

## Benefits of using Point of Sale machines

### Electronic payments: -

- are generally easier, faster, secure and more convenient than the traditional payment methods;
- do not require customers to be moving with cash;
- are traceable; and
- reduce the cost of moving with cash.
- eliminate associated risks of moving with cash

### Offences and Penalties

The amendment to the VAT Act makes it an offence for a taxable supplier;

- (i) Not to have an electronic payment device at the point of sale, and
- (ii) To deny usage of the electronic payment device as a payment option upon request by a customer.

The offences cited above attract, on conviction, a maximum fine of Ninety thousand (90,000) penalty units which is equivalent to ZMW 27,000.00 (charge ZMW0.3/unit x 90,000 units = ZMW 27,000.00).

### Exemptions

There are some business circumstances in which this provision allows for exemptions from the requirement for a taxable supplier to

provide an electronic payment machine/device as a payment option. The exemptions are;

- (i) Suppliers who exclusively receive payment through electronic / bank transfers,
- (ii) Suppliers who exclusively receive payments through cheques,
- (iii) Suppliers who exclusively receive payments through a combination of electronic transfers and cheques, and
- (iv) Farmers that make seasonal sales.



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## ELECTRONIC PAYMENT MACHINE

## Introduction

The way we pay for goods and services has evolved greatly over the years. Payments were once made with literal gold coins, but today, many payments are being made using digital means as opposed to cash and cheques. Digital or electronic payments are generally easier, faster, secure and more convenient than the traditional payment methods.

The Value Added Tax (Amendment) Act number 23 of 2020, mandated taxable suppliers to provide an electronic payment machine as a payment option for customers. This amendment became effective from 01st January 2021.

## What is an Electronic Payment?

An electronic payment or e-payment is a way of paying for goods and services through an electronic medium, without the use of cheques or cash. Electronic payments include all financial transactions using electronic devices such as point of sale machines. Examples of electronic payments include, but are not limited to the use of Credit cards, Debit cards and bank transfers.

## What is an Electronic Payment Machine?

Electronic payment machines, also known as payment terminals or Point of Sale (POS) terminals, are devices which interface with payment cards (Debit/Credit cards) to make



electronic fund transfers. The terminal facilitates transactions by allowing the merchant or their client to swipe, insert or hold a card near the device to capture information and confirm payments.

Implications of the Amendment to the VAT Act The Value Added Tax (VAT) Act, Cap 331 of the laws of Zambia, has been amended by the insertion of section 42C immediately after section 42B. The inserted section provides as follows:

- 42C (1)** A taxable supplier shall provide an electronic payment machine at the point of sale for use as a mode of payment for the customer;
- (2)** A taxable supplier who contravenes

subsection (1) commits an offence and is liable on conviction to a fine not exceeding 90,000 penalty units.

This amendment makes it mandatory for taxable suppliers to provide an electronic payment machine/device as a payment option and to use it upon request by the customer. This means that the supplier must not only have the machine/device but must make the customer aware of its availability as a payment option. The supplier should allow for the use of the device to settle any pending payments upon request by a customer.

### Note:

Where there is a network failure, the supplier should avail to the customer a printout from the payment machine as proof of failure to connect.