



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

## PRACTICE NOTE NO. 1/2020

- Redefines farming;
- Exempts interest payable to banks and financial institutions from withholding tax;
- Broadens the scope of related or associated persons to capture other related transactions;
- Reduces the capital expenditure claimable by persons carrying on mining operations to 20% from 25%;
- Provides for the mandatory use of electronic fiscal devices;
- Provides for the mandatory use of an electronic payment machine;
- Empowers the Commissioner-General to determine a nil realised value for transfers of property within a group of companies;

### **Our Mission**

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

### **Our Vision**

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

### **Tag Line**

My Tax, Your Tax, Our Destiny

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## 1.0 FOREWORD

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

1. Income Tax (Amendment) Act No. 15 of 2019
2. Property Transfer Tax (Amendment) Act No. 13 of 2019
3. Value Added Tax (Amendment) Act No. 14 of 2019
4. Value Added Tax (Zero-rating) (Amendment) Order, Statutory Instrument No. 88 of 2019
5. The Value Added Tax (Zero-Rating) (Amendment) Order, Statutory Instrument No. 37 of 2020
6. Value Added Tax (General) (Amendment) Regulations, Statutory Instrument No. 90 of 2019
7. The Value Added Tax (General) (Amendment) Regulations, Statutory Instrument No. 36 of 2020
8. Customs and Excise (Amendment) Act No. 16 of 2019
9. Customs and Excise (General) (Amendment) Regulations Statutory Instrument No. 91 of 2019
10. Customs and Excise (Ethyl Alcohol) (Refunds, Rebates and Remissions) Regulations, Statutory Instrument No. 41 of 2020

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 Zambia Revenue Authority (ZRA) Office.

**Kingsley Chanda**  
**COMMISSIONER-GENERAL**

## **PART I: SUMMARY OF AMENDMENTS**

### **2.0 THE INCOME TAX (AMENDMENT) ACT NO. 15 OF 2019 – EFFECTIVE 1ST JANUARY 2020.**

<b>Section</b>	<b>Subject</b>
1.	Title and commencement
2.	(i) Redefines the word “farming”.
	(i) Provides the definition of livestock in accordance with the Animal Health Act.
77(4)	Provides for charging of late payment penalties and interest on assessments relating to presumptive taxes on public service vehicles, turnover tax and taxes on betting and gaming.
78(1)	Provides for charging of late payment penalties and interest on withholding taxes with respect to sections 81, 81A, 82 and 82A.
81(1B)	Prescribes specific penalties for late submission of returns in relation to payments of dividends.
81A(1B)	Prescribes specific penalties for late submission of returns with respect to payments due to non-resident contractors.
82A(1)(b)	Exempts the withholding of tax on interest payable to local banks and financial institutions.
97A(1)	Introduces, redefines and reinstates key definitions in relation to transfer pricing.
97A(11)	Clarifies that a corresponding adjustment claim may be made on related party transactions involving a resident and a non- resident.
97A(11A)	States the time frame in which a claim for a corresponding adjustment can be made.
97A(13)	Extends the use of the reference price in determining the purchase price of base metals or any substance containing base metals or precious metals between related or associated persons.
97A(14)	Provides for the adjusting of the reference price for base or precious metals to take into account premiums or discounts.
97A(15)(a)	Empowers the Commissioner-General to request for third party information in relation to the sale of base or precious metals.
97A(15)(b)	Provides for the use of the selling price of base or precious metals in a case where:
(i)	the metal sold to an unrelated person has not undergone any further processing; and
(ii)	the selling price to the unrelated person is higher than the reference price.
97A(16)	Removes reference to subsection 15 when determining related or associated persons.

Second Schedule Paragraph 5(l)(L)	Provides for the exemption of income of an approved collective investment scheme.
Fifth Schedule Paragraph 22(2)	Reduces to 20% from 25% the capital expenditure claimable, in a charge year, by persons carrying on mining operations.
Charging Schedule	Reduces the withholding tax rate to 15% from 20% on interest earned by non-residents from treasury bills and government bonds

### **3.0 THE PROPERTY TRANSFER TAX (AMENDMENT) ACT NO. 13 OF 2019 – EFFECTIVE 1ST JANUARY 2020**

<b>Section</b>	<b>Subject</b>
1	Title and Commencement.
2	Broadens the definition of shares to include equivalent rights.
5(2A)	(i) Broadens the base of computing the realised value by providing two additional valuation methods.  (ii) Authorises the Commissioner-General to determine a nil realised value for indirect transfers of property within a group of companies where there is re-organisation.  (iii) Authorises the Commissioner-General to determine a nil realised value for indirect transfers of property within a group of companies where there is re-organisation on condition that the company has been a member of the group for not less than 3 years.
5(2C)	Removes reference to revoked provisions of the Income Tax Act.

### **4.0 THE VALUE ADDED TAX (AMENDMENT) ACT NO. 14 OF 2019 – EFFECTIVE 1ST JANUARY 2020**

<b>Section</b>	<b>Subject</b>
1	Title and commencement
2	Introduces definitions of electronic commerce, electronic service and electronic payment machine.
7(3),(4),(5)	(i) Provides for the mandatory use of electronic fiscal devices to issue tax invoices; and (ii) empowers the Commissioner-General to approve the issuance of a tax invoice using an approved computer application or pre-printed tax invoice.
7A 8(5),(6),(7),(8)	Provides for the mandatory use of electronic fiscal devices in the recording of sales. Rearranges provisions on the imposition of tax on imported services.

(9),(10),(11)

8A(1),(2),(3)  
8B

Imposes tax on electronic services. (4),(5)  
Renumbers subsection (8A) as subsection (8B).

19(1A)

Makes it mandatory for taxable suppliers to have an electronic payment machine as a payment option.

19(1B)

Renumbers subsection (1A) as subsection (1B).

42A

Repeals section 42A.

51(2)

Empowers the Minister to make regulations with respect to the management and distribution of electronic fiscal devices.

## **5.0**

### **THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 88 OF 2019 – EFFECTIVE 1ST JANUARY**

**2020**

#### **Paragraph**

#### **Subject**

1

Title and Commencement

Schedule

Renames the Schedule as the First Schedule and introduces a Second Schedule.

Group 1

Standard rates ancillary services that are directly linked to the transit of goods.

Group 7

Zero-rates the supply of Liquefied Petroleum Gas (LPG) and the appliances that use LPG or both LPG and other fuels.

Group 10

Zero-rates the supply of copper cathodes.

Group 11

Zero-rates machinery and equipment listed in the Second Schedule when supplied to a holder of a large scale mining licence.

## **6.0**

### **THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 37 OF 2020 – EFFECTIVE 1ST APRIL 2020**

#### **Section**

#### **Subject**

Title and Commencement

Group 1

Zero-rates some medical supplies used in the prevention of COVID 19.

## **7.0**

### **THE VALUE ADDED TAX (GENERAL) (AMENDMENT) REGULATIONS STATUTORY INSTRUMENT NO. 90 OF 2019 – EFFECTIVE 1ST JANUARY 2020**

#### **Regulation**

#### **Subject**

1

Title and Commencement

9A

Lists items excluded from claim, deduction or credit of input tax.



10A	Reduces the claim of input tax on the purchase of diesel by a taxable supplier carrying on mining operations, mineral processing or exploration to 70% from 90%.
10B	Reduces the claim of input tax on the supply of electricity to a taxable supplier carrying on mining operations, mineral processing or exploration to 80% from 100%.
8.0	<b>THE VALUE ADDED TAX (GENERAL) (AMENDMENT) REGULATIONS STATUTORY INSTRUMENT NO. 36 OF 2020 – EFFECTIVE 27th APRIL 2020</b>
Regulation	Subject
1	Title and Commencement
9A	Revokes Regulation 9A.
9.0	<b>THE VALUE ADDED TAX (GENERAL) (AMENDMENT) RULES, 2019 GAZETTE NOTICE NO. 310 OF 2020</b>
<b>Rule</b>	<b>Subject</b>
3(1)(iv)	Introduces the mandatory recording of the buyer's TPIN on all invoices for Business to Business and Business to Government transactions.
3(2,3,4) 4B	Provides for transitional rules with respect to invoices printed in bulk Restricts the issuance of Value Added Tax Zero Rating Local Purchase Orders to the Commissioner-General
5(1)(c)	Limits period in which a Credit Note may be claimed
25	Revokes Gazette Notice No. 633 of 2018
Schedule 3	Consolidates all items currently on the VAT deferment scheme.
10.0	<b>THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 16 OF 2019 – EFFECTIVE 1ST JANUARY 2020</b>
<b>Section</b>	<b>Subject</b>
1	Title and Commencement
93(2)	Reduces the number of licences required by manufacturers of non-alcoholic beverages to one licence for each premises.
108(3)	Harmonises the due date for the return and the payment with regards to excise duty for a manufacturer.
139D(2)	Changes the due date for the submission of the return of excise duty on airtime to 15th from 20th and harmonises the due date for the return and the payment.
139D(3)(b)	Increases the additional penalty for late submission of the return to one thousand penalty units per day from one hundred penalty units.
Second Schedule	Increases the excise duty on cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes to K265 from K240 per mille (1000 sticks).

Sixth Schedule  
(2),(3),(4),(5)

Changes the value for excise duty purposes of spirits, liqueurs and other spirituous beverages, manufactured using imported ethanol.

11.0

**THE CUSTOMS AND EXCISE (GENERAL) (AMENDMENT)  
REGULATIONS STATUTORY INSTRUMENT NO. 91 OF 2019**

**Regulation**

**Subject**

- |            |   |
|------------|---|
| 1          | Title and Commencement  |
| 47         | Removes reference to Customs Division and makes reference to Commissioner-General.  |
| 52 (2),(3) | (i) Harmonises the due date for the submission of returns and the payment of all duties;<br>(ii) removes the requirement for submitting an entry; and<br>(iii) increases the additional penalty for late submission of the return to one thousand penalty units per day from one hundred penalty units. |
| 52 (4)     | Provides a legal requirement for the appointment of a withholding agent for the collection of excise duty on hydrocarbons.  |

12.0

**THE CUSTOMS AND EXCISE (ETHYL ALCOHOL) (REFUNDS, REBATES  
AND REMISSIONS) REGULATIONS STATUTORY INSTRUMENT NO. 41  
OF 2019**

**Regulation**

**Subject**

- |   |  |
|---|--|
| 1 | Title and Commencement.  |
| 2 | Provides definitions of various terms used in these Regulations.   |
| 3 | Grants relief from excise duty on ethyl alcohol for exclusive use in the manufacturing of sanitisers.  |
| 4 | (i) empowers the Commissioner-General to authorise manufacturers of sanitisers to use the ethyl alcohol for the purposes for which relief from excise duty has been granted; and<br>(ii) Prohibits manufacturers of sanitizers from selling or disposing of the ethyl alcohol on which remission from excise duty was granted without the authority of the Commissioner General. |
| 5 | (i) Requires a manufacturer of sanitisers, in applying for the rebate, to make a written commitment specifying how the ethyl alcohol will be used; and<br>(ii) Provides that all local purchases of ethyl alcohol shall be accompanied by a valid local purchase order.  |
| 6 | Provides that authorised users shall ensure the safety of their stocks of ethyl alcohol as well as have in place adequate controls in their inventory management system.   |
| 7 | Gives power to Commissioner-General, in certain cases, to prohibit the manufacturing of sanitisers without the supervision of an authorised officer and further provides that where a large quantity of the ethyl alcohol is continuously used,  |

- the Commissioner-General may make special arrangements to safeguard revenue.
- 8 (i) Imposes a duty on the authorised manufacturer of sanitisers to maintain sufficient records to enable the accounting of the ethyl alcohol in a manner that satisfies the Commissioner-General; and
- (ii) Stipulates that where an authorised manufacturer of sanitisers has not kept records in line with the requirements, the ethyl alcohol used during that period will be liable to excise duty.
- 9 Imposes a duty on an authorised manufacturer of sanitisers to furnish a return.
- 10 Provides that an authorised manufacturer of sanitisers whose authority is revoked shall forfeit any fee paid under these Regulations.
- 11 Prohibits an authorised manufacturer of sanitisers from using the ethyl alcohol for any other purpose without the consent of the Commissioner- General.
- 12 (i) Requires an authorised manufacturer of sanitisers to inform the Commissioner-General when that manufacturer stops manufacturing sanitisers;
- (ii) Empowers the Commissioner-General to revoke the authority granted to a manufacturer of sanitisers on account of breach of that authority or any breach of these Regulations or the Customs and Excise Act; and
- (iii) Empowers the Commissioner-General to determine the time frame and the manner of disposal of any ethyl alcohol on which excise duty was remitted, once an authorised manufacturer of sanitisers has had the authority revoked.
- 13 (i) Provides for remission of excise duty on ethyl alcohol which is lost during the manufacturing process of sanitisers as well as that which is lost in storage;
- (ii) Stipulates that the remission will only be granted where the Commissioner-General is satisfied that every reasonable effort was made and precaution taken to prevent the loss or destruction of the ethyl alcohol; and
- (iii) Requires an authorised manufacturer of sanitisers to make a written submission to the Commissioner-General before a refund or remission of excise duty can be granted.

## PART II: COMMENTARY ON AMENDMENTS

### 13.0 THE INCOME TAX (AMENDMENT) ACT NO. 15 OF 2019

#### 13.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January, 2020.

#### 13.2 SECTION 2: INTERPRETATION

- 13.2.1 Section 2(1) of the principal Act is amended by the deletion of the definition of “farming” and the substitution therefor of the following definition:

***“farming” means the cultivation of crops and plants, raising livestock or poultry, bee-keeping and rearing fish but excludes the letting of any property or provision of a service ancillary to farming”.***

The amendment clarifies the scope of farming. For any income to be regarded as farming income it must arise directly from the stated farming activity. The amendment further excludes ancillary activities to farming. Examples of ancillary services which do not constitute farming include; distribution of farming inputs, pesticide spraying services, veterinary services, marketing, offering of credit, financing, technical or management services, research and development.

**Note:**

The term cultivation is taken to mean crop production, horticulture or forestry.

- 13.2.2 Section 2(1) of the principal Act is amended by the introduction of the definition of livestock.  
— livestock I has the meaning assigned to the word under the Animal Health Act, 2010

The Animal Health Act, 2010 defines livestock as follows;

—livestock I means any breed or population of animal kept by a human being for a useful or commercial purpose, and includes domestic animals, semi-domestic animals and captive wild animals;

- 13.2.3 The principal Act is amended by the insertion of the following definition:  
—approved collective investment scheme I means a collective investment scheme approved under the Securities Act, 2016.

This amendment introduces a definition for an approved collective investment scheme.

**Note:**

This definition is in reference to exemption of income in a collective investment scheme.

#### 13.3 SECTION 77(4): WHEN TAX DUE IS PAYABLE

Section 77(4) of the principal Act is amended by the deletion of the words “or section sixty-four” and the substitution therefor of the words “section sixty-four or sixty – four A”.

Section 77(4) now reads as follows:

*Any tax payable by any person under an assessment made under subsection (3) of section sixty-three or section sixty – four or sixty – four A shall be due and payable on the date notice of the assessment is given to the person under section sixty-five.*

The amendment provides for the due date on standard assessments under Section 64A. These are presumptive taxes on public service vehicles, turnover tax and taxes on betting and gaming.

Following this amendment, the penalties for late payment which are prescribed in subsection (2) of Section 78, will apply to presumptive taxes on public service vehicles, turnover tax and taxes on betting and gaming.

#### **13.4 SECTION 78: PENALTY FOR NON-PAYMENT OF TAX**

Section 78 of the principal Act has been amended by the deletion of the words “section seventy-seven” and the substitution thereof of the following words “sections seventy-seven, eighty-one, eighty-one A, eighty-two and eighty-two A” in subsections (1) and (2). The subsections will now read as follows:

- (1) a person who fails to pay tax in accordance with sections seventy-seven, eighty-one, eighty-one A, eighty-two and eighty-two A*
- (a) on or before the date on which the tax is due;*
- (b) within the period of the notice of assessment during which the tax assessed is due;*
- (c) in the case of provisional tax, within ten days of the date on which that payment is due;*

*is liable to the penalty specified in subsection (2).*

- (2) Any person who fails to pay tax or provisional tax in accordance with sections seventy-seven, eighty-one, eighty-one A, eighty-two and eighty-two A shall be liable to pay, in respect of each month or part thereof during which that amount or any part of it remains unpaid, an amount equal to five per centum of that amount or so much of it as remains unpaid during the month in question.*

This amendment provides for the charging of penalties and interest on overdue payments of the taxes provided for under the aforementioned sections. These include Withholding Tax (WHT) on lump sum payments, dividends, payments to non-resident contractors, interest, royalties, rent, commissions, management and consultancy fees, and public entertainment fees.

#### **13.5 SECTION 81: DEDUCTION OF TAX FROM DIVIDENDS**

Section 81 of the principal Act is amended by the insertion of the following new subsection immediately after subsection (1A):

- (1B) A person who fails to submit a return in accordance with subsection (1A) is liable to pay a penalty of three hundred and forty penalty units for each month or part thereof during which that failure continues.*

This amendment prescribes the specific penalties for late submission of returns in relation to payments of dividends. Where the return has been submitted late, a penalty of K102 for each month or part thereof will apply.

#### **13.6 SECTION 81A: DEDUCTION OF TAX FROM PAYMENTS TO NON-RESIDENT CONTRACTORS**

Section 81A of the principal Act is amended by the insertion of the following new subsection immediately after subsection(1A):

- (1B) A person or partnership that fails to submit a return under subsection (1A) is liable to pay a penalty of three hundred and forty penalty units for each month or part thereof*

*during which that failure continues.*

The amendment prescribes the specific penalties for late submission of returns with respect to payments due to non-resident contractors carrying on haulage (transportation) and construction operations. Where the return has been submitted late, a penalty of K102 for each month or part thereof will apply.

### 13.7 SECTION 82A: DEDUCTION OF TAX FROM CERTAIN PAYMENTS

Section 82A(1)(b) of the principal Act is amended by the insertion of the words “other than interest payable to a bank or financial institution licensed under the Banking and Financial Services Act, 2017” immediately after the word “Republic”.

Section 82A(1)(b) now reads as follows:

1(b) *interest and royalties from a source within or deemed under section eighteen to be within the Republic other than interest payable to a bank or financial institution licensed under the Banking and Financial Services Act, 2017;*

The amendment exempts any person from withholding tax on interest payments to local banks and financial institutions. This is because the payment from which interest is to be deducted is held by the bank, thereby making it impractical for the payer to deduct.

On the other hand, the local banks and financial institutions account for this tax under normal income tax.

**Note:**

For payments to non-resident banks and financial institutions withholding tax on interest payments will apply.

### 13.8 SECTION 97A: TRANSFER PRICING

13.8.1 Section 97A of the principal Act is amended by the deletion of subsection one and the substitution thereof of the following new definitions:

*“actual conditions” means conditions which are made or imposed between any two or more associated persons on their commercial or financial relations;*

This change clarifies that conditions may be imposed between two or more associated persons with respect to controlled transactions.

*“arm’s length conditions” means conditions or no conditions which would have been made or imposed if persons were not associated with each other;*

The amendment removes reference to the repealed Section 97AA.

“reference price” means—

- (a) the monthly average London Metal Exchange cash price;*
- (b) the monthly average Metal Bulletin cash price to the extent that the base metal or precious metal price is not quoted on the London Metal Exchange; or*
- (c) the monthly average cash price of any other metal exchange market as approved by the Commissioner-General to the extent that the base metal price or precious*

*metal price is not quoted on the London Metal Exchange or Metal Bulletin;*

This amendment excludes discounts from the definition of reference price. It also rearranges the definition by placing it in sub-section 1 from sub-section 14.

*“related or associated persons” include–*

- (a) parties connected directly or indirectly through shareholding, equity or partnerships;*
- (b) any joint venture owned or operated jointly with an unrelated person;*
- (c) connected persons;*
- (d) parties connected through direct or indirect management control and capital; or*
- (e) Any existing arrangements, whether in writing or not, that benefit two or more entities whose conditions are deemed not to be at arm’s length.*

The change extends the definition for related or associated persons to include any arrangements whose conditions do not satisfy the arm’s length principle.

*“relative”* has the meaning assigned to the word in the Anti-Corruption Act, 2012;

This amendment broadens the definition for relative by aligning it with the definition in the Anti-Corruption Act, 2012

*“subsidiary”* has the meaning assigned to the word in the Companies Act, 2017;

The change introduces the definition for subsidiary and aligns it with the definition in the Companies Act, 2017.

13.8.2 Section 97A of the principal Act is amended by the reintroduction of the following definitions:

*“equity holder” means a person who*

- (a) holds ordinary shares in the company; or*
- (b) is a loan creditor of the company in respect of a loan other than a normal commercial loan.*

*“fixed rate preference shares” for the purpose of this Act and despite the Companies Act, 2017, means shares which–*

- (a) do not carry any conversion right or rights to acquire any additional shares or securities;*
- (b) do not carry any right to dividends other than dividends which–*
  - (i) are of a fixed amount or at a fixed rate per centum of the nominal value of the shares; and*
  - (ii) represent no more than reasonable commercial return on the consideration received by the company in respect of the issue of shares; and*
- (c) on payment, do not carry any rights to an amount exceeding the consideration.*

*“loan creditor” in relation to a company, means a creditor in respect of any debt incurred by the company–*

- (a) for any money borrowed or capital assets acquired by the company; or*
- (b) in respect of any redeemable loan capital issued by the company;*

*except that a person carrying on the business of banking is not for the purposes of this Part, a loan creditor in respect of any loan capital or debt issued or incurred by the company for money lent by that person in the ordinary course of that business;*

*“normal commercial loan means a loan-*

*(a) which does not carry any conversion rights or rights to acquire any additional shares or securities;*

*(b) which does not entitle the loan creditor to any amount by way of interest which depends to any extent on the results of the company's business or which exceeds a reasonable commercial return on the loan; and*

*(c) in respect of which the loan creditor is entitled, on repayment, to an amount which does not exceed the loan;*

*—ordinary share means a share other than a fixed rate preference share;*

*—security includes securities not creating or evidencing a charge on assets, and any-*

*(a) Interest paid or payable by a company on money advanced without the issue of a security for the advance; or*

*(b) other consideration given by a company for the use of money so advanced;*

*which is treated as if paid or payable or given in respect of a security issued for the advance by the company; and*

These amendments reinstate definitions of equity holder, fixed rate preference shares, loan creditor, normal commercial loan, ordinary share and security for the purpose of transfer pricing analysis of financial transactions.

13.8.3 Section 97A of the principal Act is amended by the deletion of subsection (11) and the substitution therefor of the following:

*(11) Where a claim or credit is given by virtue of any agreement made under section seventy-four for foreign tax, within the meaning of section seventy-five, in computing the amount of that credit-*

*(a) the foreign tax to be taken into account as having been paid or as being payable by the claimant shall exclude any amount of foreign tax which would not have been paid or payable if the computation of the income on which the foreign tax is chargeable had, so far as it includes income to which the claim or amended claim relates, been made on arm's length conditions; and*

*(b) the amount of income to be taken into account as having been received by the claimant and in respect of which the claimant is or may be given credit for foreign tax shall be determined, so far as it includes income to which the claim or amended claim relates, on arm's length conditions.*

The amendment clarifies that a resident taxpayer is eligible to make a claim for a corresponding adjustment in relation to transactions with non-residents, provided that the non-resident is a resident of a jurisdiction with which Zambia has a tax treaty.

It also prescribes arm's length as the basis for determining the income on which the tax credit or adjustment should be claimed.

#### **Example 1: Computation of Corresponding Adjustment**

ABC Group of Companies has 2 subsidiaries; C Limited operating in Zambia and B Limited operating in country X. B Limited sales goods worth USD 100,000.00 to C Limited Zambia. The tax authority in Country X makes a transfer pricing adjustment to the transaction, resulting in an upward cost of goods to the Zambian entity C limited of USD 150,000.00.

C limited Zambia can make a claim for a corresponding adjustment of USD 50,000.00 through the Zambia Revenue Authority provided that B Limited is a resident of a country which has a tax



treaty with Zambia and the adjustment made satisfies the arm's length principle.

- 13.8.4 Section 97A of the principal Act is amended by the insertion of the following new subsection immediately after subsection(11):

*(11A) For the purposes of subsection (11), a claim shall be made no later than twelve months from the date of the assessment;*

This amendment provides a time frame in which a corresponding adjustment may be claimed. Therefore, the Zambian resident is required to lodge the claim within 12 months from the date of assessment in the other jurisdiction.

For cases under appeal or litigation, the date of the determination or final ruling may be considered as the date of assessment.

- 13.8.5 Section 97A of the principal Act is amended by the deletion of subsection (13) and substitution therefore of the following:

*(13) Despite any other provisions in this Act, for any transaction for the sale or purchase of base metals or any substance containing base metals or precious metals, directly or indirectly, between related or associated persons, the applicable sale or purchase price of those metals or recoverable metals shall be the reference price.*

The amendment provides for the use of the reference price as the basis for determining the sale or purchase price of either base metals or any substance containing base metals or precious metals between related or associated persons.

- 13.8.6 Section 97A of the principal Act is amended by the deletion of subsections (14) substitution therefore of the following:

*(14) The reference price may be adjusted to take into account any premiums or discounts on account of quality or grade of the base or precious metals sold or purchased.*

This amendment provides for adjustments of the reference price on the basis of premiums or discounts that may arise as a result of quality or grade of the base or precious metals.

- 13.8.7 Section 97A of the principal Act is amended by the deletion of subsections (15) and substitution therefore of the following:

*(15) Where the base or precious metal is sold by a resident or a non-resident person to a related or associated person who sells that base or precious metal to an unrelated person—*

- (a) the resident person or non-resident person shall, provide to the Commissioner-General on the Commissioner-General's request, all third party sale agreements and all third party invoices relating to that sale; or*
- (b) if the sale by the resident person or non-resident person to an unrelated person involves no further milling, blending, treatment, or refinement or transformation to the base or precious metals and the subsequent agreed price is higher than the reference price as at the month the base or precious metal is sold by the resident or the non-resident person to a related or associated person, the agreed price in that case shall be the sale price for the purpose of computing the seller's taxable income in the Republic.*

The amendment empowers the Commissioner-General to request for third party information in relation to the sale of base or precious metals for comparability analysis.

This change further provides for the use of the selling price in determining the seller's taxable income where the selling price to the unrelated person is higher than the reference price where:-

- i) the transaction is between a resident or non-resident person and an unrelated person;
  - ii) the metal sold is in the same state as bought by the seller from their related party; and
  - iii) the transaction price is higher than the reference price at the time (month) of the sale.
- 13.8.8 Section 97A of the principal Act is amended by the deletion of subsections (16) substitution therefore of the following:

*(16) For the purposes of determination of a related or associated person, two persons are connected with each other if-*

*(a) one of them is an individual and the other is that persons spouse, a relative of that person or of that person's spouse, or the spouse of that relative; or*

*(b) one of them is a trustee of a settlement and the other is-*

*(i) a person who, in relation to that settle-ment, is a settlor ;or*

*(ii) a person who is connected with a person falling within subparagraph (i).*

The amendment removes the reference to subsection 15.

- 13.8.9 Section 97A of the principal Act is amended by the deletion of subsection (17) because the definition of "relative" that was under subsection 17 is now under section 97A(1).

### **13.9 SECOND SCHEDULE: EXEMPT ORGANIZATIONS**

The Second Schedule to the principal Act is amended by the insertion in paragraph 5(l)(L) of the word "approved" immediately before the word "collective".

*Approved Collective investment scheme to the extent to which the income is distributed to participants in the collective investment scheme.*

The amendment provides for the exemption of the income of a Collective Investment Scheme only if it is approved under the Securities Act, 2016 and the income is distributed to participants in the collective investment scheme.

### **13.10 FIFTH SCHEDULE: MINING EXPENDITURE DEDUCTIONS**

The Fifth Schedule to the principal Act is amended in paragraph 22(2) by the deletion of the words "twenty five" and substitution therefor of the word "twenty".

- (2) The deduction to be allowed for a charge year for a mine shall be twenty percent of the original expenditure to the extent that equipment, plant, machinery or anything related to capital expenditure as defined under paragraph 19 of this Part is brought into use in the carrying out of mining operations and the expenditure has not already been allowed as a deduction.

The amendment reduces the capital expenditure claimable to 20% from 25% in a charge year by any person carrying on mining operations. Therefore, capital expenditure that was claimable over a period of 4 years will now be claimable over a period of 5 years.

The reduced capital expenditure deduction rate applies to capital expenditure (as defined in paragraph 19 of the Fifth Schedule to the Income Tax Act) brought into use from 1st January 2020.

### **13.11 CHARGING SCHEDULE: RATE OF TAX TO BE DEDUCTED**

The Charging Schedule to the principal Act is amended in the proviso to paragraph 7 by the deletion of item (x) and the substitution therefor of the following:

(x) tax required to be deducted from the payment of interest, except interest on treasury bills and government bonds to a non- resident, shall be at the rate of twenty percent.

This amendment reduces the withholding tax rate on interest on government bonds and treasury bills to a non-resident to 15% from 20%.

Note:

The increase in the withholding tax rate on interest payments on government bonds and treasury bills to 20% through Amendment Act No.17 of 2018 was suspended by Statutory Instrument No.25 of 2019 [The Income Tax Act (Suspension of Tax on payment of Interest to Non- Resident) (Treasury Bill and Bond) Regulations, 2019] with effect from 1st January 2019 to 31st December 2019. Withholding tax on interest on government bonds and treasury bills maturing after 1st January 2020 will still be deducted at 15%.

### **13.12 GENERAL AMENDMENT:**

The principal Act is amended by the deletion of the words “Lusaka Stock Exchange” wherever it appears and substitution therefor of the words “Lusaka Securities Exchange”.

The change removes reference to Lusaka Stock Exchange in the Income Tax Act wherever it appears following the change of name to Lusaka Securities Exchange as per Securities Act No. 41 of 2016.

## **14.0 PROPERTY TRANSFER TAX AMENDMENT ACT NO.13 OF 2019**

### **14.1 SECTION 1: TITLE AND COMMENCEMENT**

This Act comes into operation on 1st January, 2020.

### **14.2 SECTION 2: INTERPRETATION**

Section 2(1) of the principal Act is amended by the deletion of the definition of “share” and the substitution thereof of the following:

*“Share” includes any stock, any certificate, warrant or equivalent right.*

This amendment broadens the definition of “share” to include rights that are equivalent to shares. An equivalent right is one that provides entitlement to ownership or participation in profits or to both. Examples of these include, founder’s rights, corporate rights, jouissance rights or any other instruments enabling the holder to participate in profits. However, this does not include debt claims.

Therefore, the transfer of any rights equivalent to shares will attract Property Transfer Tax (PTT) at the prescribed rate.

### **14.3 SECTION 5: REALISED VALUE**

14.3.1 Section 5 of the principal Act is amended by the deletion of subsection (2A) and the substitution thereof of the following:

*(2A) Where the property to be valued is a share issued by a company incorporated outside the Republic that directly or indirectly owns at least ten percent of a company incorporated in Zambia, the realised value shall be, whichever is greater of the-*

*a) proportion that the value of the Zambian company bears to the value of the transferred shares,*  
*b) consideration for the share being transferred; or*  
*c) nominal value;*  
*except that -*

*i) where the Commissioner-General is satisfied that a transfer with the realised value is made for the purposes of group re- organisation and that there is no change in the effective shareholding with respect to the Zambian company, the Commissioner-General may determine a nil value for that transfer; and*

*ii) this section shall not apply to a company that has not been part of the group of companies for at least three years.*

The amendment broadens the basis for computing the realised value of the indirect transfer of shares by providing two additional valuation methods and providing for selecting the option that gives a higher value as the basis on which tax will be charged.

This change further provides for the Commissioner-General to determine a nil value in cases where the transfer of shares is done for purposes of reorganisation whose outcome does not change the effective shareholding.

The amendment also introduces clause (ii) in addition to the existing conditions in determining

the nil realised value by requiring a company to be a member of the group for not less than 3 years.

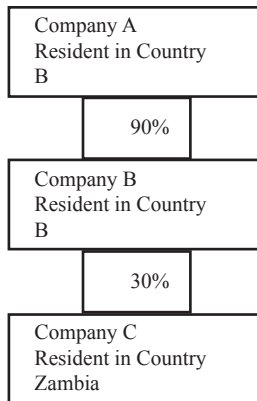
**Note:**

The 3 years shall be determined as follows:

- i) The date at which the company of interest in the reorganisation becomes part of the group, is the date that will be considered as the start date for PTT purposes; and
- ii) The date at which the change in shareholding takes effect is the date that will be considered as the end date for PTT purposes.

**Example 2: Determination of Realised Value**

2A) A Zambian incorporated entity, Company C, is 30% directly owned by company B and indirectly owned by the parent company A. Company A owns 90% shares of company B.



The net asset value of Company A is K200m, while Company C's net asset value is K100m. During the year shares with a nominal value of K50m in Company A were transferred.

The effective shareholding of A in Company C is calculated as follows:  $90\% \times 30\% = 27\%$

Since the effective shareholding of Company A in Company C is at least 10 %, the shares in Company A are liable to tax in Zambia whenever its shares are transferred.

**Additional Information:**

Shares were sold at K60m

The realized value is the greater of the following:

- i) the consideration paid which is K60m; or
- ii) the nominal value which is K50m; or
- iii) the amount derived using the formula below which is K6.75m (see below)

**Note:**

Formula is  $R = [(X/Y)*Z]$  where;

X is the value of the foreign entity's investment (Company A) in the Zambian entity (Company C)

Y is the value of the foreign entity whose shares are being transferred (Company A) Z is the value of the transferred shares

$X = 27\%$  of the value of the Zambian Company = K27 million  $Y = K200m$

$Z = K50m$

Therefore  $R = [(27/200) * 50] = K6.75m$

The Realised Value is the greater of the three options given above which in this case is K60m.

Note:

Where the transfer of shares is for the purposes of group re-organisation, the transaction may qualify for a nil realized value if the following conditions are met:

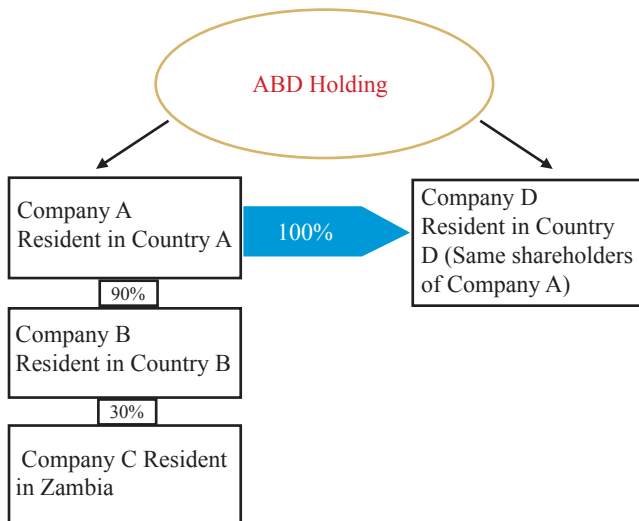
- i) there is no change in the effective shareholding of the indirect shareholder with respect to the Zambian company; and
- ii) company A should have been a member of the group for at least 3 years.

14.3.2 Section 5 of the principal Act is amended by the deletion of subsection (2C) and the substitution therefor of the following:

(2C) The Commissioner-General, in determining the realised value for shares, may make adjustments in accordance with the provisions of sections 97A and 97C of the Income Tax Act.

This amendment removes reference to section 97AA of the Income Tax Act and paragraph 22A of the Fifth Schedule to the Income Tax Act which have since been repealed.

#### Example 3A: Illustration of no change in effective shareholding



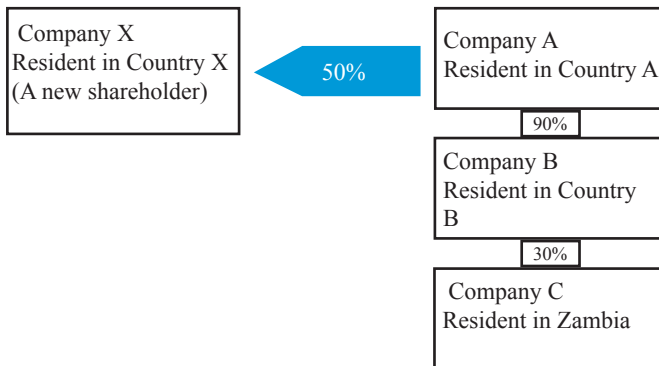
1) The shareholders in Company A set up another Company D in country D. Therefore, Company A ceases to operate.

2) The transfer of shares from Company A to Company D where there is no change in the effective shareholding of company A with respect to the Zambian company C (scenario AD)

The indirect shareholding is at least 10%.

Where shares are transferred from Company A to company D with absolutely no change in the shareholders, the effective shareholding is not affected because all the shareholders that held shares in company A are the same shareholders in Company D. In such a case the Commissioner- General may determine a nil value for such a transfer.

**Example 3B: Illustration of change in effective shareholding**



- 1) Company X buys 50% of shares in company A, therefore there is an introduction of new shareholders.
- 2) A transfer of shares from Company A to Company X where there is a change in the effective shareholding of company A with respect to the Zambian company C (scenario AX). The indirect shareholding is at least 10%.

Where shares are transferred from Company A to company X with a change in the shareholders, where 50% of the shares are bought by new shareholders, the effective shareholding is affected because of the introduction of the new shareholders that now hold shares in company A. In such a case the transfer is subject to Property Transfer Tax.

**15.0 THE VALUE ADDED TAX (AMENDMENT) ACT NO. 14 OF 2019**  
**15.1 SECTION 1: TITLE AND COMMENCEMENT**

This Act shall come into operation on 1st January, 2020.

**15.2 SECTION 2: INTERPRETATIONS**

Section 2 of the principal Act is amended by the insertion of the following definitions in the appropriate places in alphabetical order:

*“electronic commerce” means the buying, selling advertising or marketing of goods and services using the internet, mobile telecommunication networks and other electronic commerce infrastructure;*

*“electronic service” means a service capable of delivery of data across multiple electronic commerce platforms; and*

*“electronic payment machine” means a payment terminal used by a taxable supplier to receive a payment.*

This amendment introduces the above definitions for the purpose of subjecting electronic commerce to tax.

**15.3 SECTION 7: TAXABLE SUPPLIES**

The principal Act is amended by the deletion of sub-sections (3) and (4) and substitution therefor of the following:

*(3) A taxable supplier shall issue a tax invoice for the supply of goods and services using an electronic fiscal device.*

*(4) Despite subsection (3), the Commissioner-General may approve the issuance of a tax invoice using an approved computer application or pre-printed tax invoice by a taxable supplier*

*(5) A taxable supplier who fails to issue a tax invoice commits an offence and is liable, on conviction, to a penalty not exceeding three hundred thousand penalty units or to imprisonment for a term not exceeding three years, or to both*

The amendment provides for the mandatory use of an Electronic Fiscal Device (EFD) to issue tax invoices. However, registered suppliers who have not yet acquired an EFD due to non-availability of the device, are allowed to continue to use the approved computer application or pre-printed tax invoice until a time determined by the Commissioner-General.

Furthermore, the Commissioner-General may approve in certain circumstances the issuance of a tax invoice using an approved computer application or pre-printed tax invoice by a taxable supplier.

**15.4 SECTION 7A: RECORD OF DAILY SALES**

The principal Act is amended by the insertion of the following new section immediately after section 7:

*7A. (1) A taxable supplier shall use an electronic fiscal device to record daily sales.*

*(2) Despite subsection (1), the Commissioner-General may approve the use of a document,*



*device or equipment, other than an electronic fiscal device, for a certain category of taxable suppliers.*

*(3) A taxable supplier that contravenes this section commits an offence and is liable, on conviction, in the case of*

- (a) a first offence, to a penalty not exceeding thirty thousand penalty units;*
- (b) a second offence, to a penalty not exceeding sixty thousand penalty units; and*
- (c) a third offence or subsequent offender, to a penalty not exceeding ninety thousand penalty units.*

This amendment introduces section 7A to incorporate provisions that were under section 42A regarding the recording of sales. The Commissioner-General may approve in certain circumstances the use of alternative methods for recording of daily sales.

Registered suppliers who have not yet acquired an EFD due to non-availability of the device, are allowed to keep a record of daily sales based on the system being utilised (e.g sales summary from an approved computer application, sales day book or pre-printed tax invoice).

**Note:**

Section 42A (Electronic Fiscal Device) has been repealed.

## **15.5 SECTION 8: IMPOSITION AND SCOPE OF TAX**

The principal Act is amended by the deletion of sub-sections (5), (5A), (6), (7), (8), (8A) and (9) and the substitution therefor of the following;

*5) A recipient of an imported service shall pay tax on the importation of a service, where a service is performed, undertaken, or utilized in the Republic or the benefit of the supply is for a recipient in the Republic*

*6) The tax under subsection (5) shall be paid if -*

- (a) recipient of the imported service has not paid tax due in the country of exportation; or*
- (b) supplier who is resident outside the Republic has not appointed a tax agent.*

*7) The input tax corresponding to the tax paid under sub-section (5) shall be excluded from any claim, deduction or credit under section eighteen.*

*(8) A supplier who does not have a registered office or permanent address of business in the Republic shall appoint a person resident in the Republic as a tax agent to act on behalf of that supplier in matters relating to tax.*

*9) Where the Commissioner-General accepts the appointment of a tax agent, referred to in Subsection (8), any liability of the taxable supplier under this Act, other than any liability subsisting before the agent's appointment, shall on and from the date of appointment, and without affecting such liability of that supplier, subsist to a like extent and severally against the tax agent until a time as the Commissioner-General may determine.*

*(10) The liability of the taxable supplier that extends to a tax agent includes the liability to-*

- (a) keep and preserve, or produce records or accounts;*
- (b) furnish a tax return;*

*(c) pay tax or interest under the Act; and*  
*(d) comply with any requirement of the Commissioner-General in respect of the business.*

*11) For the purposes of this section, —supply of services<sup>1</sup> includes the supply of a service that is made by a supplier who is resident or carries on business outside the Republic to a recipient who is resident in the Republic.*

This amendment rearranges the provisions in section 8 in relation to the taxation of imported services.

## **15.6 SECTION 8A: ELECTRONIC SERVICE**

The principal Act is amended by the insertion of the following new sections immediately after section 8:

- (1) Tax is payable on the provision of an electronic service in the Republic where that service is performed, undertaken, or utilized in the Republic or the benefit of the supply is for a recipient in the Republic regardless of whether the provider of the service has a place of business in the Republic or the service is paid for outside the Republic.*
- (2) A supplier of an electronic service, a tax agent in the Republic or the person providing an —electronic<sup>1</sup> commerce service shall account for the tax on electronic commerce.*
- (3) Where a supplier of an electronic service does not have a registered office or permanent address of business in the Republic, that supplier shall appoint a tax agent who is resident in the Republic for the purpose of accounting for the tax on electronic commerce.*
- (4) Despite subsections (2) and (3), the Commissioner General may appoint a tax agent who is resident in the Republic to account for tax on an electronic service.*
- (5) A supplier of an electronic services whose turnover is below the tax registration threshold, shall account for tax on an electronic service using a taxpayer identification number and a special return prescribed by the Commissioner-General.*

This amendment imposes tax on electronic services supplied by a resident or non-resident service provider to a resident. It also allows for foreign suppliers of a service to appoint an agent who is resident in the republic for purposes of accounting for tax on electronic commerce.

Suppliers of electronic services whose turnover is below the VAT registration threshold are required to account for VAT using the special return prescribed by the Commissioner-General.

## **15.7 SECTION 8B: VALUE ADDED TAX WITHHOLDING AGENT**

The principal Act is amended by the insertion of the following subsection immediately after subsection 8A:

- 8B. The Commissioner General may appoint a person resident in the Republic as a tax agent to withhold tax on payments made to a taxable Supplier of goods and services.*

The amendment renumbers the provision on appointment of withholding agents as section 8B.

## **15.8 SECTION 19: PAYMENT OF TAX OR CREDIT**

Section 19 of the principal Act is amended by the insertion of a new subsection 1A immediately after subsection(1) and the renumbering of subsection (1A) as subsection (1B):

*(1A) A taxable supplier shall have an electronic payment machine at a point of sale.; and*

This amendment makes it mandatory for all taxable suppliers to have an electronic payment machine at a point of sale as a payment option.

## **15.9 SECTION 42A: ELECTRONIC FISCAL DEVICE**

The principal Act is amended by the repeal of section 42A.

Refer to paragraph 10.4

## **15.10 SECTION 51: REGULATIONS**

Section 51(2) of the principal Act is amended in paragraph (h) by the insertion of the words “supply and” immediately after the word “The”.

*(h) The supply and use of electronic fiscal device or other equipment in recording daily sales*

The amendment empowers the Minister to make regulations with respect to the management and distribution of electronic fiscal devices.

**16.0 THE VALUE ADDED TAX (ZERO-RATING)(AMENDMENT) ORDER STATUTORY INSTRUMENT NO.88 OF 2019**

**16.1 TITLE AND COMMENCEMENT**

This Order comes into effect on 1st January, 2020.

**16.2 SCHEDULE**

The principal Order is amended by the renaming of the Schedule as the First Schedule and insertion of the Second Schedule immediately after the First Schedule as set out in the Appendix.

The First Schedule is a list of goods and services arranged in groups which qualify for zero-rating.

The Second Schedule is an appendix listing capital equipment and machinery that are applicable to group 11 of the First Schedule.

**16.3 GROUP 1 : EXPORT OF GOODS**

- 16.3.1 The First Schedule to the principal Order is amended under Group 1, by the deletion of paragraph (b) and substitution thereof of the following:

*(b) the supply of freight transport services-*

*(i) from or to the Republic; and*

*(ii) from outside the Republic to other places outside the Republic transiting through the Republic including transshipment.*

The amendment standard rates ancillary services that are directly linked to the transit of goods through Zambia to destinations outside Zambia. Therefore, only freight transport services and transshipment services are zero rated. Following this amendment, ancillary services such as escort security services, loading and offloading, clearing services and storage services shall be standard rated.

**Note:**

Transshipment is the process of moving cargo that is in transit from one vessel of transportation to another.

- 16.3.2 The First Schedule to the principal Order is amended under Group 1 by the deletion of paragraph (g);

This amendment removes the redundant provision which provided for zero-rating of inclusive tours. The provision was for contracts that were entered into before 1st January 2014 which was a transitional provision.

**16.4 GROUP 7 : ENERGY SAVING APPLIANCES, MACHINERY AND EQUIPMENT**

The Group 7 to the principal Order is amended by the insertion of the following new paragraph immediately after paragraph (g):

(h) Liquefied Petroleum Gas (LPG) of HS Codes:

2711.11.00: Natural gas, 2711.12.00: Propane, 2711.13.00: Butanes,

2711.14.00: Ethylene, propylene, butylene and butadiene, and

2711.19.00: other similar products in gaseous state; and

(i) Stoves, ranges, grates, cookers (including those with subsidiary boilers for central heating), barbecues, braziers, gas-rings, plate warmers and similar non-electric domestic

appliances, and parts thereof, of iron or steel for cooking and plate warmers that use gas fuel or for both gas and other fuels;

The amendment zero rates the supply of Liquefied Petroleum Gas (LPG) and the appliances (including parts thereof) that use the gas and other fuels.

**Note:**

Paragraph b) of group 7 of the VAT zero-rating schedule now includes florescent lamps (tubes and bulbs) and Light Emitting Diode (LED) lights in the schedule (SI No. 3 of 2019).

## **16.5 GROUP 10: MINERALS**

The Zero rating order has been amended by the insertion of the following new group immediately after Group 9:

*Copper cathodes*

This amendment zero rates the supply of copper cathodes within Zambia.

## **16.6 GROUP 11: CAPITAL EQUIPMENT**

The Zero rating order has been amended by the insertion of the following new group immediately after Group 10:

*The supply of capital equipment and machinery set out in the Second Schedule to a holder of a mining licence for large-scale mining under the Mines and Minerals Development Act, 2015.*

The amendment zero rates equipment and machinery listed in the Second Schedule to the Zero rating Order when supplied to a holder of a large scale mining licence. However, the supply of equipment and machinery to a taxable supplier other than a holder of a large scale mining licence will be standard rated, whereas when equipment and machinery referred to in the Schedule is imported, VAT may be deferred.

Below is the mechanism for Zero rating the capital equipment in the following circumstances -

The amendment zero rates the supply of Liquefied Petroleum Gas (LPG) and the appliances (including parts thereof) that use the gas and other fuels.

### **a) At Importation**

For all existing large scale mining licence holders, the ASYCUDAWorld will be configured to Zero rate the qualifying capital equipment.

Therefore, new large scale mining licence holders will be required to notify the Commissioner – Indirect Taxes of their registration for purposes of configuration.

### **b) When purchased locally.**

The large scale mining licence holders will be required to apply online for a Local Purchase Order (LPO) attaching a valid mining licence. Manual applications may be accepted in certain instances.

**Note:**

The appendix to this Practice Note lists Equipment and Machinery that qualifies for zero rating

when supplied to a holder of larger scale mining licence.

**17.0 THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 37 OF 2020**

**17.1 TITLE AND COMMENCEMENT**

This Order is deemed to have come into effect on 1st April, 2020 and shall stand revoked on 30th September 2020.

**17.2 GROUP 5 : MEDICAL SUPPLIES**

Group 5 to the principal Order is amended by the insertion of the following new paragraph:

(c) Supplies for medical use:

- (i) Diagnostic Test Instruments and Apparatus;
- (ii) Textile Face mask without replaceable filter
- (iii) Gas masks with mechanical parts or replaceable filters;
- (iv) Plastic face shields;
- (v) Plastic gloves;
- (vi) Other Rubber Gloves;
- (vii) Knitted or Crocheted gloves which have been impregnated; or covered; (viii) Textile gloves that are not knitted or crocheted;
- (ix) Disposable Hair nets;
- (x) Protective garments for surgical/medical use;
- (xi) Other Protective Garments of textiles of rubberized textile;
- (xii) Protective garments made from plastic sheeting;
- (xiii) Liquid Filled Thermometer for direct reading;
- (xiv) Other thermometers;
- (xv) Alcohol Solution undenatured 80% by volume;
- (xvi) Alcohol Solution Undenatured, 75% ethyl alcohol;
- (xvii) Hand Sanitizer;
- (xviii) Other disinfectant preparations;
- (xix) Medical, Surgical or laboratory sterilizers;
- (xx) Hydrogen peroxide in bulk;
- (xxi) Hydrogen peroxide presented as a medicament;
- (xxii) Hydrogen peroxide put up as a disinfectant preparation; for cleaning surfaces;
- (xxiii) Other chemical disinfectant;
- (xxiv) Extracorporeal membrane oxygenation (ECMO);
- (xxv) Patient Monitoring devices Electro diagnostic apparatus; (xxvi) Intubation kits; and
- (xxvii) Paper bed sheets.

The amendment zero-rates the above listed medical supplies in order to minimise the costs of some products needed in the fight against the COVID 19.

Disinfectants preparations that are zero-rated include antiseptic liquids such as Dettol, Savlon, Boom and Hygienix.

On the other hand, products such as, hand washing liquids, bar soaps, washing soaps (liquid, solid or powder), bathing soaps, bleaching agents, toilet cleaners, scourers and other surface cleaners remain standard rated.

**Note:**

The listed items will cease to be zero-rated when supplied or imported after 30th September 2020.

**18.0 THE VALUE ADDED TAX (GENERAL) (AMENDMENT) REGULATIONS  
STATUTORY INSTRUMENT NO. 90 OF 2019**

**18.1 TITLE AND COMMENCEMENT**

These Regulations come into operation on 1st January, 2020.

**18.2 REGULATION 9A: INPUT TAX NOT ALLOWED ON SPECIFIED ITEMS**

The principal Regulations are amended by the insertion of the following new regulation immediately after regulation 9:

9A. Tax charged on the supply to, or importation by a taxable supplier of the following listed supplies is excluded from any claim, deduction or credit under Section 18 of the Act, except where the supplies are stock in trade:

- (a) Lubricants;*
- (b) Spare parts;*
- (c) Stationery;*
- (d) Office Furniture;*
- (e) Office equipment;*
- (f) Office repair and maintenance;*
- (g) Office lighting and air-conditioning;*
- (h) Office Cleaning services and ambiance;*
- (i) Repair and maintenance of motor vehicles;*
- (j) Accommodation in hotels and similar establishments;*
- (k) Subscriptions for cable television service;*
- (l) Hiring of transport;*
- (m) Plates of polymers of ethylene, not reinforced, limitation leather of heading 39201010;*
- (n) Other Plates of polymers of ethylene, not reinforced of heading 39201090;*
- (o) Plates, sheets and strip of unvulcanised, compounded rubber, not elsewhere specified of heading 40059100;*
- (p) Other Plates, sheets and strip of cellular vulcanized rubber of heading 40081190;*
- (q) Tubes of vulcanised rubber, reinforced with fitting of heading 40092200;*
- (r) Conveyor belts or belting, of vulcanized rubber reinforced only with metal of heading 40101100;*
- (s) Conveyor belts/belting of vulcanised rubber reinforced only with textile mat of heading 40101200;*
- (t) Conveyor belts/belting of vulcanised rubber, not elsewhere specialised of heading 40101900;*
- (u) Transmission belts or belting - endless transmission belts of trapezoidal of heading 40103100;*
- (v) Other of heading 40103900;*
- (w) Gaskets, washers and other seals, of vulcanized rubber of heading 40169300;*
- (x) Screws and bolts of iron or steel not elsewhere specified of heading 73181500;*
- (y) Articles of iron or steel, not elsewhere specified – Other of heading 73269090;*
- (z) Articles of iron or steel, not elsewhere specified other – Other of heading 73269099; and*
- (aa) automatic door closers of base metal of heading 83026000*
- (bb) parts of pumps for liquids of heading 84139100;*
- (cc) parts of machinery of 84.27 of heading 84312000;*
- (dd) parts of machinery of 84.28 (exc lift, skip hoists or escalators) of heading 84313900;*
- (ee) parts for boring or sinking machinery of subheading 8430.41 or 8430.49 of heading 84314300;*
- (ff) parts of machinery of 84.26, 84.29 and 84.30, not elsewhere specified of heading*



84314900;

(gg) parts of converters, ladles, casting machines of heading 84549000;

(hh) parts of machinery of 84.74 of heading 84749000;

(ii) parts of valves and similar appliances of 84.81 of heading 84819000;

(jj) transmission shafts (incl. cam and crank shafts) and cranks of heading 84831000; (kk)

parts of transformers, inductors and static converters of heading 85049000;

(ll) parts of industrial or laboratory furnaces and ovens of 85.14 of heading 85149000;

(mm) parts of heading 85177000;

(nn) parts of apparatus of 85.35 to 85.37, not elsewhere specified of heading 85389000;

(oo) parts of electrical machines/apparatus with Individual functions, not elsewhere specified of heading 85439000;

(pp) carbon brushes of heading 85452000;

(qq) parts and accessories of bodies (inc.cabs) not elsewhere specified of heading 87082900;

(rr) parts and accessories of hydrometer, thermometers of 90.25 of heading 90259000;

(ss) parts (excl. of glass or plastic) of lamps and lighting fittings of heading 94059900;

(tt) conveyor and elevator belts and belting of heading 59100010; and

(uu) transmission belts and belting of heading 59100020.

This amendment excludes from claim, deduction or credit input tax on the items listed above, irrespective of the sector or line of business, except where they are goods supplied for resale. This exclusion is only applicable from 1 January 2020 to 26th April 2020.

The input tax on items whose H.S codes are not specified above may qualify for a claim, deduction or credit regardless of whether the items are imported or purchased locally.

**Note:**

Input tax (in this category) relating to invoices issued prior to 1st January 2020 will be claimed based on the legal provisions applicable in 2019.

The H.S codes are with reference to the Customs and Excise Act.

### 18.3

#### **REGULATION 10A: CLAIM OF INPUT TAX ON DIESEL**

The principal Regulations are amended by revocation of Regulation 10A and the substitution thereof of the following:

*10A. Ninety percent of tax charged on the supply of diesel to a taxable supplier may be included as a claim, deduction, or credit under Section 18 of the Act, except that where the-*

*(a) supply is for resale, one hundred percent of the tax charged may be included as a claim, deduction or credit; or*

*(b) taxable supplier is carrying on mining operations, mineral processing or exploration, seventy percent of tax charged on the supply of diesel to the taxable supplier may be included as a claim, deduction, or credit under Section 18 of the Act.*

This amendment makes 30% of the input tax on the purchase of diesel by a taxable supplier carrying on mining operations, mineral processing or exploration to be non-deductible. Prior to this amendment, all taxable suppliers were allowed to claim up to 90% of the input tax incurred on the purchase of diesel.

Suppliers dealing in the resale of diesel may claim 100% of the tax charged while other taxable suppliers may continue to claim up to 90% of the input tax incurred.

The table below provides the tax treatment of diesel:

**Table 1: Tax Treatment of Diesel**

Type of Supply	Maximum % of Claim
Supply to mining operations, mineral processing or exploration	70%
Supply for Resale	100%
Supply to others	90%

**18.4 REGULATION 10B : CLAIM OF INPUT TAX ON ELECTRICITY**

The principal Regulations are amended by the revocation of regulation 10B and the substitution therefor of the following:

*10B. Eighty percent of tax charged may be included as a claim, deduction, or credit under Section 18 of the Act, on the supply of electricity to a taxable supplier carrying on mining operations, mineral processing or exploration.*

The amendment makes 20% of the input tax on the supply of electricity to a taxable supplier carrying on mining operations, mineral processing or exploration non-deductible. Prior to this amendment, suppliers carrying on mining operations, mineral processing or exploration were allowed to claim up to 100% of the input tax incurred on the purchase of electricity.

All other taxable suppliers may continue to claim input tax on the purchase of electricity up to 100%.

**19.0 THE VALUE ADDED TAX (GENERAL) (AMENDMENT) REGULATIONS STATUTORY INSTRUMENT NO. 36 OF 2020**

**19.1 TITLE AND COMMENCEMENT**

These Regulations come into operation on 27th April, 2020.

**19.2 REGULATION 9A: INPUT TAX NOT ALLOWED ON SPECIFIED ITEMS**

The principal Regulations are amended by the revocation of regulation 9A. This means that input tax incurred on the following items, with effect from 27th April 2020, will be claimable or deductible for VAT purposes:

- (a) Lubricants;
- (b) Spare parts;
- (c) Stationery;
- (d) Office Furniture;
- (e) Office equipment;
- (f) Office repair and maintenance;
- (g) Office lighting and air-conditioning;
- (h) Office Cleaning services and ambiance;
- (i) Repair and maintenance of motor vehicles;
- (j) Accommodation in hotels and similar establishments;
- (k) Subscriptions for cable television service;
- (l) Hiring of transport;
- (m) Plates of polymers of ethylene, not reinforced, limitation leather of heading 39201010;
- (n) Other Plates of polymers of ethylene, not reinforced of heading 39201090;
- (o) Plates, sheets and strip of unvulcanised, compounded rubber, not elsewhere specified of heading 40059100;
- (p) Other Plates, sheets and strip of cellular vulcanized rubber of heading 40081190;
- (q) Tubes of vulcanised rubber, reinforced with fitting of heading 40092200;
- (r) Conveyor belts or belting, of vulcanized rubber reinforced only with metal of heading 40101100;
- (s) Conveyor belts/belting of vulcanised rubber reinforced only with textile mat of heading 40101200;
- (t) Conveyor belts/belting of vulcanised rubber, not elsewhere specialised of heading 40101900;
- (u) Transmission belts or belting - endless transmission belts of trapezoidal of heading 40103100;
- (v) Other of heading 40103900;
- (w) Gaskets, washers and other seals, of vulcanized rubber of heading 40169300;
- (x) Screws and bolts of iron or steel not elsewhere specified of heading 73181500;
- (y) Articles of iron or steel, not elsewhere specified – Other of heading 73269090;
- (z) Articles of iron or steel, not elsewhere specified other – Other of heading 73269099; and
- (aa) automatic door closers of base metal of heading 83026000
- (bb) parts of pumps for liquids of heading 84139100;
- (cc) parts of machinery of 84.27 of heading 84312000;
- (dd) parts of machinery of 84.28 (exc lift, skip hoists or escalators) of heading 84313900;
- (ee) parts for boring or sinking machinery of subheading 8430.41 or 8430.49 of heading 84314300;
- (ff) parts of machinery of 84.26, 84.29 and 84.30, not elsewhere specified of heading

84314900;  
 (gg) parts of converters, ladles, casting machines of heading 84549000;  
 (hh) parts of machinery of 84.74 of heading 84749000;  
 (ii) parts of valves and similar appliances of 84.81 of heading 84819000;  
 (jj) transmission shafts (incl. cam and crank shafts) and cranks of heading 84831000;  
 (kk) parts of transformers, inductors and static converters of heading 85049000;  
 (ll) parts of industrial or laboratory furnaces and ovens of 85.14 of heading 85149000;  
 (mm) parts of heading 85177000;  
 (nn) parts of apparatus of 85.35 to 85.37, not elsewhere specified of heading 85389000;  
 (oo) parts of electrical machines/apparatus with Individual functions, not elsewhere specified of heading 85439000;  
 (pp) carbon brushes of heading 85452000;  
 (qq) parts and accessories of bodies (inc.cabs) not elsewhere specified of heading 87082900; (rr) parts and accessories of hydrometer, thermometers of 90.25 of heading 90259000;  
 (ss) parts (excl. of glass or plastic) of lamps and lighting fittings of heading 94059900;  
 (tt) conveyor and elevator belts and belting of heading 59100010; and  
 (uu) transmission belts and belting of heading 59100020.

**Note:**

In order for input tax to be allowed as a deduction, the other rules of deduction will still apply because they are not affected by this amendment. These rules are:

- (i) input tax must be incurred in the course or furtherance of business; and
- (ii) input tax must relate to taxable supplies.

## **20.0 THE VALUE ADDED TAX GENERAL RULES, GAZETTE NOTICE NO. 310 OF 2020**

### **20.1 RULE 3: TAX INVOICE**

15.1.1 Rule 3 (1) is amended by the insertion of the following immediately after clause (iii):

*(iv) in the case of a business to business or a business to Government transaction, a tax payer identification number of the customer clearly indicated as such;*

The amendment requires the recording of the buyers Taxpayer Identification Number (TPIN) on all invoices for Business to Business (B2B) and Business to Government (B2G) transactions. Therefore, all persons procuring goods and services on Business to Business or Business to Government transactions should provide the supplier with a TPIN.

Where a tax invoice does not have the buyer's TPIN, in addition to the other mandatory features, input tax on that invoice will not be allowed as a credit or deduction under Section 18 of the Value Added Tax Act.

15.1.2 Rule 3 is amended by the insertion of the following sub-rules:

*(2) Taxable suppliers with pre-printed invoice books in stock shall indicate the Taxpayer Identification Number (TPIN) of the customer in a prominent place of the invoice for all invoices printed prior to the commencement of these Rules;*

*(3) Invoices referred to in sub-rule (2) shall:*

*(i) not be issued to customers after 31st December 2020; and*

*(ii) not be allowed for deduction or credit of input tax by customer under Section 18 of the Act after 31st December 2020;*

*(4) Any pre-printed invoices that are printed after 31st December 2019 shall have a pre-printed field in a prominent place of the invoice where to manually write the customer TPIN.*

The amendments provide for transition measures with respect to manual invoices.

#### **Note:**

Where the pre-printed books are exhausted prior to 31st December 2020, books printed subsequently should have a pre-printed field in a prominent place of the invoice where to manually write the customer TPIN

### **20.2 RULE 4B: VAT ZERO-RATING LOCAL PURCHASE ORDERS**

The Rules are amended by the insertion of new Rule 4B:

*4B. For the purpose of zero-rating for the donor, donor agency, technical aid programme or project and public benefit organisations, the Commissioner-General shall issue Local Purchase Orders in accordance with entitlements under the law.*

The amendment provides that only the Zambia Revenue Authority (ZRA) will be responsible for the issuance of Local Purchase Orders (LPOs). Therefore, eligible persons will be required to apply online for an LPO attaching supporting documentation.

LPOs that have already been issued by ZRA shall remain valid until the books are exhausted. However, eligible persons are required to apply online for LPOs thereafter.

Organisations covered by the Diplomatic Immunities and Privileges Act that were issuing their own LPOs will continue to do so until further notice.

### **20.3      RULE 5: CREDIT NOTES**

Rule 5(1) is amended by the insertion of the following immediately after clause (b):

(c)A credit note shall not be allowed for deduction of input tax after the expiry of three months from the transaction date.

The amendment provides that a credit note shall only be valid for deduction if it is claimed within 3 months of the date of the invoice that it is adjusting.

### **20.4      RULE 25: REVOCATION OF VALUE ADDED TAX GENERAL (AMENDMENT) RULES, GAZETTE NOTICE NO. 633 OF 2018**

The Rules are amended by the insertion of new Rule 25:

25. The Value Added Tax General (Amendment) Rules, 2018 (in Gazette Notice No. 633 of 2018) are hereby revoked.

The amendment revokes the Value Added Tax General (Amendment) Rules, Gazette Notice No. 633 of 2018.

This means that Gazette Notice Number 310 of 2020 constitutes the Principal Rules.

### **20.5      THIRD SCHEDULE: GOODS APPROVED FOR IMPORT VAT DEFERMENT**

The Third Schedule has been consolidated to capture all items currently on the VAT deferment scheme.

**21.0 THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 16 OF 2019**

**21.1 SECTION 1: TITLE AND COMMENCEMENT**

This Act shall come into operation on 1st January, 2020.

**21.2 SECTION 93(2): LICENCE TO MANUFACTURE GOODS LIABLE TO EXCISE DUTY OR SURTAX**

The principal Act is amended by the insertion of the words “and a licence to manufacture non – alcoholic beverages shall entitle the licensee to manufacture all types of non-alcoholic beverages” immediately after the words “by-products of hydrocarbon oils”.

The new subsection (2) will read as follows;

*(2) A licence to distil spirits shall entitle the licensee to distil or produce all types of spirits and wine, and a licence to manufacture tobacco shall entitle the licensee to manufacture cigarettes, cigarette tobacco, pipe tobacco, cigars and snuff, and a licence to manufacture hydrocarbon oils shall entitle the licensee to manufacture, produce or treat all by-products of hydrocarbon oils, and a licence to manufacture non –alcoholic beverages shall entitle the licensee to manufacture all types of non-alcoholic beverages but in every other case where more than one of the commodities set out in the excise tariff or the surtax tariff are manufactured, mixed, brewed, distilled or produced on any premises, separate licences shall be required in respect of each commodity.*

This amendment provides that manufacturers of non-alcoholic beverages shall obtain only one licence regardless of the number of non-alcoholic products manufactured. However the manufacturers of non-alcoholic beverages shall continue to obtain licences for each premises.

**21.3 SECTION 108: DUTIES OF LICENSED MANUFACTURER**

The principal Act is amended by the deletion of subsection (3) and the substitution therefor of the following:

*(3) The return required under this section shall be submitted on or before the fifteenth day of the month following the month to which that return relates and any amount of duty and surtax on the return is due and payable on the fifteenth day of the month following the month to which that return relates.*

The amendment harmonises the due date for the return and the payment. The due date for the return and the payment is the 15th day of the month following that month to which the return relates. The manufacturers are now required to submit the return and make the payment on or before the due date. It further removes the requirement for submitting an entry.

**21.4 SECTION 139D: DUTIES OF SERVICE PROVIDER**

21.4.1 The principal Act is amended by the deletion of subsection (2) and the substitution thereof of the following and

*(2) The return required under this section shall be submitted on or before the fifteenth day of the month following the month to which that return relates and any amount of duty on the return is due and payable on the fifteenth day of the month following the month to which that return relates; and*

The amendment moves the due date for submitting the return to the 15th day of the month following that month to which the return relates. Prior to this amendment the return was due on the 20th

day of the month following that month to which the return relates.

The due date for the return and the payment is now the 15th day of the month following that month to which the return relates. Service providers are now required to submit the return and make the payment on or before the due date. It further removes the requirement for submitting an entry.

- 21.4.2 The principal Act is amended by the deletion of the word “hundred” in subsection (3)(b), and the substitution therefor of the word “thousand”.

This amendment increases the additional penalty for late submission of the return to one thousand penalty units per day from one hundred penalty units.

Note:

A late return attracts two penalty types, being-

- (i) A one off penalty of one thousand penalty units for late submission; and
- (ii) An additional penalty of one thousand penalty units for each day the return is not lodged.

## 21.5 SECOND SCHEDULE: EXCISE TARIFF

The Second Schedule to the principal Act is amended by the deletion of the figure K240 per mille in the duty rate column opposite subheading 2402 and the substitution therefor of K265 per mille. The amendment increases the excise duty on cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes to K265 from K240 per mille (1000 sticks).

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

The Sixth Schedule to the principal Act is amended by the deletion of paragraph 1(2) and the renumbering of subparagraphs (3), (4), (5), and (6) as (2),(3),(4),and (5) respectively.

The amendment changes the value for excise duty purposes of spirits, liqueurs and other spirituous beverages, manufactured using imported ethanol, to the price at which the goods are sold exclusive of excise duty, surtax and value added tax.

Prior to this amendment, the value for excise duty purposes of spirits, liqueurs and other spirituous beverages, manufactured using imported ethanol was determined on the basis of the value of the imported ethanol.

### **Example 4: Calculation of value for excise duty purposes of spirits, liqueurs and other spirituous beverages**

Spirits Distillers Zambia Limited imports a consignment of Undenatured Ethyl Alcohol (Ethanol) of an alcoholic strength by volume of 96% valued at ZMW 1,000. The Ethanol is used to manufacture spirituous beverages of alcoholic strength by volume of 43%, whose selling price before excise duty, surtax and Value Added Tax is **ZMW 2,000**.

The tax treatment for excise duty purposes on the spirituous beverages will be as follows:

#### **Prior to 1st January,2020**

Value of the Spirituous Beverages: ZMW 2,000

Value of the Imported Ethanol: ZMW 1,000

Excise Duty Rate: 60%



$$\begin{array}{lcl} \text{Excise Duty on the Spirituous Beverage} & = & \text{Value of the Imported Ethanol x Excise} \\ \text{Duty Rate} & & \text{ZMW 1,000 x 60\%} \\ & & \text{ZMW 600} \end{array}$$

**Effective 1st January, 2020**

Value of the Spirituous Beverages: ZMW 2,000 Value of the Imported Ethanol: ZMW 1,000 Excise  
Duty Rate: 60%

Excise Duty on the Spirituous Beverage=Value of the Spirituous Beverage x Excise Duty Rate  
ZMW 2,000 x 60%  
ZMW 1,200

**22.0 THE CUSTOMS AND EXCISE (GENERAL) (AMENDMENT) REGULATIONS  
STATUTORY INSTRUMENT NO. 91 OF 2019**

**22.1 TITLE AND COMMENCEMENT**

These Regulations come into operation on 1st January, 2020.

**22.2 REGULATION 47: RESPONSIBILITY FOR DUTY ON GOODS REMOVED OR  
EXPORTED IN BOND**

Regulation 47 of the principal Regulations is amended in subregulation (2) by the deletion of the words “Customs Division” and the substitution therefor of the words “Commissioner General”.

The new subregulation (2) will read as follows;

*(1) Where goods are removed in bond or exported in bond, the customs carrier shall be responsible for the duty on the goods until evidence of safe removal or export is produced to the satisfaction of the Commissioner General.*

The amendment removes reference to Customs Division and makes reference to the office of the Commissioner-General. This amendment clarifies that customs carriers are required to provide evidence to the relevant division.

**22.3 REGULATION 52: PAYMENT OF DUTY ON LOCALLY MANUFACTURED OIL  
PRODUCTS STORED IN A BONDED WAREHOUSE**

Regulation 52 of the principal Regulations is amended by the deletion of subregulation (2) and substitution thereof of the following:

(2) An oil marketing company or operator of a bonded warehouse, shall lodge with the Commissioner-General a return of all goods removed under subregulation (1) in each accounting period of ten days, within five days following the end of the accounting period, as approved by the Commissioner-General, and all duties due on the goods shall be paid by bank certified cheque or deposited in an account at a bank approved by the Commissioner-General on the fifth day following the end of the accounting period to which the return relates.

(3) Where an oil marketing company or operator of a bonded warehouse fails to lodge with the Commissioner-General a return under subregulation (1), the oil marketing company or operator of a bonded warehouse shall be liable to pay, in addition to any other duty on the goods –

(a) one thousand penalty units; and

(b) one thousand penalty units for each day that the failure continues.; and

The amendment harmonises the due date for the submission of returns and the payment of all duties. The due date for the return and the payment is the 5th day after the accounting period of 10 days. The oil marketing companies and the bonded warehouse operators are now required to submit the return and make the payment within 5 days following the end of the accounting period. It further removes the requirement for submitting an entry.

The amendment further increases the additional penalty for late submission of the return to one thousand penalty units per day from one hundred penalty units.

Note:

A late return attracts two penalty types, being-

(i) A one off penalty of one thousand penalty units for late submission; and

(ii) An additional penalty of one thousand penalty units for each day the return is not lodged.

**Example 5:** The table below is an example of the due dates in a given month.

**Due dates for OMCs and Bonded warehouse operators for the month of January**

Returns for January 2020	Accounting Period covered	Return due date within 5 days	Payment Due date within 5 days
1st Return	1st to 10th January 2020	11th to 15th January 2020	11th to 15th January 2020
2nd Return	11th to 20th January 2020	21st to 25th January 2020	21st to 25th January 2020
3rd Return	21st to 31st January 2020	31st January to 4th February 2020	31st January to 4th February 2020

- 22.4** The principal Regulation is amended by the insertion of the following new subregulation immediately after subregulation (3):

*(4) The Commissioner General may appoint a taxpayer as an agent to withhold excise duty payable on locally manufactured hydrocarbon oils and oil products removed from a bonded warehouse.*

This amendment provides a legal requirement for the appointment of a withholding agent for the collection of excise duty.

## **23.0 THE CUSTOMS AND EXCISE (ETHYL ALCOHOL) (REFUNDS, REBATES AND REMISSIONS) REGULATIONS STATUTORY INSTRUMENT NO. 41 OF 2020**

### **23.1 TITLE AND COMMENCEMENT**

These Regulations are deemed to have come into operation on 1st March, 2020.

### **23.2 REGULATION 2 : INTERPRETATION**

The following definitions have been provided:

*“authorised user” means a person authorised under regulation 4 to use spirits under rebate for a purpose in respect of which a rebate of duty is granted by these Regulations.*

*“ethyl alcohol” means undenatured ethyl alcohol of an alcoholic strength by volume of 80% or higher.*

*“official requisition” means an official requisition issued by an authorised user in terms of regulation 4(2).*

*“rebated” means under rebate of duty granted by these Regulations.*

This Regulation provides for definitions of words and expressions used in this Customs and Excise (Ethyl Alcohol) (Refunds, Rebates and Remissions) Regulations Statutory Instrument NO. 41 of 2020.

### **23.3 REGULATION 3 : GRANT OF REMISSION**

23.3.1 The Regulation provides for the remission of duty as follows::

*(1) Subject to these Regulations, a refund or remission of the whole duty paid or payable shall be granted on ethyl alcohol if such ethyl alcohol is used solely for the manufacture of sanitisers.*

*(2) Subject to the provisions of these Regulations, a remission of the whole excise duty shall be granted on ethyl alcohol where the product is-*

*(a) Imported directly by an approved manufacturer in accordance with set criteria ;*

*(b) Is bought directly from a licensed local manufacturer;*

*(c) Taken out of a bonded warehouse in accordance with regulation 53 of the customs and excise (General) Regulations, 2000; or*

*(d) Is removed from one authorised user to another authorised user.*

*(3) Nothing contained in sub-regulation (2) shall be construed as prohibiting the removal of ethyl alcohol on which the duty has not been paid-*

*(a) from one distillery to another ; or*

*(b) from a licensed distillery to a warehouse if the warehouse is under the control of and is licensed in the name of the same person as the distillery; for use or disposal.*

This regulation grants relief from excise duty on ethyl alcohol for exclusive use in the manufacturing of sanitisers. It further provides that the relief from excise duty shall apply where such alcohol is imported directly by an approved manufacturer or when bought from a licensed local manufacturer.

The regulation further provides that stocks of ethyl alcohol may be transferred from one premises used for manufacturing sanitisers to another or from the manufacturing premises to a warehouse where the warehouse and manufacturing premises (distillery) are under the control of one person and the warehouse and distillery are both registered in that person's name.

## **23.4 REGULATION 4: GRANT OF AUTHORITY TO USE ETHYL ALCOHOL**

23.4.1 The regulation has provided authority to the Commissioner-General to permit the use of ethyl alcohol for stipulated purposes as follows:

- (1) Subject to these regulations, the Commissioner General may, in writing, authorise a person to use ethyl alcohol for the purpose in respect of which a refund or remission of duty is granted by these regulations.*
- (2) The authorisation granted in terms of sub-regulation (1) shall specify –*
  - (a) The premises on which the ethyl alcohol is to be used;*
  - (b) That the sole purpose for which the ethyl alcohol is to be used is in the manufacture of sanitiser;*
  - (c) the manner in which the ethyl alcohol to be used;*
  - (d) the manner in which the ethyl alcohol to be imported or sourced locally;*
  - (e) the country of origin, in case of an importation;*
  - (f) the name and TPIN of consignee; and*
  - (g) the name and TPIN of local supplier.*
- (3) The Commissioner-General shall not authorise any person to use rebated ethyl alcohol for any purpose other than the manufacture of sanitiser.*
- (4) A manufacture shall not sell or dispose of the goods on which excise duty has been suspended pursuant to these Regulations without the authorisation of the Commissioner-General.*
- (5) The Commissioner-General may, before granting authorisation, require an authorised user to furnish information relating to the manufacturing process of the sanitiser and any other information that the Commissioner- General may specify.*

The regulation empowers the Commissioner-General to authorise manufacturers of sanitisers to use the ethyl alcohol for the purposes for which relief from excise duty has been granted.

Further, the regulation gives details of what the authorisations shall specify.

The regulation specifies that the only purpose for which the Commissioner General shall authorise a person to enjoy remission of excise duty on ethyl alcohol is the manufacture of sanitisers. Therefore, any person that uses rebated ethyl alcohol for other purposes shall be required to account for the excise duty that was rebated/exempted.

A manufacturer of sanitizers is prohibited from selling or disposing of the ethyl alcohol on which remission from excise duty was granted. If the manufacturer is to carry out such a sale or disposal, it must be under the authority of the Commissioner General.

The Commissioner-General is empowered, by this regulation, to require certain information from the manufacturer of sanitisers prior to granting authority for remission from excise duty on ethyl alcohol.

## **23.5 REGULATION 5: FILING OF RETURN**

Regulation 5 requires a manufacturer of sanitisers, when making an application for the rebate, to make a written commitment specifying how the ethyl alcohol so procured will be used. It further requires that all local purchases of ethyl alcohol shall be accompanied by a valid local purchase order.

## **23.6 REGULATION 6: OBLIGATIONS OF AUTHORISED USER**

The regulation provides that authorised users shall ensure the safety of their stocks of ethyl alcohol as well as have in place adequate controls in their inventory management system.

**23.7      REGULATION 7: SPECIAL PROVISIONS WITH RESPECT TO AUTHORISED USERS OF ETHYL ALCOHOL**

This regulation empowers the Commissioner-General to require that manufacturing of sanitisers is not undertaken without the supervision of an authorised officer as the Commissioner-General deems fit. It further provides that where an authorised user continuously uses a large quantity of the ethyl alcohol, the Commissioner-General may make special arrangements to safeguard revenue. Steps may include, but not limited to, asking for a monetary deposit or requiring that manufacturing takes place under bond.

**23.8      REGULATION 8: OBLIGATION OF AUTHORISED USERS TO KEEP RECORDS**

This regulation imposes a duty on the authorised manufacturer of sanitisers to maintain sufficient records pertaining to the opening and closing stocks as well as usage or stock movement of the ethyl alcohol for each month. Such records must enable the accounting of the ethyl alcohol in a manner that satisfies the Commissioner-General.

This provision further stipulates that where an authorised manufacturer of sanitisers also holds a licence to manufacture goods liable to excise duty, the records kept in accordance with the requirements imposed on all excise manufacturers shall be deemed adequate.

The regulation also stipulates that where an authorised manufacturer of sanitisers has not kept records in line with the requirements, the ethyl alcohol used during the period of improper record keeping will be liable to excise duty.

**23.9      REGULATION 9 : OBLIGATION OF AUTHORISED USERS TO RENDER RETURNS**

The regulation imposes a duty on an authorised manufacturer of sanitisers to furnish a return, no later than the fifteenth day of the subsequent month, with the following details:

- (i) the ethyl alcohol on hand at the beginning of the month;
- (ii) the quantity of ethyl alcohol received during the previous month;
- (iii) the quantity of ethyl alcohol used, sold or otherwise disposed of during that month;
- (iv) the quantity of ethyl alcohol on hand at the end of that month; and
- (v) the manufacturing and business activities undertaken during the month.

This regulation further provides that where an authorised manufacturer of sanitisers also holds a licence to manufacture goods liable to excise duty, then the return filing requirements imposed on all excise manufacturers will apply.

**23.10     REGULATION 10 : GENERAL**

The provision stipulates that an authorised manufacturer of sanitisers whose authority is revoked shall forfeit any fee paid under these Regulations.

**23.11     REGULATION 11: USE OF ETHYL ALCOHOL ON TERMS APPROVED BY COMMISSIONER-GENERAL**

This regulation prohibits an authorised manufacturer of sanitisers from using the ethyl alcohol for any other purpose without the consent of the Commissioner-General.

**23.12     REGULATION 12: NOTIFICATION OF CESSATION AND REVOCATION**

The provision requires an authorised manufacturer of sanitisers to inform the Commissioner-General when that manufacturer stops manufacturing sanitisers.

It further empowers the Commissioner-General to revoke the authority granted to a manufacturer

of sanitisers on account of breach of that authority or any breach of these Regulations or the Customs and Excise Act.

Additionally, this regulation empowers the Commissioner-General to determine the time frame and the manner of disposal of any ethyl alcohol on which excise duty was remitted, once an authorised manufacturer of sanitisers has had the authority revoked.

**23.13 REGULATION 13: REMISSION OF DUTY ON REBATED ETHYL ALCOHOL WHICH ARE LOST OR DESTROYED**

This regulation provides for remission of excise duty on ethyl alcohol which is lost during the manufacturing process of sanitisers as well as that which is lost in storage through means such as evaporation. It further provides that the remission will only be granted where the Commissioner-General is satisfied that every reasonable effort was made and precaution taken to prevent the loss or destruction of the ethyl alcohol.

The regulation further requires an authorised manufacturer of sanitisers to make a written submission to the Commissioner-General, explaining the circumstances in which the ethyl alcohol was lost, before a refund or remission of excise duty can be granted.

## **PART III: OTHER MATTERS**

### **24.0 TAX TREATMENT OF EMPLOYMENT BENEFITS**

Any payments made by the employer for the benefit of employees that cannot be converted into money or money's worth is non-deductible in the hands of the employer in accordance with section 44 (l). The tax treatment of employment benefit will depend on whether it is convertible into money or money's worth. If it is capable of being converted into money or money's worth it is subject to tax under PAYE whereas, if it is not convertible (not translated into actual money) then it will be non-deductible on the employer subject to section 44(l).

"Money or money's worth" is any expenditure that is of direct monetary value to a person and may relate to money, security, tangible property, intangible property, or services that can be reduced to money's value. Therefore, the monetary value may be applied whether or not it is convertible into money or money's worth.

Factors to consider for benefits that cannot be converted into money or money's worth are dealt with under (iii).

#### **(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.

#### **Rental of Accommodation Owned by the Employer**

Where an employer pays a housing allowance to an employee and the employee in turn rents accommodation owned by that employer, the employee's allowance shall be subjected to PAYE while the payment of rent shall be liable to withholding tax.

#### **Note:**

It is expected that the rent charged reflects the economic value of accommodation based on the type of structure and the location.

#### **(ii) Benefits that cannot be converted into money or money's worth**

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].

Non-money fringe benefits are those benefits or advantages that cannot be converted into money or money's worth where any three or more of the following factors apply:

- Not capable of being converted into actual money by the employee
- Not capable of being converted into a pecuniary benefit by the employee
- Not capable of disposal or transfer by the employee
- Not owned by the employee
- Received with restrictive terms and conditions
- One can use it or forfeit.



**Examples:****Free Housing:**

Where an employer provides free housing to an employee, an employee can only live in the house and is not allowed to lease out. The employee cannot therefore convert the free housing benefit into cash or any other pecuniary benefit nor can they transfer or dispose of the benefit or advantage of free housing.

**Airtime:**

Where an employer buys airtime for an employee with a condition that the airtime so credited to the employee, is for the sole use of the employee, the benefit or advantage is not convertible into money or money's worth as the employee cannot convert the airtime into cash, or any other pecuniary benefit nor can the employee transfer or dispose of the airtime.

**Free Fuel:**

Where an employer provides fuel to an employee which may be bought through credit in a fuel card and the condition is that the amount can only be used on a specific fuel type and in some cases also on a specific car, the benefit or advantage in this case is not convertible into money or money's worth because the employee cannot exchange the fuel for anything nor can the fuel be transferred or disposed of.

- (a) In the case of residential accommodation provided to an employee by the employer in a house owned by that employer, 30% of the taxable income paid to the employee shall be disallowed in the employer's tax computation, provided that where an independent and objective valuation is made for such accommodation, the cost to be disallowed shall be the value of that accommodation. For the purpose of verifying the rental value, the Commissioner-General may use assessments done by the Government Valuation Department or other registered valuation surveyors.

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, 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.

- (c) Taxation of Fringe Benefits

**1) Provision of Services below market price.**

Where the employer provides services to their employees below the open market value, the benefit or advantage that the employee enjoys shall be treated as below:

- The difference between the open market value and the value at which the services are provided to the employee will be disallowed in the hands of the employer

## 2) **Provision of Goods below market price**

Where the employer provides goods to their employees below the open market value, the benefit is convertible to money or money's worth and shall be treated as below:

- The difference between the open market value and the value at which the goods are provided to the employee will be taxable under PAYE. The employer may thus gross up and account for the tax accordingly.

(d) 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:

### **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.

### **(iii) 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.

## **24.1 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.

## **25.0 TAX TREATMENT OF CERTAIN EXPENSES**

### **25.1 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.

### **25.2 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.

## 26.0

### 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/retranchment, retirement or death:

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

## 26.1

### 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.

**27.0 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.

**28.0 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.

## **29.0 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.

## **29.1 Withholding Tax System**

### **29.1.1 Tenant's obligations**

A Tenant must –

- (i) register for a Taxpayer Identification Number (TPIN) and 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.

Note:

Payment is deemed to be made at the earliest of the following:

- (a) the time when payment is made; or
- (b) the time when income accrues to a landlord; or
- (c) the time when income is in any way due to a landlord or held to that landlord's order or on their behalf.

### **29.1.2 Landlord's obligations**

A landlord must –

- (i) register for a Taxpayer Identification Number (TPIN);
- (ii) provide their TPIN and details of the rented property to the tenant; and
- (iii) declare and pay the tax in a case where they receive gross rentals.

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

#### **29.1.3.1 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.

#### 29.1.3.2 **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. That 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 following the month in which income is received;
- (iii) submit annual returns
- (iv) keep records.

#### 29.1.4 **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.



### **30.0 VALUE ADDED TAX TREATMENT OF AIRCRAFT GROUND HANDLING SERVICES**

The law relating to auxiliary services is provided in Group 1(b) and it states that:

*(b) the supply of freight transport services-*

*(i) from or to the Republic; and*

*(ii) from outside the Republic to other places outside the Republic transiting through the Republic including transshipment.*

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

#### **30.1 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.

#### **30.2 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.)

#### **30.3 OFFLOADING OF CARGO FROM OUTSIDE ZAMBIA**

Offloading of imports into Zambia is standard rated.

#### **30.4 ANCILLIARY SERVICES RELATING TO GOODS TRANSITING THROUGH ZAMBIA**

Effective 1st January 2020, ancillary services provided in relation to transit of goods through Zambia from outside the Republic to destinations outside the Republic are standard rated.

**Note:**

Freight transport services and transshipment services for goods transiting through Zambia are zero- rated.

#### **30.5 COLD CHAIN SERVICES**

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

#### **30.6 CLEARING AND FORWARDING SERVICES**

Clearing and forwarding services are standard rated.

**Table 9: Summary of Value Added Tax treatment of ramp services**

<b>TYPE OF SERVICE</b>	<b>TREATMENT PRIOR TO JANUARY 2014</b>	<b>CURRENT VAT TREATMENT</b>
EQUIPMENT HIRE FOR EMBARKING AND DISEMBARKING PASSENGERS	STANDARD RATED	STANDARD RATED
LOADING OF CARGO FOR EXPORT	ZERO RATED	STANDARD RATED
OFFLOADING OF CARGO INTO ZAMBIA - IMPORTS	STANDARD RATED	STANDARD RATED
ANCILLIARY SERVICES RELATING TO GOODS TRANSITING THROUGH ZAMBIA (EXCEPT TRANSSHIPMENT)	ZERO RATED	STANDARD RATED

**Note:**

Transshipment is the process of moving cargo that is in transit from one vessel of transportation to another.

**31.0 PARTIAL APPORTIONMENT FOR LEASING**

A Finance Lease comprises the following:

- (i) the principal (capital) which is standard rated; and
- (ii) the interest that is exempt.

In accordance with Section 18 and Rule 10, a taxable supplier carrying on the business of finance leasing is required to apportion the input tax using methods provided in Second Schedule to the VAT Administrative Rules. Therefore, input tax on the asset and other expenses incurred for the purpose of rendering finance leasing should be apportioned.

**32.0 VAT TREATMENT OF IMPORTED SERVICES (REVERSE VAT)**

Where a person imports a service from a foreign supplier, the following tax treatment will apply.

1. An importation of an exempt service by a taxable supplier is not liable to reverse VAT;
2. An importation by a person not eligible to register based on nature of supplies (exempt supplies) or nature of person (privileged person) is outside the scope of reverse VAT; and
3. A supplier dealing in taxable supplies but not registered due to not meeting the registration conditions under Section 28 (taxable turnover below threshold), is outside the scope of reverse VAT administration.

Winnings from lotteries, betting and gaming is subject to withholding tax. A winning is defined for the purposes of collecting withholding tax as follows:

**For Lotteries:**

Anything won, whether in money or in money's worth

**For gaming or betting:**

Anything won from gaming or betting in money or money's worth less the total amount staked by the person.

**Example of WHT calculation on winnings**

Calculation of Taxable Value for WHT on gaming or betting:

- i) Punter 1  
Initial Deposit (stake) = 100  
Payout = 180 Winnings = 80

$$\text{Taxable Value} = 180 - 100 = 80$$

WHT will be calculated on K80 20% of 80 = K16  
K16 is the amount to be withheld.

## 34.0 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) Turnover Tax Rates:

**Table 11**

Turnover per annum	Tax rate
800, 000 or below	4%

(c) **Presumptive Tax:** Tax on motor vehicles for the carriage of persons is as follows:

**Table 12**

Type of vehicle (sitting capacity)	Amount of tax per vehicle vehicle (per annum)
64 seater and above	K10,800
50-63 seater	K9,000
36-49 seater	K7,200
22-35 seater	K5,400
18-21 seater	K3,600
12-17 seater	K1,800
Below 12 seater ( including taxis)	K 900

d) **Base Tax:**

**Table 13**

Base Tax per annum
K 365

(e) **Other Income Tax Rates**

**Table 14**

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 11th 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

**(f) Withholding Tax Rates**

**Table 15**

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	15

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.

**(g) VAT Rates**

**Table 16**

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

**(h) Local Excise**

**Table 16**

Excisable Product	Statistical Unit of Quantity	Rate
Cigarettes	Mille	145% or K265 (whichever is greater) per mille
Pipe Tobacco	Kg	145% or K265 (whichever is greater) per Kg
Cutrag & Other tobacco products	Kg	145% or K265 (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

#### (i) Property Transfer Tax Rates

**Table 17**

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%

#### (j) Mineral Royalty

**Table 18: 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 19: Other Minerals**

<b>Description</b>	<b>Mineral Royalty Rate</b>
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

**(k) Tax on Betting and Gaming****Table 20**

<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

**(k) Other Rates – Insurance Premium Levy, Skills Development Levy, Tourism Levy****Table 21**

<b>Type of Levy</b>	<b>Rate (%)</b>
Insurance Premium Levy	3
Skills Development Levy	0.5
Tourism Levy	1.5

**(l) Penalty Units**

A penalty unit is K0.30.



### 35.0 APPENDIX

#### Second Schedule: Equipment and machinery zero-rated when supplied to holders of Large Scale Mining Licences

HS Code		Tariff Description
1	84021100	Watertube boilers with a steam production >45t/hour;
2	84021200	Watertube boilers with a steam production =<45t/hour;
3	84021900	Other vapour generating boilers, not elsewhere specific (incl. hybrid boilers);
4	84022000	Super-heated water boilers;
5	84041000	Auxiliary plant for use with boilers of 84.02 or 84.03;
6	84042000	Condensers for steam or other vapour power units;
7	84051000	Producer gas or water gas generators; acetylene gas generators;
8	84061000	Steam turbines and other vapour turbines for marine propulsion;
9	84068100	Steam/other vapour turbines (excl. for marine propulsion) with output > 40mw;
10	84068200	Steam/other vapour turbines (excl. for marine propulsion) with output <=40mw;
11	84101100	Of a power not exceeding 1,000 Kw
12	84101200	Of a power exceeding 1000 kW but not exceeding 10,000 kW;
13	84101300	Of a power exceeding 10,000 kW;
14	84122100	Hydraulic power engines and motors, linear acting (cylinders);
15	84122900	Hydraulic power engines and motors (excl. linear acting);
16	84123100	Pneumatic power engines and motors, linear-acting (cylinders);
17	84123900	Pneumatic power engines and motors (excl. linear acting);
18	84128010	Engines and motors, not elsewhere specific - Other; wind engines (windmills);
19	84131990	Pumps for liquids, with or designed to be fitted with a measuring device – Other;
20	84133000	Fuel/lubricating/cooling-medium pumps for internal combustion engines;
21	84134000	Concrete pumps;
22	84135000	Reciprocating positive displacement pumps for liquids, not elsewhere specific;
23	84136000	Rotary positive displacement pumps for liquids, not elsewhere specific;
24	84137000	Centrifugal pumps for liquids, not elsewhere specific;
25	84138100	Pumps for liquids, not elsewhere specific;
26	84138200	Liquid elevators;
27	84161000	Furnace burners for liquid fuel;
28	84162000	Furnace burners for solid fuel or gas (incl. combination burners);
29	84163000	Mechanical stokers, including mechanical grates, ash dischargers and similar;
30	84171000	Furnaces and ovens for roasting, melting... of ores/pyrites/metals;
31	84178000	Industrial or laboratory furnaces (incl. incinerators);
32	84194000	Distilling or rectifying plant;
33	84195000	Heat exchange units;
34	84196000	Machinery for liquefying air or other gases;
35	84198900	Non-domestic heating/cooling equipment, not elsewhere specific;
36	84209100	Cylinders for calendaring or other rolling machines;
37	84241000	Fire extinguishers;
38	84242000	Spray guns and similar appliances;
39	84243000	Steam or sand blasting machines and similar jet projecting machines;
40	84248900	Mechanical appliances for projecting/dispersing/spraying liquids/powders;
41	84251100	Pulley tackle and hoists, powered by electric motor;
42	84251900	Pulley tackle and hoists, not elsewhere specific (excl. skip or vehicle hoists);
43	84253100	Winches, capstans, powered by electric motor;
44	84253900	Winches, capstans;
45	84254100	Built-in jacking systems of a type used in garages;
46	84254200	Hydraulic jacks and vehicle hoists;

47	84254900	Jacks and vehicle hoists;
48	84261100	Overhead travelling cranes on fixed support;
49	84261200	Mobile lifting frames on tyres and straddle carriers;
50	84261900	Transporter cranes, gantry cranes/bridge cranes, overhead travelling cranes;
51	84262000	Tower cranes;
52	84263000	Portal or pedestal jib cranes;
53	84264100	Derricks, cranes, self-propelled, on tyres;
54	84264900	Derricks, cranes, self-propelled (exclusive on tyres);
55	84269100	Derricks, cranes, designed for mounting on road vehicles;
56	84269900	Ships derricks, cranes;
57	84271000	Self-propelled works trucks powered by an electric motor;
58	84272000	Self-propelled works trucks (exclusive. electric);
59	84279000	Works trucks fitted with lifting or handling equipment;
60	84291100	Self-propelled bulldozers and angle dozers, track laying;
61	84291900	Self-propelled bulldozers and angle dozers, (exclusive track laying);
62	84292000	Self-propelled graders and levellers;
63	84293000	Self-propelled scrapers;
64	84294000	Self-propelled tamping machines and road-rollers;
65	84295100	Self-propelled front-end shovel loaders;
66	84295200	Self-propelled bulldozers... with a 360° revolving superstructure;
67	84295900	Self-propelled bulldozers, excavators, not elsewhere specific;
68	84301000	Pile-drivers and pile-extractors;
69	84303100	Self-propelled coal or rock cutters and tunnelling machinery;
70	84303900	Coal or rock cutters and tunnelling machinery (excl. self-propelled);
71	84304100	Self-propelled boring or sinking machinery;
72	84304900	Boring or sinking machinery (excl. self-propelled);
73	84305000	Self-propelled earth moving, grading, excavating, machinery, not elsewhere specific;
74	84306100	Tamping or compacting machinery, not self-propelled;
75	84306900	Earth moving, excavating, extracting... machinery, not self-propelled;
76	84541000	Converters of a kind used in metallurgy or in metal foundries;
77	84542000	Ingot moulds, ladles used in metallurgy or in metal foundries;
78	84543000	Casting machines used in metallurgy or in metal foundries;
79	84551000	Tube mills;
80	84552100	Hot or combination hot and cold metal-rolling mills;
81	84552200	Cold metal-rolling mills;
82	84553000	Rolls for rolling mills;
83	84672100	Drills of all kinds with self-contained electric motor;
84	84672200	Saws with self-contained electric motor;
85	84672900	Other tools with self-contained electric motor;
86	84678100	Chain saws with non-electric motor;
87	84741000	Sorting, screening, separating or washing machines for earth, stone;
88	84742000	Crushing or grinding machines for earth, stone, ores;
89	84743100	Concrete or mortar mixers;
90	84743900	Mixing or kneading machines for earth, stone, ores;
91	84748000	Other machinery for earth, stone, ores;
92	84798200	Machines for mixing, kneading, crushing, grinding, having individual functions;
93	84798900	Machines, having individual functions;
94	85011000	Motors of an output $\leq 37.5$ W;
95	85012000	Universal ac/dc motors of an output $> 37.5$ W;
96	85013100	Dc motors and generators of an output $\leq 750$ W;
97	85013200	Dc motors and generators of an output $> 750$ W $\leq 75$ kW;
98	85013300	Dc motors and generators of an output $> 75$ kW $\leq 375$ kW;
99	85013400	Dc motors and generators of an output $> 375$ kW;
100	85014000	Ac motors, single-phase;

101	85015100	Ac motors, multi-phase, of an output $\leq 750$ W;
102	85015200	Ac motors, multi-phase, of an output $> 750$ W- $\leq 75$ kW;
103	85015300	Ac motors, multi-phase, of an output $> 75$ kW;
104	85016100	Ac generators (alternators) of an output $\leq 75$ kVA;
105	85016200	Ac generators (alternators) of an output $> 75$ kVA- $\leq 375$ kVA;
106	85016300	Ac generators (alternators) of an output $> 375$ kVA- $\leq 750$ kVA;
107	85016400	Ac generators (alternators) of an output $> 750$ kVA;
108	85021100	Generating sets with compression-ignition engines, $\leq 75$ kVA;
109	85021200	Generating sets with compression-ignition engines, $> 75$ kVA- $\leq 375$ kVA;
110	85021300	Generating sets with compression-ignition engines, $> 375$ kVA;
111	85022000	Generating sets with spark-ignition internal combustion piston engines;
112	85023900	Generating sets,(excluding wind-powered);
113	85024000	Electric rotary converters;
114	85041000	Ballasts for discharge lamps or tubes;
115	85042100	Liquid dielectric transformers, power handling capacity $\leq 650$ kva;
116	85042200	Liquid dielectric transformers, power handling capacity 650-10000kva;
117	85042300	Liquid dielectric transformers, power handling capacity $> 10000$ kva;
118	85043100	Transformers, power handling capacity $\leq 1$ kva;
119	85043200	Transformers, power handling capacity 1-16kva;
120	85043300	Transformers, power handling capacity 16-500kva;
121	85043400	Transformers, power handling capacity $> 500$ kva;
122	85044000	Static converters;
123	85045000	Inductors;
124	85052000	Electro-magnetic couplings, clutches and brakes;
125	85071000	Lead-acid accumulators for starting piston engines;
126	85072000	Lead-acid accumulators (excl. for starting piston engines);
127	85073000	Nickel-cadmium accumulators;
128	85074000	Nickel-iron accumulators;
129	85075000	Nickel-metal hydride;
130	85076000	Lithium-ion;
131	85078000	Electric accumulators (excluding lead-acid, nickel-cadmium or nickel-iron);
132	85141000	Resistance heated furnaces and ovens;
133	85142000	Induction or dielectric furnaces and ovens;
134	85143000	Industrial or laboratory furnaces and ovens;
135	85144000	Other equipment for heat treatment of materials by induction or dielectric loss;
136	85151100	Soldering irons and guns;
137	85151900	Brazing or soldering machines and apparatus;
138	85152100	Machines for resistance welding of metal, fully or partly automatic;
139	85152900	Machines and apparatus for resistance welding of metal, not automatic
140	85153100	Machines for arc (incl. plasma arc) welding of metals, automatic;
141	85153900	Machines for arc (incl. plasma arc) welding of metals, not automatic;
142	85158000	Machines and apparatus for welding/spraying of metals, not elsewhere specific;
143	85301000	Electrical signalling... equipment for railways or tramways;
144	85308000	Electrical signalling... equipment for roads, inland waterways;
145	85311000	Electrical burglar or fire alarms and similar apparatus;
146	85312000	Indicator panels with liquid crystal devices or light-emitting diodes;
147	85318000	Electrical apparatus for sound or visual signalling, not elsewhere specific;
148	85321000	Fixed capacitors for 50/60 hz circuits having power capacity $\geq 0.5$ kvar;
149	85322100	Fixed electrical capacitors of tantalum;
150	85322200	Fixed electrical capacitors of aluminium electrolyte;
151	85322300	Fixed electrical capacitors of ceramic dielectric, single layer;
152	85322400	Fixed electrical capacitors of ceramic dielectric, multilayer;
153	85415000	Semiconductor devices (excl. photosensitive);
154	85431000	Particle accelerators;

155	85432000	Signal generators;
156	85433000	Machines/apparatus for electroplating, electrolysis or electrophoresis;
157	85437000	Other machines and apparatus;
158	85444200	Other electric conductors, for a voltage $\leq$ 1,000 V...Fitted with connectors;
159	85451100	Carbon electrodes for furnaces;
160	86011010	Specially constructed for use underground in mines;
161	86011090	Rail locomotives powered from an external source of electricity – other;
162	86012010	Specially constructed for use underground in mines;
163	86012090	Rail locomotives powered by electric accumulators – other;
164	86021000	Diesel-electric locomotives;
165	86029000	Rail locomotives, not elsewhere specific; locomotive tenders;
166	86061000	Tank wagons and the like, not self-propelled;
167	86063000	Self-discharging vans and wagons, not elsewhere specific;
168	86069100	Railway or tramway goods vans and wagons, covered and closed;
169	86069200	Railway or tramway goods vans and wagons, open, with sides;
170	86069900	Railway or tramway goods vans and wagons, not self-propelled, not elsewhere specific
171	86071100	Driving bogies and bissel-bogies of railway or tramway locomotives
172	86071200	Bogies and bissel-bogies, not elsewhere specific of railway locomotives/ rolling stock
173	86080010	Railway/tramway track fixtures/fittings; mechanical signalling-Track features; Fittings;
174	86080090	Railway/tramway track fixtures/fittings; mechanical signalling... – other;
175	86090000	Containers specially designed for transport by one or more methods;
176	87051000	Crane lorries;
177	87052000	Mobile drilling derricks;
178	87054000	Concrete-mixer lorries;
179	87059000	Special purpose motor vehicles, not elsewhere specific (eg breakdown lorries).

**36.0 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:

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>

2 Taxpayer Services Centre Nchanga House  
P.O. Box 20855

**Kitwe**

Tel: Zamtel Network: (0211) 384529  
MTN Network: 0960 094529  
Airtel Network: 0971 284529

3 Assistant Director  
Direct Taxes LSTO – Returns, Payments &  
Taxpayer Services  
P.O. Box 35710

**Lusaka**

Tel: Zamtel Network: (0211) 382649  
MTN Network: 0960 092649  
Airtel Network: 0971 282649

4 Assistant Director Policy & Legislation P.O.  
Box 35710

**Lusaka**

Tel: Zamtel Network: (0211) 382520  
MTN Network: 0960 092520  
Airtel Network: 0971 282520

5 Assistant Director – Indirect Taxes ISMTO –  
Returns & Payments, Taxpayer Services  
P.O. Box 35710

**Lusaka**

Tel: Zamtel Network: (0211) 383201  
MTN Network: 0960 093201  
Airtel Network: 0971 283201

6 Taxpayer Services – Direct Taxes ISMTO  
P.O. Box 35710

**Lusaka**

Tel: Zamtel Network: (0211) 383219  
MTN Network: 0960 093219  
Airtel Network: 0971 283219

7 Assistant Director Indirect Taxes Kitwe  
P.O. Box 20855

**Kitwe**

Tel: Zamtel Network: (0211) 384512  
MTN Network: 0960 094512  
Airtel Network: 0971 284512

8 Assistant Director  
Direct Taxes Kitwe  
P.O. Box 20855

**Kitwe**

Tel: Zamtel Network: (0211) 384404  
MTN Network: 0960 094404  
Airtel Network: 0971 284404

9 Assistant Director Excise (North)  
P.O. Box 70181

**Ndola**

Tel: Zamtel Network: (0211) 384200  
MTN Network: 0960 094200  
Airtel Network: 0971 284200

10 Taxpayer Services Direct Taxes  
P.O. Box 70181

**Ndola**

Tel: Zamtel Network: (0211) 384148  
MTN Network: 0960 094148  
Airtel Network: 0971 28414

11 Provincial Manager – Direct Informal Sector  
and Medium Taxpayer Office – Southern  
P.O. Box 60597

**Livingstone**

Tel: Zamtel Network: (0211) 383804  
MTN Network: 0960 093804  
Airtel Network: 0971 283804

12 Provincial Manager – Direct Taxes Informal  
Sector and Medium Taxpayer Office  
Eastern Province  
P.O. Box 510632

**Chipata**

Tel: Zamtel Network: (0211) 381904  
MTN Network: 0960 091904  
Airtel Network: 0971 281904

- 13 Provincial Manager – Indirect Taxes  
Eastern Province  
P.O. Box 510632  
**Chipata**  
Tel: Zamtel Network: (0216) 381909  
MTN Network: 0960 0919049  
Airtel Network: 0971 281909
- 14 Provincial Manager – Direct Taxes  
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
- 15 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
- 16 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
- 17 Provincial Manager  
Informal Sector and Medium Taxpayer Office  
– Northern and Muchinga  
P.O. Box 410728  
**Kasama**  
Tel: Zamtel Network: (0211) 381812  
MTN Network: 0960 091812  
Airtel Network: 0971 281812
- 18 Provincial Manager  
Informal Sector and Medium Taxpayer  
Office – Western  
P.O. Box 910110  
**Mongu**  
Tel: Zamtel Network: (0211) 381601  
MTN Network: 0960 091601  
Airtel Network: 0971 281601
- 19 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
- 20 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
- 21 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



