

## **INTRODUCTION**

The Zambia Revenue Authority (ZRA) has implemented the Tax Invoice Management System (TIMS) through the Electronic Fiscal Devices (EFD) which makes it mandatory for taxpayers registered for Value Added Tax (VAT) and Insurance Premium Levy to procure, install and use an EFD to capture all business transactions. The legal provision for this requirement is Section 7A of the Value Added Tax Act CAP 331 of the Laws of Zambia.

## **WHAT IS AN ELECTRONIC FISCAL DEVICE?**

An Electronic Fiscal Device is a device that has fiscal memory, capacity to generate or produce tax invoices and other reports, capable of virtual transfer of data and allows online audit and monitoring of transactions. ZRA currently offers three types of EFDs; the Fiscal Cash register (FCR), Electronic Signature Device (ESD) and the Virtual Electronic Fiscal Device (VEFD). The EFDs have replaced the use of manual Cash Registers for capturing sales transactions in Zambia.



IP100



IP 200

Complex Computerized Businesses will differ from smaller businesses as they will not have to use the IP gadgets. The solution for these taxpayers requires interface development on their part to link their businesses to the EFD platform at ZRA via the ESD or VEFD.

### **BENEFITS OF THE ELECTRONIC FISCAL DEVICES**

- ✓ Standardized Invoices- All invoices issued by suppliers will be generated by the ZRA system.
- ✓ Invoice Authentication- Taxpayers will be able to verify whether invoices are valid.
- ✓ Fewer mismatches between returns submitted and invoices.
- ✓ Real time transmission of sales transactions from the taxpayer to a central server at ZRA. This means that your tax is safeguarded and reaching its intended place, which is ZRA.
- ✓ Easier compilation of VAT returns for taxpayers.
- ✓ Easier monitoring of stocks by taxpayers and thus reduced pilferage in the case of FCRs.
- ✓ Improved compliance
- ✓ Increased tax revenue
- ✓ Improved service delivery to the taxpayer.

### **WHO SHOULD USE EFDs?**

All taxpayers registered for VAT and those entities in the insurance industry that need to account for Insurance Premium Levy should use EFDs.

### **HOW CAN ONE LEARN TO USE AN EFD?**

ZRA provides training on the use of the FCRs. Additionally, user manuals can be accessed on the ZRA website at [www.zra.org.zm](http://www.zra.org.zm)

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