

Individual - 1000 penalty units (K300.00) per month or part thereof; or
Limited Companies - 2000 penalty units (K600.00) per month or part thereof.

Incorrect Returns

Negligence - 1.5% of the gross value or norm value;
Willful default - 3% of the gross value or norm value; and
Fraud - 4.5% of the gross value or norm value.

It is important to note that tax is debt due to government and may be recovered by the Commissioner General either by distress or by a law suit in any court of competent jurisdiction. The Commissioner-General may also allow a taxpayer to pay tax in instalments.

RECOVERY OF DEBT BY DISTRESS

Any officer appointed for the purpose of carrying out the provisions of this Act may under warrant, by the Commissioner-General, levy distress upon the goods and chattels of the person or partnership from whom tax is recoverable.

THE APPEAL PROCESS

If a person assessed is dissatisfied with the Commissioner-General's decision on the assessment, that person may by written notice to the Chairperson and within thirty days of the date of service of the written notice, appeal to the Tax Appeals Tribunal.

For more information contact:

Call Centre: 4111
Email: advice@zra.org.zm
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**PENALTIES
FOR NOT
OBSERVING TAX
OBLIGATIONS**

INTRODUCTION

This leaflet is a guide to penalties that may be imposed for noncompliance of tax obligations. Penalties and fines are a cost to a taxpayer’s business and must be avoided at all times. Taxpayers are required by law to declare correct taxes at all times and pay the taxes on time. Failure to comply would result in the various penalties outlined in this leaflet.

VALUE ADDED TAX PENALTIES

Late return penalty – 1,000 penalty units (K300.00) per day or 0.5% of the tax due, whichever is the greater, for each day the return is late.

Late payment penalty – 0.5% of the tax payable in respect of the period covered by the return, for each day the payment is late. Interest is charged at the Bank of Zambia Discount Rate plus 2%.

Late registration penalty – 10,000 penalty units (K3,000.00) for each tax period that a taxpayer is eligible to register but remains un-registered. The taxpayer is also liable to an assessment on the sales made in the same period.

Input tax deductions are not allowed.

Failure to issue a tax invoice from an approved computer package, pre-printed tax invoice book or a Fiscalised Cash Register – 300,000 penalty units (K90,000.00)

Failure to furnish information and produce documents:-

- Availing incomplete records – 20,000 penalty units (K6,000.00)
- Failure to provide records for inspection – 20,000 penalty units (K6,000.00)
- Failure to provide information requested within the time stipulated by an officer – 20,000 penalty units (K6,000.00)

There is an additional penalty of 2,000 fee units a day for failure to avail records i.e. K600.00.

Note: A penalty unit is equivalent to K0.30.

INCOME TAX PENALTIES

General penalty
Where a taxpayer is convicted by the courts of law for an offence under the Income Tax Act, the maximum penalty shall be one hundred thousand (100,000) penalty units i.e. K30,000.00.
The offences that taxpayers may be convicted of include;
failure to furnish a full and true return;
failure to keep records, books, accounts or documents;
failure to produce any document for examination or inspection by the Commissioner-General;
failure to attend at a time and place as required by any notice served on the taxpayer;
failure to answer any questions lawfully put to them; and
obstructing or hindering any officer in the discharge of his/her duty under the Income Tax Act.

Incorrect Returns

- Negligence – 17.5% of amount
- Willful default – 35% of amount
- Fraud – 52.5% of amount

Penalty for Fraudulent Returns (Income Tax (Amendment) Act No. 45 of 2016)
300,000 penalty units (K90,000.00).
This fine may be imposed on conviction by the courts of law on any person who willfully evades tax or assists another person to evade tax. In addition to this fine, a jail sentence of three years may be imposed by the courts of law for tax evasion offences.

Non-payment of Taxes

- Late payment penalty - 5% of the amount that remains unpaid.
- Interest – Bank of Zambia Discount Rate plus 2%.

Late submission of returns

- Individuals – 1,000 penalty units (K300.00) per month or part thereof
- Limited Companies – 2,000 penalty units (K600.00) per month

or part thereof

TURNOVER TAX PENALTIES

- Late payments
- Late payment penalty - 5% of the amount that remains unpaid
- Interest - Bank of Zambia Discount rate plus 2%.

Late submission of returns
250 penalty units (K75.00) per month or part thereof.

Incorrect Returns

- Negligence – 1.5%
- Willful default – 3%
- Fraud – 4.5%

SKILLS DEVELOPMENT LEVY

- Late payments
- 5% of tax payable but not paid

Late submission of Returns

Late submission of the monthly return attracts 1000 penalty units (K300.00) per month or part thereof:

- Penalties for incorrect returns:
- Negligence – 0.25% of amount
 - Willful default – 0.5% of amount
 - Fraud – 0.75% of amount

MINERAL ROYALTY PENALTIES

- Late payments
- Late payment penalty - 5% of the tax amount
- Interest - Bank of Zambia Discount rate plus 2%
- Late submission of Returns
- Failure to submit or late submission of the monthly mineral royalty return attracts penalties as follows: