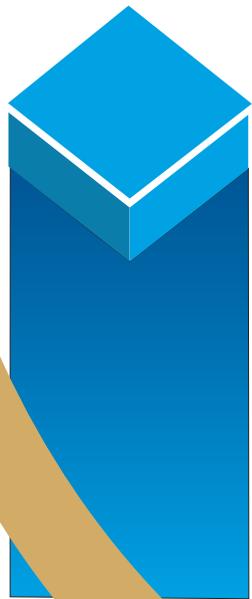


What is meant by “technical aid programme or project”?

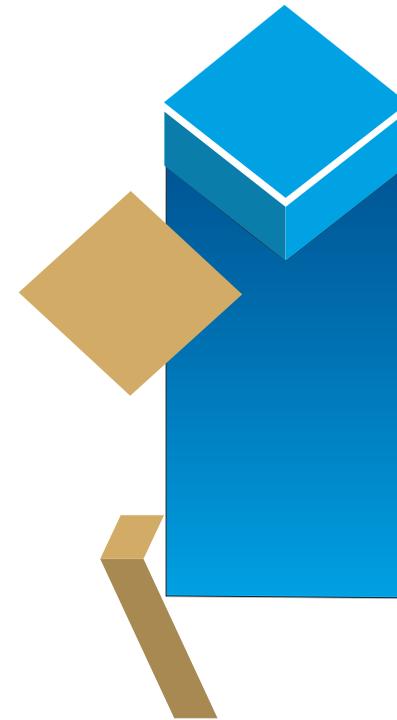
This means the provision of goods or services under a technical aid agreement or project with the Government of the Republic of Zambia which are solely for the purpose of the programme or project, but excludes the provision of goods or services to a sub-contractor or third party.



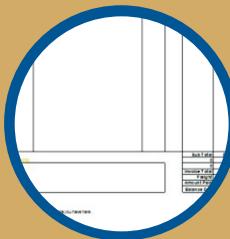
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Zero Rating on Local Purchase Order



Introduction

The issuance and use of the Zero rating Local Purchase Orders (LPOs) is restricted to organisations, agencies and missions either classified as privileged persons or recognized as donor or donor agencies under a written agreement with the Zambian government.

Who is eligible for use of LPOs

- a) All diplomatic, UN and other privileged foreign agencies or missions accredited to Zambia and recognized as such by the Government of Zambia. These issue LPOs in their names.
- b) Donor or donor agencies with or without permanent representation in Zambia and recognized as such by the Government through a Technical Aid Agreement. These are allowed to issue LPOs in their names. However, donor and donor agencies without permanent representation in Zambia, use LPOs issued by Zambia Revenue Authority
- c) Approved organisations i.e Public Benefit Organisations. These use LPOs issued by Zambia Revenue Authority restricted to the supply of cement, roofing sheets, bricks and blocks and to the amount reflected on the quotation from the prospective supplier.

Features of a valid Local Purchase Order (LPO) issued by a mission or donor agency

- a) Must have the name of the embassy mission pre-printed on it and should be serially numbered
- b) Must have provision for "Name" and "Address" of suppliers from whom goods and services are to be purchased

- c) Must contain adequate description, including quantity of the goods or services being purchased
- d) Must indicate to the supplier that "the goods or services are solely for the use of the donor agency, aid organization and are being paid for by the organization and the goods or services are zero rated".
- e) Must be signed by a responsible official of the **embassy, mission or donor agency**

Conditions applicable to Local Purchase Orders

- a) LPOs are not transferable
- b) The issuing organization or contractor must sign for any alteration on the LPO
- c) The LPOs do not cater for sub-contractors
- d) The contractor may be requested to submit to ZRA a progress report for the project(s)
- e) The contractor is required to notify ZRA of any change in the status of the project such as alteration, suspension, completion or cancellation
- f) This relief will be forfeited if the supplies so zero-rated are not used for the intended purpose and the corresponding tax will be due from the signatories of the project and their collaborating parties.

Who is a diplomat?

The head of a mission or a member of the diplomatic staff of a mission of a country accredited to Zambia, who is entitled to diplomatic rights and privileges

Who is a "designated official"?

A person confirmed by Ministry of Foreign Affairs as being accorded rights and privileges under an international agreement

Who is a donor?

This is an accredited diplomatic mission or aid agency approved by the Government of the Republic of Zambia

What is meant by "donor funding"?

This is funding provided by a donor under a written agreement between Government of the Republic of Zambia and the donor,

What are "eligible goods or services"?

a.) For a diplomat

These are goods or services acquired by a diplomat in the performance of their official duties for their personal use or enjoyment to the extent that the foreign country grants reciprocal privileges to the Zambian diplomats accredited to that country from Zambia.

b) For a designated official

These are goods or services acquired by a designated official in the performance of their official duties for their personal use or enjoyment to the extent allowed by the Ministry of Foreign Affairs

Diplomats and designated officials are required to pay at the point of sale and claim from ZRA the paid on goods and services which qualify for exemption from local taxes and the diplomatic conventions. Diplomats and designated officials may also import certain goods without paying.