



ZAMBIA REVENUE AUTHORITY

DIRECT TAXES DIVISION

MEDICAL LEVY ACT 2003

PRACTICE NOTE NO. 2/2003

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GENERAL

This PRACTICE NOTE describes the provisions of the Medical Levy Act 2003.

The commentary is for general guidance only and is not to be taken as an authority in any particular case.

The commentary is not exhaustive and does not, therefore, affect any person's right of appeal on any point concerning their liability to the levy, nor does it preclude any discretionary treatment which may be allowed under the Act.

Inquiries may be made at the nearest office of the Zambia Revenue Authority, Direct Taxes offices or Advice Centers in Lusaka and Kitwe.

2.0 INTRODUCTION

In an effort to raise additional revenue for the Health Sector, the Government has introduced a Medical Levy.

Banks or Financial Institutions will be required to deduct the Medical Levy from gross interest earned by any person and partnership on any savings or deposit accounts, treasury bills or government bonds. The levy so deducted will be remitted to the Zambia Revenue Authority.

3.0 DEFINITIONS

In this Practice Note, the following words and expressions will have the following meaning:

3.1 Bank:

A company holding a banking licence under Section 4 of the Banking and Financial Services Act.

3.2 Charge year:

The year for which tax is charged, that is, the period of twelve months ending on 31st March, and each succeeding such year (e.g the income tax charge year 2003/2004 runs from 1st April 2003 to 31st March 2004)

3.3 Commissioner- General:

The Commissioner-General appointed under the Zambia Revenue Authority Act.

3.4 Financial Institution

A person licenced under Section 10 of the Banking and Financial Services Act.

3.5 Levy:

Medical Levy charged under Section 4 of the Medical Levy Act.

3.6 Minister:

The Minister responsible for financial matters.

3.7 Person:

Includes any body of persons, corporate or otherwise, a corporation sole, a local or like authority, a deceased estate, a bankrupt estate and a trust, but does not include a Partnership.

N.B A person also includes an individual.

The words and expressions not defined in the Medical Levy Act but defined in the Income Tax Act shall have the meaning assigned to them in the Income Tax Act.

4.0 ADMINISTRATION OF MEDICAL LEVY

The Commissioner- General shall be responsible for collecting of and accounting for the Medical Levy to the Ministry of Finance and National Planning.

5.0 DEDUCTION OF MEDICAL LEVY

- i) Banks or Financial Institutions when making a payment of interest on savings or deposit accounts, treasury bills, government bonds or other similar financial instruments, to any person or partnership during a charge year, will be required to deduct Medical Levy at the rate of 1%.

The deductions are to be made from the gross payments before any other deductions.

- ii) The Banks or Financial Institutions will be required to remit the Medical Levy deducted to the Zambia Revenue Authority by the 14th of the following month in which the deduction is made.
- iii) The Banks or Financial Institutions will be required to record the details of the interest paid, amount of levy deducted and other particulars as the Commissioner- General may require on the prescribed form.

- iv) The prescribed form on which these details will be recorded shall be submitted to the Zambia Revenue Authority within fourteen days from the end of each charge year. However, the Commissioner- General may extend the period in which the form may be submitted.

6.0 PENALTY FOR LATE SUBMISSION OF MEDICAL LEVY:

Where the Medical Levy is not paid by the due date, a penalty of 5% of the amount of levy payable will be charged per month or part thereof for the period the levy remains unpaid.

It should be noted that such penalty shall be deemed to be part of the levy for the purpose of collection and recovery.

However, the Commissioner-General may at his discretion waive the penalties either in part or in whole.

7.0 RECOVERY OF MEDICAL LEVY:

The provisions which relate to the collection and recovery of Income Tax will also apply to Medical Levy, which remains unpaid.

8.0 EXEMPTION:

The Minister may, by statutory order, exempt any person or partnership from payment of Medical Levy.

9.0 REGULATIONS:

The Minister may by statutory instrument make regulations for the better carrying out of the provisions of the Medical Levy Act.

10.0 CONTACT US:

If you have any problems concerning your taxes, please contact the Advice Centre or your nearest Direct Tax Office at the following addresses:

1. Advice Centre
2nd Floor Revenue House
Private Bag W136
LUSAKA
Tel: 226227/236227
Fax 222717
2. Assistant Commissioner
Lusaka "A" Tax Office
P.O. Box 31026
LUSAKA
Tel: 221497
3. Assistant Commissioner
Lusaka "B" Tax Office
P.O. Box 31936
LUSAKA
Tel: 221496
4. Assistant Commissioner
Lusaka "C" Tax Office
P.O. Box 31988
LUSAKA
Telefax: 01-224935
5. Assistant Commissioner
Ndola Tax Office
P.O. Box 70181
NDOLA
Tel: 02- 614096
Fax: 02-614694
6. Assistant Commissioner
Kitwe Tax Office
P.O. Box 20855
KITWE
Tel: 02-230362
Fax:02-229942
7. Assistant Commissioner
Lusaka Taxes Central Unit
P.O Box 35710
LUSAKA
Telefax: 01-224935
Fax: 02- 614096
8. Assistant Commissioner
Direct Taxes Inv. Unit
P.O. Box 35710
LUSAKA
Telefax: 01-235252
9. Senior Inspector
Kabwe Tax Office
P.O. Box 80909
KABWE
Telefax: 05-223642
10. Senior Inspector
Chipata Tax Office
P.O. Box 510632
CHIPATA
Telefax: 062- 21155
11. Senior Inspector
Mongu Tax Office
P.O. Box 910110
MONGU
Telefax: 07-221662

12. Senior Inspector
Kasama Tax Office
P.O. Box 410728
KASAMA
Telefax: 04 - 221810

13. Senior Inspector
Mansa Tax Office
P.O. Box 710112
MANSA
Telefax: 02-821147

14. Senior Inspector
Solwezi Tax Office
P.O. Box 110368
SOLWEZI
Telefax: 08-821633

15. Senior Inspector
Livingstone Tax Office
P.O. Box 60597
LIVINGSTONE
Telefax: 03-320772

16. Advice Centre
Nchanga House
P.o Box 20454
Kitwe
Telefax: 02-229301

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