



- **Where the base metal produced or recoverable under the licence is copper, the mineral royalty rate payable is:**

- (a) 5.5% of the norm value, when the norm price of copper is less than four thousand five hundred (\$4,500) United States dollars per tonne;
- (b) 6.5% of the norm value, when the norm price of copper is four thousand five hundred (\$4,500) United States dollars per tonne but less than six thousand (\$6,000) united states dollars.
- (c) 7.5% of the norm value, when the norm price of copper is six thousand (\$6,000) United States dollars per tonne but less than seven thousand (\$7,500) united states dollars.
- (d) 8.5% of the norm value, when the norm price of copper is seven thousand five hundred (\$7,500) united states dollars per tonne but less than nine thousand (\$9,000) united states dollars.
- (e) 10% of the norm value, when the norm price of copper is nine thousand (\$9,000) United States dollars per tonne or greater.

The following is the regime for copper based on norm value:

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

Mineral Royalty is calculated founded on the:-

- The monthly average London Metal Exchange cash price per metric ton multiplied by the quantity of the metal or recoverable metal sold
- The monthly average Metal bulletin cash price per metric ton multiplied by the quantity of the metal or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange
- The monthly average of any other exchange market approved by the Commissioner General Cash price per metric ton multiplied by the quantity of the metal or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or Metal Bulletin.

6. Mineral Royalty Returns

Every holder of large-scale mining license, small-scale mining license, gemstone license, or artisan mining right

is required to submit a monthly mineral royalty return within fourteen days after the end of the month in which the sale of the minerals is done.

Where the mining license holder has not produced any minerals they are still required to submit a nil return, failure to which estimated assessments will be issued

Failure to submit or late submission of the monthly mineral royalty return attracts penalties as follows:

- (a) In the case of an individual - one thousand penalty units (or K300.00) per month or part thereof;
- (b) In the case of a company - two thousand penalty units (or K600.00) per month or part thereof.

7. Due Date for Payment

Mineral Royalty is due and payable within **fourteen (14) days** after the end of the month in which the sale of minerals is done.

Any person not being a holder of a mining licence and found in possession of minerals extracted in the Republic on which mineral royalty has not been paid shall pay the mineral royalty at the rates as in the tables above.

Failure or late payment of mineral royalty attracts penalty and interest.

8. Deductibility of Mineral Royalty

Mineral Royalty payable or paid is a non-deductible levy for computing company income tax when arriving at the gains and profits of a person carrying on mining operations.

NOTE: The Kwacha / US dollar exchange rate used to convert the US dollar norm value into Kwacha norm value is the monthly Bank of Zambia Mid-rate. For Purposes of calculating the norm value, the metal price and monthly Bank of Zambia mid-rate can be obtained from the Large Taxpayer office or the nearest Domestic Taxes Office.

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**MINERAL
ROYALTY**

1. What is Mineral Royalty?

Mineral Royalty is a payment received as *consideration* for the extraction of minerals.

2. Who is liable for Mineral Royalty?

Holders of the following mining rights are liable to mineral royalty on minerals produced under their respective licenses:

- large scale mining license ,
- large scale gemstone license,
- small-scale mining license,
- small scale gemstone license, and
- artisan's mining right,

Note the following

- Any person without a mining right but in possession of minerals on which mineral royalty has not been paid by the supplier of the minerals.
- Note that all persons carrying out quarrying of industrial minerals are liable to mineral royalty; this includes the quarrying of gravel, clay and sand.
- All persons that mine minerals for use as inputs or raw materials in their manufacturing process are also liable to mineral royalty

3. How are minerals classified for tax purposes?

Minerals are classified in five categories as follows:

- Base metals** – means a non - precious metal that is either common or more chemically active, or both common and chemically active and includes iron, copper, nickel, aluminum, lead, zinc, tin, magnesium, cobalt, manganese, titanium, scandium, vanadium and chromium
- Energy Minerals** means a naturally occurring substance in the earth's crust used as a source of energy and includes coal, uranium and any other minerals used to generate energy but does not include petroleum
- Gemstones** – these are nonmetallic substances used in jewelry and they include amethyst, aquamarine, beryl, corundum, diamond, emerald, garnet, ruby, sapphire, topaz, tourmaline and any other non - metallic substance, **b e i n g** a substance used

in the manufacture of jewelry that the Minister by statutory instrument declares to be a gemstone.

- Industrial Minerals** – these are rocks or minerals other than gemstones, base metals, energy minerals or precious metals used in their natural state or after physical or chemical transformation and includes but is not limited to barites, dolomite, feldspar, fluor spar, graphite, gypsum, ironstone, when used as a fluxing agent kyanite, limestone, phyllite, magnesite, mica, nitrate, phosphate, pyrophyllite, salt, sands, clay, talc, laterite, gravel and any other mineral classified as an industrial mineral by statutory order
- Precious Metals** – these are not defined in the Act but are high value metals and include gold, platinum, silver, palladium and selenium.

Types of metals and minerals

Industrial minerals	Limestone, sand, gravel, gypsum, talc, etc.
Energy minerals	Coal, uranium, oil, natural gas, etc.
Precious metals	Gold, silver, platinum, etc.
Gemstones	Diamond, emerald, aquamarine, etc.
Base metals other than copper	Iron, nickel, lead, zinc, cobalt, titanium, tin, aluminum etc.

4. How does one compute Mineral Royalty?

Calculation of Mineral Royalty is based on either the norm or gross value of the minerals as follows:

a) Gross Value

Gross value is applicable to the following minerals:

- Industrial Minerals
- Energy Minerals
- Gemstones

Under this method of calculation, Mineral Royalty is calculated based on the Gross Value of the minerals produced. For purposes of computing Mineral Royalty, '**gross value**' is defined as "the realised price for sale **Free on Board** at the **point of export** in Zambia or **point of delivery** within Zambia"

b) Norm Value

Norm value is applicable to the following:

- Base metals (Including copper)
- Precious metals

For purposes of computing Mineral Royalty, '**Norm Value**' means –

- the monthly average London Metal Exchange cash price per tonne multiplied by the quantity of the metal or recoverable metal sold;
- the monthly average Metal Bulletin cash price per tonne multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; or
- the monthly average cash price per tonne, at any other exchange market approved by the Commissioner – General, multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or in the Metal Bulletin; and

'**Norm price**' means the monthly average –

- London Metal Exchange cash price per tonne of the metal or recoverable metal sold;
- Metal Bulletin cash price per tonne of metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; or
- Cash price per tonne, at any other exchange market approved by the Commissioner – General of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or Metal Bulletin.

5. Mineral Royalty Rates

- The mineral royalty rates effective 1 January, 2019 are as follows:

- 5%** of the norm value of the base metals produced or recoverable under the licence, except when the base metal is copper and 8% on cobalt;
- 5%** of the gross value of the energy and industrial minerals produced or recoverable under the licence;
- 6%** of the gross value of the gemstones produced or recoverable under the licence; and
- 6%** of the norm value of precious metals produced or recoverable under the licence.

The following is a table of the mineral royalty rates:

Description	Mineral Royalty Rate
Base Metals (Other than Copper)	5% on norm value
Energy and Industrial Minerals	5% on gross value
Gemstones	6% on gross value
Precious Metals	6 % on norm value