowance = 2,675,097.28

Therefore, the K2, 675,097.28 is the amount of capital allowances claimed in 2020.

Tax computation in 2020

<i>Profit:</i>	80,000,000.00
<i>Less Capital allowances (indexed):</i>	2,675,097.28
<i>Taxable profit:</i>	77,324,902.72

9.5 SECTION 43B: DEDUCTION FOR MINERAL ROYALTY

The principal Act is amended by the repeal of section 43B.

The amendment removes the provision which allowed for the deduction of mineral royalty in ascertaining the gains or profits of a business.

9.6 SECTION 44: CASE OF NO DEDUCTION

Section 44 of the principal Act is amended by the repeal of paragraph (o) and the substitution therefor of the following:

*(o) provision for a contingent employee cost that is not paid out to the employee in the charge year; and
(p) mineral royalty payable under the Mines and Minerals Development Act, 2015.*

This amendment prohibits the deduction of a provision for contingent employee costs. It further prohibits the deduction of mineral royalty payable under the Mines and Minerals Development Act, 2015.

The amendment provides for the following:

- (i) Section 44(o) excludes from deduction specific provisions for which the actual payments by the employer are dependent on the fulfilment of uncertain future events.

For example, an employment contract may state that gratuity is payable upon serving for a period of 36 months (3 years) and that no gratuity is payable where the employee does not serve for that defined period for whatever reason.

Following this change, the employer will only deduct, for tax purposes, the gratuity expense once it is actually paid to the employee at the completion of the 36 months (3 years) of service. Thus, there will be no deductions allowed in year 1 and year 2 provided no actual payment has been made in those years.

- (ii) Section 44(p) entails that mineral royalty payable by a business shall not be allowed as a deduction in ascertaining income liable to tax.

9.7 SECTION 55: ACCOUNTS AND RECORDS

- 9.7.1** *Section 55 of the principal Act is amended in subsection 1 by the deletion of the words “books and accounts” and the substitution therefor of the words “books, accounts, documents, records and other information”.*



This amendment broadens the scope of documentation and/or information to be kept in the English language by a taxpayer.

- 9.3.2** *Section 55 of the principal Act is amended by the insertion of the following new subsection immediately after subsection (1):*

(2) Despite subsection (1), businesses covered by Part IX shall retain books, accounts, documents, records and other information relating to the business for ten years from the date of the last entry in those books, accounts, documents, records and that other information.

This amendment increases the period for the retention of documents and information to 10 years from 6 years in the case of a business transacting with associated persons.

Prior to this amendment, taxpayers were required to retain records for up to 6 years. Following this amendment, taxpayers with related-party transactions are now required to keep records up to 10 years. Therefore, effective charge year 2019, all records relating to the charge year 2014 onwards shall now be required to be retained for 10 years because they are still within the previous 6-year limit.

- 9.3.3** *Section 55 of the principal Act is amended by the renumbering of subsections (2), (3) and (4) as subsections (3), (4) and (5) respectively.*

- 9.3.4** *Section 55 of the principal Act is amended by the deletion of the figure “(3)” in subsection (5) and the substitution therefor of the figure “(4)”.*

9.8 SECTION 64A: STANDARD ASSESSMENT

- 9.8.1** *Section 64A of the principal Act is amended by the insertion of the following new subsections immediately after subsection (2):*

(3) The Commissioner-General may make a standard assessment requiring a person carrying on the business of betting and gaming to pay a presumptive tax as set out in Part III of the Ninth Schedule.

(4) The Commissioner-General may appoint a person as an agent to withhold turnover tax before making any payments for the supply of goods or services.

This amendment introduces presumptive tax on betting and gaming businesses.



Following this amendment, persons carrying on betting and gaming business will no longer be eligible to register for income tax or turnover tax.

Further commentary pertaining to presumptive tax on betting and gaming businesses to follow in the Practice Note on Betting and Gaming.

The amendment further empowers the Commissioner-General to appoint any person as an agent to withhold turnover tax on payments to their suppliers of goods and services. The agent is required to withhold tax at the rate of 4% and remit the tax to the Zambia Revenue Authority.

The tax withheld and remitted to the Zambia Revenue Authority will be credited to the taxpayer's account. In this regard, appointed agents are advised to ensure that they adhere to the provisions of the Income Tax Act that require businesses to be registered and be in possession of a valid tax clearance certificate. The taxpayer (supplier) will still be required to file the turnover tax return and any tax withheld will be used as a credit against their tax liability.

The Zambia Revenue Authority will publish a list of appointed agents who will be issued with certificates. The appointed tax agents will be required to file a return for withholding tax for the turnover tax withheld.

- 9.8.2** Section 64A of the principal Act is amended by the renumbering of subsection (3) as subsection (5).

9.9 SECTION 65: ASSESSMENT RULES

- 9.9.1** Section 65 of the principal Act is amended by the deletion of subsection (2) and the substitution therefor of the following:

(2) Subject to subsection (3), an assessment shall not be made for a charge year after six years from the end of that charge year.

(3) Despite subsection (2), an assessment may be made for a charge year after six years from the end of that charge year-

(a) in cases of fraud or wilful default; or

(b) for the purposes of-

- (i) sections 21, 88, 91, 97A, 97B, 97C, 97D or 113, except that an assessment for the purposes of sections 97A, 97B, 97C and 97D shall not be made after ten years from the end of that charge year;*

- (ii) part VII;
- (iii) paragraph 25 of the Fifth Schedule; or
- (iv) granting tax credits as provided in the Charging Schedule.

This amendment extends the period within which the Commissioner-General may raise an assessment to 10 years from 6 years in the case of a business transacting with associated persons.

Prior to this amendment, the Commissioner-General was allowed to raise assessments for only up to 6 years for associated persons. Following this amendment, taxpayers with related-party transactions may be assessed for a period of up to 10 years.

Therefore, effective charge year 2019, this amendment applies to all charge years from 2014 onwards because they are still within the previous 6-year limit.

9.9.2 Section 65 of the principal Act is amended by the renumbering of subsections (3) and (4) as subsections (4) and (5) respectively.

9.10 SECTION 97AA: SPECIAL PROVISIONS WHERE ACTUAL CONDITIONS INCLUDE ISSUING SECURITY

The principal Act is amended by the repeal of section 97AA.

This amendment to repeal section 97AA follows the amendment to section 29 introducing the limitation for interest expense deductibility.

9.11 SECTION 97C: PROVISIONS SUPPLEMENTARY TO SECTION 97A

Section 97C(7) of the principal Act is amended by the deletion of the words “ten thousand” and the substitution therefor of the words “eighty million”.

The amendment increases the penalty for non-compliance with Transfer Pricing Regulations to 80,000,000 penalty units from 10,000 penalty units. The penalty has been increased to K24,000,000 from K3,000.

NOTES:

- (i) A penalty unit is K0.30.
- (ii) The offence under the Transfer Pricing Regulations that attracts penalties under this section is the failure to comply with the Commissioner-General's notice to submit transfer pricing documentation.

9.12 SECTION 100: PENALTY FOR INCORRECT RETURNS, ETC

9.12.1 *Section 100(1)(e) of the principal Act is amended by the insertion of the following new subparagraph immediately after subparagraph (ii):*

(iii) in relation to a person liable to pay skills development levy in accordance with the Skills Development Levy Act, 2016 -

(A) in the case of negligence, zero point two five percent of the amount;

(B) in the case of wilful default, zero point five percent of the amount; and

(C) in the case of fraud, zero point seven five percent of the amount;

of any income omitted or understated, in consequence of such failure, incorrect return, information or submission.

This amendment introduces specific penalties for incorrect declarations in relation to the skills development levy. Prior to this change, penalties for incorrect declarations of skills development levy were based on the general penalties for incorrect declarations provided in the Income Tax Act. Table 6 below indicates the penalties for incorrect declarations applicable in the 2019 charge year and the periods prior to 2019.

Table 6: Penalties for incorrect declarations of skills development levy

Offence	2019	Prior to 2019
Negligence	0.25% of the under declared amount	17.5% of the under declared amount
Wilful Default	0.5% of the under declared amount	35% of the under declared amount
Fraud	0.75% of the under declared amount	52.5% of the under declared amount

9.12.2 *Section 100(1)(e) of the principal Act is amended by the renumbering of subparagraph (iii) as subparagraph (iv).*

9.13 SECOND SCHEDULE: EXEMPTIONS

9.13.1 The Second Schedule to the principal Act is amended by the deletion of paragraph 6(1) and substitution therefor of the following:

(1) There is exempt from tax the income of a public benefit organisation established for the promotion of religion or education, or for the relief of poverty or other distress, if-

(a) in relation to the people of the Republic, the income may not be expended for any other purpose; and

(b) the Minister has approved the exemption from tax the income of that public benefit organisation.

This amendment limits the tax exemption only to those public benefit organisations whose income has been approved for exemption by the Minister. In order to qualify for exemption, the scope of activities should be limited to the promotion of religion or education, or for the relief of poverty or other distress. Previously, this exemption also applied to any body of persons or trust that was established for the promotion of religion or education or the relief of poverty or other distress.

- 9.13.2** The Second Schedule to the principal Act is amended in paragraph 6(2), by the deletion of the comma and the words “body or persons or trust” immediately after the word “organisation”.

This amendment provides for the taxation of business profits of any body or persons or trust which is not an approved public benefit organisation at the applicable tax rate of the respective source of income.

Only the business profits of an approved public benefit organisation qualify for taxation at a reduced rate of 15% as provided for in the Charging Schedule to the Income Tax Act.

NOTE: An approved public benefit organisation is one whose income has been approved for exemption by the Minister under the Second Schedule.

9.14 THIRD SCHEDULE: INSURANCE BUSINESS

The Third Schedule to the principal Act is amended by the deletion of paragraph 3.

The amendment removes from the Act a provision that guided the treatment of profits of a business engaged in both life and general (non-life) insurance. This provision was rendered redundant following the change in the law governing the insurance sector where companies are not allowed to carry out both life and non-life insurance business.

9.15 FIFTH SCHEDULE: CAPITAL ALLOWANCES FOR BUILDINGS, IMPLEMENTS, MACHINERY AND PLANT AND PREMIUMS

- 9.15.1** The Fifth Schedule to the principal Act is amended in paragraph 19, by the insertion of the following new definition in the appropriate place:

“non-contiguous” means not one despite touching or sharing a common border;

This amendment introduces a definition of the term “non-contiguous” which did not exist prior to the amendment.

- 9.15.2** The Fifth Schedule to the principal Act is amended in paragraph 23(1), by the deletion of the words “not contiguous” and the substitution therefor of the word “non-contiguous”.

The amendment replaces the words “not contiguous” with the word “non-contiguous” to give effect to the new definition that has been provided. The word “non-contiguous” conforms to the term used in the heading and text of paragraph 23.

- 9.15.3** The Fifth Schedule to the principal Act is amended by the deletion of paragraph 22A.

This amendment to repeal paragraph 22A follows the amendment to section 29 introducing the limitation for interest expense deductibility.

9.16 NINTH SCHEDULE: PRESUMPTIVE TAX

- 9.16.1** *The Ninth Schedule to the principal Act is amended by the deletion of Part II and the substitution therefor of the following:*

PART II	
TAX ON TURNOVER	
<i>Turnover per annum</i>	<i>Tax Rate</i>
K800,000 or below	4 percent

This amendment introduces a flat rate of 4% for turnover tax. Therefore, the tax payable will be calculated by applying 4% on the total turnover. Prior to this change turnover tax was computed using the graduated tax bands.

Furthermore, this amendment removes the K3,000 exemption that was applicable under the graduated tax bands. When determining the tax payable for the period, the K3,000 monthly exemption will no longer be applicable.

- 9.16.2** *The Ninth Schedule to the principal Act is amended by the insertion of the following:*

PART III
TAX ON BETTING AND GAMING

<i>Type of Game</i>	<i>Monthly Tax Rate or Monthly Tax Amount</i>
1. Casino Live games	20 percent of gross takings
2. Casino Machine Games	35 percent of gross takings
3. Lottery Winnings	35 percent of net proceeds
4. Betting	10 percent of gross takings
5. Gaming:	
(a) Slot Machines (Bonanza)	K250 per machine
(b) Gaming Machines (Limited Pay Out)	K500 per machine

NOTES:

1. "Net proceeds" means the gross proceeds less sums paid out for the prizes.
2. "Gross takings" means the total amount staked by players less winnings payable.

The amendment prescribes the specific tax rates and presumptive tax amounts applicable to betting and gaming businesses.

NOTE:

The tax payable per month for the casino live games, casino machine games, lottery winnings and betting will be computed on the net income (total takings less pay outs). The tax payable for slot machines and gaming machines is a fixed amount per machine per month.

Further commentary pertaining to presumptive tax on betting and gaming businesses to follow in the Practice Note on Betting and Gaming.

9.17 CHARGING SCHEDULE

- 9.17.1** *The Charging Schedule to the principal Act is amended in paragraph 3(1)(g), by the deletion of the figure "6" and the substitution therefor of the figure "6(2)";*

This amendment restricts the prescribed rate of 15% to business profits of an approved public benefit organisation by the Minister. Therefore, the business profits of a public benefit organisation that is not approved under the Second Schedule are taxed at the standard rate.

- 9.17.2** *The Charging Schedule to the principal Act is amended in paragraph 5, by the deletion of subparagraph (c) and the substitution therefor of the following:*

(c) the maximum rate of tax on income the Commissioner-General determines as originating from the export of non-

traditional products is fifteen percent, except that where the Commissioner-General determines income as originating from the export of non-traditional products from farming or agro-processing, the maximum rate of tax on that income is ten percent.

The amendment clarifies that the applicable tax rate is 10% for income arising from the export of non-traditional products from farming or agro-processing. Therefore, income which is derived from the export of non-traditional products, other than products of farming or agro-processing, is taxed at the rate of 15%.

The amendment further increases the tax rate for the taxation of foreign earnings of Sun International Limited to 35% from 15%.

- 9.17.3** *The Charging Schedule to the principal Act is amended in paragraph 5, by the insertion of the following new subparagraph immediately after subparagraph (e):*

(f) the maximum rate of tax on income received by a company, from the manufacture of products made out of copper cathodes, is fifteen percent per annum.

This amendment introduces an income tax rate of 15% on income earned by a company from the manufacturing of products using copper cathodes.

- 9.17.4** *The Charging Schedule to the principal Act is amended in paragraph 6(1), by the insertion of the words “payable to residents” immediately after the word “dividends” in item (a);*

This amendment limits the rate of tax to 15% for dividends payable to residents. As such, any payment of dividends to non-residents will be subject to a different rate of withholding tax.

- 9.17.5** *The Charging Schedule to the principal Act is amended in paragraph 6(1), by the deletion of item (b) and the substitution therefor of the following:*

(b) the rate of twenty percent for-

(i) dividends payable to non-residents; and

(ii) payments to non-resident contractors.

This amendment increases the rate of withholding tax to 20% from 15% on dividend payments to non-residents.

- 9.17.6** *The Charging Schedule to the principal Act is amended in paragraph 6A,*



by the deletion of the word “fifteen” and the substitution therefor of the word “twenty”.

The amendment increases the rate of withholding tax to 20% from 15% on the payment or distribution of branch profits.

9.17.7 *The Charging Schedule to the principal Act is amended in the proviso to paragraph 7, by the insertion of the following new item immediately after item (ix):*

(x) tax required to be deducted from the payment of interest to a non resident shall be at the rate of twenty percent.

This amendment increases the rate of withholding tax to 20% from 15% on interest payments to a non-resident.

10.0 THE MINES AND MINERALS DEVELOPMENT (AMENDMENT) ACT NO. 18 OF 2018

10.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January, 2019.

10.2 SECTION 89: ROYALTIES ON PRODUCTION OF MINERALS

10.2.1 Section 89 of the principal Act is amended in subsection (1)(a), by the insertion of a comma and the words “cobalt or vanadium” immediately after the word “copper”.

This amendment excludes cobalt and vanadium from the other base metals on which a holder of a mining licence shall pay mineral royalty at the rate of 5%. Therefore, cobalt and vanadium will no longer be subject to mineral royalty at a rate of 5% of the norm value.

10.2.2 Section 89 of the principal Act is amended by the deletion of subsections (2) and (3) and the substitution therefor of the following:

(2) Where the base metal produced or recoverable under the licence is copper, the mineral royalty payable is at the rate of-
(a) five point five percent of the norm value when the norm price of copper is less than four thousand five hundred United States dollars per tonne;

(b) six point five percent of the norm value when the norm price of copper is four thousand five hundred United States dollars or higher per tonne but less than six thousand United States dollars per tonne;

(c) seven point five percent of the norm value when the norm price of copper is six thousand United States dollars or higher per tonne but less than seven thousand five hundred United States dollars per tonne;

(d) eight point five percent of the norm value when the norm price of copper is seven thousand five hundred United States dollars or higher per tonne but less than nine thousand United States dollars per tonne; and

(e) ten percent of the norm value when the norm price of copper is nine thousand United States dollars or higher per tonne.

(3) Where the base metal produced or recoverable under the licence is cobalt or vanadium, the mineral royalty payable is at the rate of eight percent of the norm value of cobalt or vanadium produced or recoverable.

(4) A person that is in possession of minerals extracted in the Republic for which mineral royalty has not been paid is liable to pay mineral royalty at the rates set out in subsections (1), (2) and (3).

This amendment:

- (i) Increases the mineral royalty rates for copper by 1.5 percentage points at all levels of the previous price ranges. In addition, it introduces a fourth level of the scale at 8.5% applicable when the copper price per tonne is US\$7,500 but less than US\$9,000 and a fifth level of the scale at 10% which should apply when copper prices rise to US\$9,000 and above. Table 7 below shows the mineral royalty rates for 2018 and 2019.

Table 7: Mineral royalty rates for 2018 and 2019

Level	Copper Norm Price Range	Mineral Royalty Rate	
		2018	2019
1	Less than US\$4,500	4%	5.5%
2	US\$4,500 but less than US\$6,000	5%	6.5%
3	US\$6,000 but less than US\$7,500	6%	7.5%
4	US\$7,500 but less than US\$9,000	Not applicable	8.5%
5	US\$9,000 and above	Not applicable	10%

- (ii) Increases the mineral royalty rate on cobalt and vanadium to 8% from 5% of the norm value.
- (iii) Extends the liability to any person in possession of the minerals to account for mineral royalty where it has not been accounted for. The implication is that irrespective of whether a person holds a mining licence or not, they are obliged to account for mineral royalty when in possession of minerals on which mineral royalty has not been accounted for.

10.2.3 Section 89 of the principal Act is amended by the renumbering of subsections (4) and (5) as subsections (5) and (6), respectively.

11.0 THE VALUE ADDED TAX (AMENDMENT) ACT NO. 15 OF 2018

11.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January, 2019.

11.2 SECTION 2: INTERPRETATION

- 11.2.1** Section 2 of the principal Act is amended by the deletion of the definition of “fiscal cash register” and the insertion of the following definitions in the appropriate places:

“electronic fiscal device” means an electronic device, approved by the Commissioner-General, which has a fiscal memory capable of generating and storing fiscal information and has the capacity to generate or record tax invoices and other reports and is capable of transmitting invoice data in real time to the tax invoice management system of the Authority, and includes a fiscalised electronic register, an electronic fiscal printer and an electronic signature device;

“electronic fiscal printer” means an electronic device, approved by the Commissioner-General, which is capable of being connected to a point of sale device to enable it to capture information for tax purposes and printing invoices or other fiscal information and allow the transmission of the transaction data to the Authority;

“electronic signature device” means an electronic device, approved by the Commissioner-General, which assigns a unique electronic signature and invoice number to a transaction issued by a point of sale or related system and is capable of transmitting the transactions to the Authority in real time;

“fiscal memory” means a programmable read-only memory permanently built into a fiscalised electronic register or device to store tax information at the time of sale and is only accessed by the Authority or an authorised person; and

“fiscalised electronic register” means an electronic device, approved by the Commissioner-General, which has a fiscal memory to record and calculate transactions for purposes of tax at a point of sale and secures the transactions against unauthorised manipulation and deletion and is capable of transmitting the transactions in real time or, where transactions cannot be transmitted in real time, in batches to the invoice management system of the Authority.



The amendment provides appropriate definitions for the devices used by suppliers in the issuance of tax invoices and the transmission of data to the Zambia Revenue Authority Invoice Management System.

11.3 SECTION 10: TAXABLE VALUE OF SUPPLIES AND IMPORTATIONS

Section 10 of the principal Act is amended by the insertion of the following new subsection immediately after subsection (7):

(8) For the purpose of this Act, the taxable value-

(a) where a cash discount is granted, means the value of the tax ascertainable based on the undiscounted cash value; and

(b) where a trade discount is granted, means the value of the tax ascertainable based on the discounted price.

This amendment prescribes the taxable value where a trade or cash discount has been granted. Where a trade discount is granted, Value Added Tax (VAT) is based on the discounted price while for a cash discount, the calculation is based on the price before the discount.

11.4 SECTION 46A: OFFENCES BY PRINCIPAL OFFICERS, PARTNERS OR SHAREHOLDERS OF BODIES CORPORATE OR BODIES UNINCORPORATE

The principal Act is amended by the insertion of the following new section immediately after section 46:

46A. Where an offence under this Act is committed by a body corporate or a body unincorporate, with the knowledge, consent or connivance of the director, manager, partner or shareholder of that body corporate or unincorporate body, that director, manager, partner or shareholder commits an offence and is liable, on conviction, to the penalty or term of imprisonment specified for that offence.

The amendment provides for the prosecution of directors, managers, partners or shareholders for offences committed by a body corporate or an unincorporate body with their knowledge, consent or connivance.



**12.0 THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER
STATUTORY INSTRUMENT NO. 3 OF 2019**

12.1 TITLE AND COMMENCEMENT

This Order comes into effect on 1st January, 2019.

**12.2 Group 7 – ENERGY SAVING APPLIANCES, MACHINERY AND
EQUIPMENT**

The Schedule to the principal Order is amended in paragraph (b) of Group 7, by the insertion of the words “and Light Emitting Diode (LED) lights (tubes and bulbs) immediately after the words “(tubes and bulbs)”.

The amendment provides for the zero-rating of Light Emitting Diode (LED) lights.



**13.0 THE VALUE ADDED TAX (GENERAL) (AMENDMENT) RULES
GAZETTE NOTICE NO. 13 OF 2019**

13.1 TITLE AND COMMENCEMENT

These Rules shall come into operation on 11th January 2019.

13.2 RULE 7: CASH BASIS OF ACCOUNTING FOR TAX

Rule 7 of the principal Rules is amended in sub rule (1), by the insertion of the following new paragraph immediately after paragraph (b):

(c) or a VAT registered supplier, who is in the electricity generation subsector, may account for tax on supplies effected and deduct input tax on the basis of payments received for supplies.

This amendment extends cash accounting to suppliers in the electricity generation sector.

14.0 THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 19 OF 2018

14.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January, 2019.

14.2 SECTION 154A: OFFENCES BY PRINCIPAL OFFICER, SHAREHOLDER OR PARTNER OF BODY CORPORATE OR UNINCORPORATE BODY

The principal Act is amended by the insertion of the following new section immediately after section 154:

154A. Where an offence under this Act is committed by a body corporate or unincorporate body, with the knowledge, consent or connivance of the director, manager, shareholder or partner of the body corporate or unincorporate body, that director, manager, shareholder or partner of the body corporate or unincorporate body commits an offence and is liable on conviction to the penalty specified for that offence.

The amendment provides for the prosecution of directors, managers, partners or shareholders for offences committed by a body corporate or an unincorporate body with their knowledge, consent or connivance.

14.3 SECTION 155: GENERAL PENALTIES

14.3.1 The principal Act is amended by the insertion of the following new subsection immediately after subsection (2):

(3) A provider of an excisable service convicted of an offence under this Act is liable, in respect of each offence-

(a) to a fine not exceeding treble the value of the excisable service plus the excise duty payable for the service which may be the subject of the offence; or

(b) if treble the value of the excisable service plus the excise duty payable for such service is less than twenty thousand penalty units, or the offence does not involve a service, to a fine not exceeding twenty thousand penalty units.

The amendment provides for the charging of a fine for a service provider who is licenced for excise. Prior to this amendment, the fine was only applicable to goods and not services.

14.3.2 The principal Act is amended by the renumbering of subsections (3) and (4) as subsections (4) and (5) respectively.

14.4 SECTION 155A: OFFENCES BY BODY CORPORATE OR UNINCORPORATE BODY

The principal Act is amended by the repeal of section 155A.

14.5 SECOND SCHEDULE: EXCISE TARIFF

The principle Act is amended by the repeal of the Second Schedule and substitution therefor of the new Second Schedule.

This amendment introduces excise duty on products under headings 2009 (fruit juices), 2201 (unflavoured and unsweetened water) and 2202 (flavoured or sweetened water) of the First Schedule. The amendment further increases the excise duty on plastic bags and some hydrocarbons.

14.6 SIXTH SCHEDULE: VALUATION OF GOODS FOR THE PURPOSES OF ASSESSING EXCISE DUTY OR SURTAX PAYABLE ON GOODS MANUFACTURED IN ZAMBIA

15.1.1 Paragraph 1 of the Sixth Schedule is amended by the insertion of the following new subparagraphs immediately after subparagraph (4):

(5) The tax payable on non-alcoholic beverages, other than those of heading 2009 and 2201, is one sixth of the specific duty rate set out in the Second Schedule.

(6) The tax payable on non-alcoholic beverages of headings 2009 and 2201 is nil.

This amendment prescribes the applicable tax rate for locally manufactured non-alcoholic beverages, fruit juices and packed water as follows:

Table 8: Locally manufactured non-alcoholic beverages

No.	Heading	Tax Rate
1.	2202 (sweetened water or flavoured)	5 ngwee per litre
2.	2201 (unsweetened and unflavoured)	0%
3.	2009 (fruit juices)	0%

15.0 THE INSURANCE PREMIUM LEVY (AMENDMENT) ACT NO. 16 OF 2018

15.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January, 2019.

15.2 SECTION 2: INTERPRETATION

Section 2 of the principal Act is amended by the insertion of the following new definition in the appropriate places:

“electronic fiscal device” has the meaning assigned to the words in the Value Added Tax Act;

The amendment introduces the definition of “electronic fiscal device”.

15.3 SECTION 4: CHARGE OF LEVY

Section 4 of the principal Act is amended by the insertion of the following new subsection immediately after subsection (2):

(3) An insurer, an insurance agent or a broker shall use an electronic fiscal device to record a payment of the levy and issue a tax invoice generated by the electronic fiscal device to a person that pays the levy.

This amendment makes it mandatory for an insurer, an insurance agent or a broker to record a payment of the levy and issue a tax invoice generated by an electronic fiscal device.

15.4 SECTION 5: WHEN LEVY BECOMES DUE

Section 5 of the Principal Act is amended by the deletion of the word “fourteenth” and the substitution therefor of the word “eighteenth”.

This amendment changes the due date for the payment of Insurance Premium Levy to the 18th day from the 14th day of the month following the end of the prescribed accounting period to align with the return filing due date for the Insurance Premium Levy return.

NOTE:

For a return in the period ending 31st December 2018, the submission due date shall be 18th January 2019 while the payment will be due on 14th January 2019. This is because the return and corresponding payment for December 2018 relates to the 2018 accounting year.

PART III: OTHER MATTERS

16.0 TAX TREATMENT OF EMPLOYMENT BENEFITS

(i) Payment of employees' bills (benefits convertible into money's worth)

Where an employer discharges the liability of an employee by paying his or her private bills or expenses such as electricity, phone or water bills, rent, school fees, school association fees, club membership fees and similar payments, the employer is required to add such payments to the employee's emoluments and deduct tax under Pay As You Earn (PAYE). Such expenses will be an allowable deduction in the hands of the employer.

(ii) Benefits that cannot be converted into Cash

Benefits which cannot be converted into money or money's worth are not taxable on employees. However, no deduction in respect of the cost of providing the benefit may be claimed by the employer [section 44(l) of the Income Tax Act].

- (a) In the case of employer-owned housing provided to an employee, the cost to be disallowed in the employer's tax computation is 30% of the total taxable emoluments paid to the employee.

Payments for utilities such as electricity, phone or water bills, security and similar payments are not included in the meaning of free housing.

NOTE:

Where the employee pays a below-market rate (peppercorn rent) to the employer and the employer does not pay the employee a housing allowance, the cost to be disallowed in the employer's tax computation is 30% of the total taxable emoluments paid to the employee.

- (b) In the case of housing leased by the employer and provided to an employee:
- i) Where housing is occupied by a single employee, the amount of rentals will be added to the employee's emoluments and taxed under PAYE.
 - ii) Where housing is occupied by more than one employee, the total amount of the rentals will be disallowed in the employer's tax computation.



Payments for utilities such as electricity, phone or water bills, security and similar payments are not included in the meaning of free residential accommodation.

- (c) In the case of the provision of motor vehicles to employees on a personal-to-holder basis, the benefit to be disallowed in the employer's tax computation is as follows:

(I) Engine capacity of motor vehicle

- 2800cc and above - K40,000.00 per annum
- 1800cc and below 2800cc - K30,000.00 per annum
- Below 1800cc - K18,000.00 per annum

A personal-to-holder vehicle means a vehicle provided to an employee for both business and personal use and usually involves payment by the employer of all the expenses associated with the running and maintenance of the vehicle.

(ii) Cash benefits paid in the form of allowances.

All cash benefits paid in the form of allowances are taxable on the employee under PAYE.

Examples of such cash benefits are:

- Education allowance;
- Housing allowance;
- Transport/fuel allowance;
- Domestic utility allowances e.g. for electricity, phone and water;
- Commuted car allowance;
- Settling in allowance;
- Allowances paid in recognition of an employee's professional qualifications etc.

16.1 PAYMENTS THAT ARE NOT SUBJECT TO PAY AS YOU EARN (PAYE)

The following payments are exempt (not chargeable to income tax) and need not be included in the taxable emoluments.

(i) Ex-Gratia Payments:

A voluntary, non-contractual, non-obligatory payment made by an employer to the spouse, child or dependant of a deceased employee is exempt (Paragraph 7(t) of the Second Schedule to the Income Tax Act).

(ii) Medical Expenses:

Medical expenses paid or incurred by an employer on behalf of an employee or refunds of actual medical expenses incurred by an employee are exempt (Statutory Instrument No. 104 of 1996).

(iii) Funeral Expenses:

Funeral expenses paid or incurred by an employer on behalf of an employee are exempt (Statutory Instrument No. 104 of 1996).

(iv) Sitting Allowances for Councillors:

Payments by Local Authorities to Councillors as Sitting Allowances are exempt (Paragraph 7(s) of the Second Schedule to the Income Tax Act).

(v) Labour Day Awards

Labour Day awards paid to employees either in cash or in kind are non-taxable.

17.0 TAX TREATMENT OF CERTAIN EXPENSES

17.1 TAX TREATMENT OF EXPENSES INCURRED ON ENTERTAINMENT, HOSPITALITY AND GIFTS

Expenses incurred on entertainment, hospitality and gifts are not allowable, subject to the following exceptions:

- a) where the business is one whose purpose is to provide entertainment or hospitality e.g. hotels, restaurants, cinemas and theatres, the cost of providing those services is allowable;
- b) where entertainment is provided free of charge with the purpose of obtaining publicity from the general public e.g. free seats for critics at a cinema;
- c) where an employer provides entertainment such as Christmas Party for employees or hospitality for employees in form of meals, accommodation etc. on business trips;
- d) where a person gives gifts which bear an advertisement for the donor, e.g. calendars, pens, key holders, diaries and other such like items, as long as the cost of the gift(s) to any one person does not exceed K100 in a charge year. The cost of gifts in excess of K100 to the same person is disallowable.

NOTE:

- (i) Employees receiving entertainment allowances will be taxed under PAYE and the amount would be disallowable to the employer.
- (ii) Where an employer defrays entertainment expenses directly, the cost will be disallowable to the employer but there will be no charge on the employee unless the normal rules regarding benefits apply.

17.2 TAX TREATMENT OF CANTEEN EXPENSES, REFRESHMENTS AND FOOD RATIONS

Where the employer incurs expenditure on the provision of refreshments, canteen meals, food rations or any other meals (except on business trips) to employees, the benefit arises in the hands of the employees. As the benefit cannot be converted into money's worth, it is not taxable on the employee.

Under the provisions of Section 44(l) of the Income Tax Act, the whole expenditure on refreshments, canteen meals etc. is disallowable on the employer.

However, where an employer is obliged to provide meals to employees either under any other law or circumstances peculiar to the employer, the cost may be deductible. In both cases, an application in writing may be sent to the local Domestic Taxes Office.

Where the provision of such food is a legal obligation, the full cost of providing the food ration may be an allowable deduction.

18.0 PAYMENTS ON CESSATION OF EMPLOYMENT

The following payments may be made on cessation of employment by way of dismissal, resignation, end of contract term, redundancy/retrenchment, retirement or death:

- (a) Pension
- (b) Refund of employee's pension contributions
- (c) Withdrawal of employer's pension contributions
- (d) Gratuity
- (e) Redundancy pay
- (f) Severance pay or compensation for loss of office
- (g) Salary in lieu of notice
- (h) Repatriation allowance
- (i) Service bonuses eligible for payment only at the end of employment
- (j) Monthly salary
- (k) Commutation of accrued leave days
- (l) Accrued service bonuses

Following the amendment to the Constitution, with effect from 5th January 2016, the payments below are exempt from tax as they fall within the definition of pension benefit:

- (a) Pension;
- (b) Refund of employee's pension contributions;
- (c) Withdrawal of employer's pension contributions;
- (d) Gratuity;
- (e) Redundancy pay;

- 
- (f) Severance pay or compensation for loss of office;
 - (g) Salary in lieu of notice;
 - (h) Repatriation allowance; and
 - (i) Service bonuses eligible for payment only at the end of employment.

On the other hand, the following payments are taxable under the applicable PAYE bands:

- (j) Monthly salary;
- (k) Commutation of accrued leave days; and
- (l) Accrued service bonuses.

The monthly salary, commutation of accrued leave days and accrued service bonuses are taxable because they are emoluments that have been earned during the course of one's employment. Note that accrued service bonus is one which is linked to performance and is taxable in the period in which it accrues.

18.1 TAX TREATMENT OF PAYMENTS MADE ON MEDICAL DISCHARGE

Where the employer, on advice from a registered medical practitioner or medical institution, determines that an employee is permanently incapable of discharging his/her duties through infirmity of mind or body, the employer may terminate the services of such an employee.

A payment made to an employee on termination of employment on medical grounds is exempt from tax.

19.0 TAX TREATMENT OF ADVANCE AGAINST GRATUITY, PENSIONS AND EMPLOYEE PENSION WITHDRAWALS BY AN INDIVIDUAL CONTINUING IN EMPLOYMENT

Payments in the form of advances against gratuity, pensions and employee pension withdrawals are exempt from tax because they constitute pension benefits.

20.0 TAX TREATMENT OF SETTLING IN ALLOWANCES

Settling in allowances, by whatever name called, paid to new employees and employees on transfer constitute an individual's income and should be subjected to tax under the PAYE Scheme.

21.0 TAXATION OF RENTAL INCOME

Rental income received by any person is subject to withholding tax at the rate of 10% and it is a final tax. However, landlords may obtain approval from the Commissioner-General to receive rentals without the deduction



of withholding tax subject to the conditions that the Commissioner-General may prescribe.

NOTE:

The obligation to withhold tax will not apply to furnished apartments, boarding house owners and operators of car park facilities. These are allowed to pay tax under the turnover tax or normal income tax depending on whether the gross receipts are below or above the annual turnover threshold of K800,000.00.

21.1 Withholding Tax System

21.1.1 Tenant's obligations

A Tenant must –

- (i) obtain a Taxpayer Identification Number (TPIN) and register for withholding tax;
- (ii) submit, to the Commissioner-General, a withholding tax return within 14 days following the month of payment of the rentals;
- (iii) deduct and pay the withholding tax amount within 14 days following the month of payment; and
- (iv) give a copy of the receipt in respect of the payment and certificate of deduction to the landlord within 14 days of making the payment.

21.1.2 Landlord's obligations

A landlord must –

- (i) obtain a Taxpayer Identification Number (TPIN) and register for income tax;
- (ii) provide their TPIN to the tenant;
- (iii) submit a provisional tax return (applicable to taxpayers registered for income tax); and
- (iv) submit an annual income tax return making full declaration of the rental income and other income received during the year or submit a turnover tax return where the landlord is registered for turnover tax.

21.1.3 Landlord's obligations where Commissioner-General grants approval to receive rental income without the deduction of tax

21.1.3.1 Application

Section 82A empowers the Commissioner-General to issue a withholding tax exemption certificate to persons in receipt of rental income. This is in order to allow landlords to receive gross rental income without the deduction of withholding tax (WHT).

To be eligible for this scheme, landlords are required to apply to the Commissioner-General stating therein grounds for such application and



where necessary attach the appropriate tenancy agreements. If satisfied with the reasons for the application and compliance status, the Commissioner-General may grant the withholding tax exemption.

21.1.3.2 Obligations

Any person that has been granted approval to receive gross rentals will be required to account for tax under their own income tax account. The landlord will have the following tax obligations:

- (i) register for Taxpayer Identification Number (TPIN) and Income Tax;
- (ii) remit the tax to Zambia Revenue Authority by the 14th day of the month;
- (iii) submit a provisional tax return by the due date (applicable to taxpayers registered for income tax);
- (iv) submit an annual income tax return by the due date; and
- (v) keep records.

21.1.4 Penalties for non-compliance by the tenant

Where a person fails to submit the withholding tax return and/or certificate to the Commissioner-General or to any other person authorised by the Commissioner-General, there shall be charged a penalty of-

- in the case of an individual 170 penalty units per month or part thereof during which such failure continues, or
- in the case of a company 340 penalty units per month or part thereof during which such failure continues.

22.0 VALUE ADDED TAX TREATMENT OF AIRCRAFT GROUND HANDLING SERVICES

The law relating to ancillary services is provided in Group 1(b) of the Zero Rating Order to the Value Added Tax (VAT) Act and it states that:

Group 1 - Export of Goods

(b) the supply of freight transport services from or to Zambia, including trans-shipment and ancillary services that are directly linked to the transit of goods through Zambia to destinations outside Zambia;

Some of the services pertaining to aircraft ground handling and their liability to tax for VAT purposes are outlined below:

22.1 HIRE OF EQUIPMENT FOR LOADING AND OFFLOADING OF PASSENGERS FROM AIRCRAFT

The service is not exempt from VAT and is not zero-rated as such should be

subject to VAT at standard rated. It should be noted that this service is distinct from transportation of persons by air which is exempt.

22.2 LOADING OF CARGO FOR EXPORT FROM ZAMBIA

Loading of cargo onto aircrafts for exports is standard rated.
(Zero rated up to 2013 and standard rated from 2014 to date.)

22.3 OFFLOADING OF CARGO FROM OUTSIDE ZAMBIA

Offloading of imports into Zambia is standard rated.

22.4 ANCILLIARY SERVICES RELATING TO GOODS TRANSITING THROUGH ZAMBIA

Ancillary services provided in relation to transiting of goods through Zambia from outside the Republic to destinations outside the Republic are zero-rated. In order to qualify for this zero-rating, the following documents are required:

- (i) Customs declaration forms;
- (ii) Airway bills; and
- (iii) Proof of payment for the service.

22.5 COLD CHAIN SERVICES

Services that you render to facilitate the exportation of perishables from Zambia to destinations outside Zambia are standard rated.

22.6 CLEARING AND FORWARDING SERVICES

Clearing and forwarding services are standard rated.

TYPE OF SERVICE	TREATMENT PRIOR TO JANUARY 2014	CURRENT VAT TREATMENT	LEGISLATION
EQUIPMENT HIRE FOR EMBARKATION AND DISEMBARKATION OF PASSENGERS	STANDARD RATED	STANDARD RATED	
LOADING OF CARGO FOR EXPORT	ZERO RATED	STANDARD RATED	SI 97 OF 2013
OFFLOADING OF CARGO INTO ZAMBIA - IMPORTS	STANDARD RATED	STANDARD RATED	
ANCILLIARY SERVICES RELATING TO GOODS TRANSITING THROUGH ZAMBIA	ZERO RATED	ZERO RATED	PARAGRAPH 2 OF VAT ZERO RATING ORDER

23.0 TAX RATES

(a) **Personal Income Tax Rates:** Personal Income tax rates are as follows:

Table 10

Income Bands	Rates
First K39,600	@ 0%
Above K39,600 up to K49,200	@ 25%
Above K49,200 up to K74,400	@ 30%
Above K74,400	@ 37.5%

(b) **Other Income Tax Rates**

Table 11

Category	Rate (%)
Mineral processing	35
Mining	30
Manufacturing of products using copper cathodes	15
Manufacturing & other companies	35
Approved Public Benefit Organisation (on income from business)	15
Agro-processing	10
Farming	10
Non-traditional exports – Agro-processing and Farming	10
Non-traditional exports – Others	15
Chemical manufacture of fertilizer	15
Organic manufacture of fertilizer	15
Trusts, deceased or bankrupt estates	35
Rural enterprises	Tax chargeable reduced by 1/7 for 5 years
Business enterprise operating in a priority sector declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained prior to 11 th October 2013)	0% for the first 5 years
	Rate reduced by 50% from 6-8 years
	Rate reduced by 25% from 9-10 years
Business enterprise carrying on manufacturing or electricity generation located in a rural area, Multi Facility Economic Zone or Industrial Park	0 % for the first 5 years from commencement of operations.
Electronic communication business:	
First K250, 000	35
Above K250, 000	40

(c) Withholding Tax Rates

Table 12

Category	Rate (%)
Dividends (Resident)	15
Dividends (Non-Resident)	20
Dividends paid by a company carrying on mining operations	0
Dividends paid to an individual by a company listed on the Lusaka Securities Exchange (LUSE)	0
Dividends paid by a company engaged in the assembly of motor vehicles, motor cycles and bicycles	0 (First 5 years)
Dividends declared from farming income	0 (First 5 years)
Dividends paid by a business enterprise carrying on manufacturing or electricity generation located in a rural area, Multi Facility Economic Zone or Industrial Park	0 % for the first 5 years from commencement of operations
Interest on GRZ bonds and Treasury Bills – Residents (Final Tax for Individuals & Exempt Organisations only)	15
Interest on GRZ bonds and Treasury Bills – Non-Residents	20
Interest for individuals (earned from banks or building societies, savings and deposit accounts)	0
Interest (Residents)	15
Interest (Non-Residents)	20
Royalties (Residents)	15
Royalties (Non-Residents)	20
Rent (Final Tax)	10
Commissions (Residents)	15
Commissions paid to Non-Resident persons (Final Tax)	20
Public Entertainment Fees for Residents	Not applicable
Public Entertainment Fees for Non-Residents (Final Tax)	20
Management and Consultancy Fees to Residents	15
Management and Consultancy Fees to Non-Residents	20
Payments to Non-Resident Contractors (Final Tax)	20
Payment or Distribution of Branch Profits	20
Payment of Winnings from Gaming, Lotteries and Betting	20

NOTE:

- (i) Interest includes that awarded by the Courts of Law.
- (ii) The term “Royalty” includes income from leasing and therefore leasing income is subject to withholding tax. This determination is derived from the definition of royalty which recognises a payment for the use of or right to use commercial, industrial, or scientific equipment as a royalty. Payments for hiring of commercial, industrial, or scientific equipment attract royalties. Note that the application of withholding tax excludes a finance lease.

(d) VAT Rates**Table 13**

Category	Rate (%)
Standard Rate	16%
Zero-Rate	0%
Exempt	Not taxable

(e) Local Excise**Table 14**

Excisable Product	Statistical Unit of Quantity	Rate
Cigarettes	Mille	145% or K240 (whichever is greater) per mille
Pipe Tobacco	Kg	145% or K240 (whichever is greater) per Kg
Cutrag & Other tobacco products	Kg	145% or K240 (whichever is greater) per Kg
Clear Beer	Litre	60%
Opaque Beer	Litre	K0.15
Diesel	Dekalitre	Fuel Levy K6.60 per dekalitre
Petrol	Dekalitre	Excise K11.43 per dekalitre, fuel levy K8.27 per dekalitre
Fuel Oil	Dekalitre	Excise K9.30 per 10litre
Hydrocarbon Gases	Litre	Excise K0.48 per litre
Aviation Spirit	Dekalitre	K4.80 per dekalitre
Jet Fuel	Dekalitre	K4.80 per dekalitre
White Spirit	Dekalitre	15%
Kerosene	Dekalitre	K4.80
Other Light Oils	Dekalitre	15%
Ethyl Alcohol and other spirituous	Litre	125%
Potable Spirits	Litre	125%
Wines	Litre	60%
Undenatured Ethyl Alcohol of an alcoholic strength by volume less than 80%	Litre	60%
Airtime	Minute for voice, Megabyte for data and Count for SMS	17.5%
Cosmetics	Kg	20%
Electric Energy	100kWh	3%
Plastic Bags	Kg	30%
Cement	Tonne	K40 per tonne
Fruit Juices, Unflavoured and Unsweetened Waters, Flavoured or Sweetened Waters	Litre	K0.30 per litre

(f) Property Transfer Tax Rates

Table 15

Category	Rate (%)
Land (including buildings, structures or improvements there on)	5%
Shares	5%
Intellectual Property (including trademarks, patents, copyright or industrial design)	5%
Mining Right/ Interest in Mining Right	10%

(g) Mineral Royalty

Table 16: Copper

Norm Price Range	Mineral Royalty Rate
Less than US\$4,500	5.5%
US\$4,500 but less than US\$6,000	6.5%
US\$6,000 but less than US\$7,500	7.5%
US\$7,500 but less than US\$9,000	8.5%
US\$9,000 and above	10%

Table 17: Other Minerals

Description	Mineral Royalty Rate
Base Metals (Other than Copper, Cobalt and Vanadium)	5% of norm value
Energy and Industrial Minerals	5% of gross value
Gemstones	6% of gross value
Precious Metals	6% of norm value
Cobalt and Vanadium	8% of norm value

(h) Tax on Betting and Gaming

Table 18

<i>Type of Game</i>	<i>Monthly Tax Rate or Monthly Tax Amount</i>
1. Casino Live games	20 percent of gross takings
2. Casino Machine Games	35 percent of gross takings
3. Lottery Winnings	35 percent of net proceeds
4. Betting	10 percent of gross takings
5. Gaming: (a) Slot Machines (Bonanza) (b) Gaming Machines (Limited Pay Out)	K250 per machine K500 per machine



(i) Other Rates – Insurance Premium Levy, Skills Development Levy, Tourism Levy

Table 19

Type of Levy	Rate (%)
Insurance Premium Levy	3
Skills Development Levy	0.5
Tourism Levy	1.5

(j) Penalty Units

A penalty unit is K0.30.

24.0 ZAMBIA REVENUE AUTHORITY – DOMESTIC TAXES DIVISION CONTACT ADDRESSES:

If you have any queries concerning your taxes, please contact the Client Services Centres or your nearest Domestic Tax Office at the following addresses:

- | | |
|---|--|
| <p>1 National Call Centre
New Revenue Hall
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 381111
MTN Network: 0960 091111
Airtel Network: 0971 281111
Short code: 5972
Website: http://www.zra.org.zm</p> | <p>2 Client Services Centre
Nchanga House
P.O. Box 20855
Kitwe
Tel: Zamtel Network: (0211) 384521
MTN Network: 0960 094521
Airtel Network: 0971 284521</p> |
| <p>3 Assistant Director
Direct Taxes L STO – Taxpayer Services
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382502
MTN Network: 0960 092502
Airtel Network: 0971 282502</p> | <p>4 Assistant Director
DMIR – Policy & Legislation
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382520
MTN Network: 0960 092520
Airtel Network: 0971 282520</p> |
| <p>5 Assistant Director
Indirect Taxes Kitwe
P.O. Box 20855
Kitwe
Tel: Zamtel Network: (0211) 384500
MTN Network: 0960 094500
Airtel Network: 0971 284500</p> | <p>6 Assistant Director
Direct Taxes Kitwe
P.O. Box 20855
Kitwe
Tel: Zamtel Network: (0211) 384615
MTN Network: 0960 094615
Airtel Network: 0971 284615</p> |
| <p>7 Assistant Director
Direct Taxes Ndola
P.O. Box 70181
Ndola
Tel: Zamtel Network: (0211) 384200
MTN Network: 0960 094200
Airtel Network: 0971 284200</p> | <p>8 Provincial Manager
Informal Sector and Medium Taxpayer Office –
Central
P.O. Box 80909
Kabwe
Tel: Zamtel Network: (0211) 381005
MTN Network: 0960 091005
Airtel Network: 0971 281005</p> |
| <p>9 Provincial Manager
Informal Sector and Medium Taxpayer
Office – Southern
P.O. Box 60597
Livingstone
Tel: Zamtel Network: (0211) 383812
MTN Network: 0960 093812
Airtel Network: 0971 283812</p> | <p>10 Provincial Manager
Informal Sector and Medium Taxpayer Office –
Eastern
P.O. Box 510632
Chipata
Tel: Zamtel Network: (0211) 381900
MTN Network: 0960 091900
Airtel Network: 0971 281900</p> |
| <p>11 Provincial Manager
Informal Sector and Medium Taxpayer
Office – North-Western
P.O. Box 110368
Solwezi
Tel: Zamtel Network: (0211) 384900
MTN Network: 0960 094900
Airtel Network: 0971 284900</p> | <p>12 Provincial Manager
Informal Sector and Medium Taxpayer Office –
Luapula
P.O. Box 710112
Mansa
Tel: Zamtel Network: (0211) 381700
MTN Network: 0960 091700
Airtel Network: 0971 281700</p> |
| <p>13 Provincial Manager
Informal Sector and Medium Taxpayer
Office – Northern and Muchinga
P.O. Box 410728
Kasama
Tel: Zamtel Network: (0211) 381800
MTN Network: 0960 091800
Airtel Network: 0971 281800</p> | <p>14 Provincial Manager
Informal Sector and Medium Taxpayer Office –
Western
P.O. Box 910110
Mongu
Tel: Zamtel Network: (0217) 221662</p> |
| <p>15 Station Manager
Informal Sector and Medium Taxpayer
Office – Choma
P.O. Box 480002
Choma
Tel: Zamtel Network: (0211) 381300
MTN Network: 0960 091300
Airtel Network: 0971 281300</p> | <p>16 Station Manager
Informal Sector and Medium Taxpayer Office –
Chinsali
P.O. Box 480002
Chinsali
Tel: Zamtel Network: (0211) 381540
MTN Network: 0960 091540
Airtel Network: 0971 281540</p> |



OUR VALUES

Our commitment to serving Government, taxpayers, employees and other stakeholders is reflected in our Corporate Values:

Taxpayer Focus:

WE believe in delivering excellent services and value our taxpayers. We provide timely, responsive and proactive service. We take time to understand taxpayers' needs and always strive to surpass their expectations.

Integrity:

WE will do what we say we will do. We will up-hold professional and ethical business practices. The company's interactions with stakeholders will be done transparently for mutual benefits. We will ensure honesty, integrity and respect to all.

Professionalism:

WE uphold high quality standards and etiquette in our dealings to enhance professional competence by providing the highest level of service.

Innovation:

WE are creative, bold and believe in continuous learning and improvement. We believe these will sustain total quality consciousness in the organization.

Networking:

WE collaborate inside and outside ZRA to maximise our shared knowledge and bring greater value to one another and most importantly, to our customers. We work together as one ZRA family, in partnership with other organizations, and always embrace diversity and inclusiveness.



Earnings Before Interest, Taxes, Depreciation & Amortization

EBITDA =
Net Income
+ Taxes
+ Interest Expense
+ Depreciation & Amortization

E = Earnings
B = Before
I = Interest
T = Tax
D = Depreciation
A = Amortization

