ZAMBIA REVENUE AUTHORITY

My Tax Your Tax Our Destiny

PRACTICE NOTE NO. 1/2022

Increases the PAYE exempt threshold to K4,500.00 per month;

Reduces the standard corporate income tax rate to 30% from 35%;

Prescribes the rental tax rate of 4% and 12.5%;

Introduces tax incentives on income from exports by a business enterprise that meets the conditions;

Introduces withholding tax at the rate of 20% on reinsurance;

Introduces graduated penalties for failure to issue a tax invoice;

Requires that accounting software used to issue tax invoices must be integrated with the Tax Invoice Management System;

Introduces Excise duty on coal at 5%;

Increases the Insurance Premium Levy to 5% from 3%.

Vision

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

Mission

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

Our Values

Our commitment to serving Government, taxpayers, employees and other stakeholders is reflected in our Corporate Values:

- Taxpayer Focus
- Integrity
- Professionalism
- Innovation
- Networking

Tag Line

My Tax, Your Tax, Our Destiny

ABBREVIATIONS

CbC	Country-by-Country
DTA	Double Taxation Agreement
EFD	Electronic Fiscal Device
GRZ	Government of the Republic of Zambia
HS Code	Harmonised Commodity Description and Coding System
I-REIT	Income Real Estate Investment Trust
LPO	Local Purchase Order
LuSE	Lusaka Securities Exchange
MFEZ	Multi-Facility Economic Zone
MNE	Multinational Enterprise
NRC	National Registration Card
PACRA	Patents and Companies Registration Agency
PAYE	Pay-As-You-Earn
PTT	Property Transfer Tax
REIT	Real Estate Investment Trust
TCC	Tax Clearance Certificate
TOT	Turnover Tax
TPIN	Taxpayer Identification Number
US$	United States American Dollar
VAT	Value Added Tax
WHT	Withholding Tax
ZDA	Zambia Development Agency

1.0 FOREWORD

This Practice Note describes the various changes introduced by the:

1. Income Tax (Amendment) Act No. 43 of 2021
2. Income Tax (Turnover Tax) (Amendment) Regulations, Statutory Instrument No. 108 of 2021
3. Income Tax (Transfer Pricing) (Amendment) Regulations, Statutory Instrument No. 107 of 2021
4. Property Transfer Tax (Amendment) Act No. 46 of 2021
5. Value Added Tax (Amendment) Act No. 44 of 2021
6. Value Added Tax (Exemption) (Amendment) Order, Statutory Instrument No. 105 of 2021
7. Value Added Tax (Zero-Rating) (Amendment) Order, Statutory Instrument No. 104 of 2021
8. Value Added Tax (Zero-Rating) (Amendment) Order, Statutory Instrument No. 4 of 2022
9. Value Added Tax (Electronic Fiscal Device) (Amendment) Regulations, 2021 Statutory Instrument No. 106 Of 2021
10. Insurance Premium Levy (Amendment) Act, No. 47 of 2021
11. Customs and Excise (Amendment) Act No. 45 of 2021
12. Customs and Excise (General) (Amendment) Regulations, Statutory Instrument No. 99 of 2021

The commentary in this Practice Note is for general guidance only and is not to be taken as a legal authority in any proceedings. 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 Zambia Revenue Authority (ZRA) National Call Centre, your nearest Customer Experience Centre or any ZRA Office.

Dingani Banda
COMMISSIONER-GENERAL

PART I: **SUMMARY OF AMENDMENTS**

2.0 **THE INCOME TAX (AMENDMENT) ACT NO. 43 OF 2021**

Section	Subject
1	Title and commencement
2 (1)	(i) expands the definition of commodity royalty to include payments made to a person resident in Zambia. (ii) Introduces definitions of the following: (a) Income generating real estate; (b) Income real estate investment trust; (c) Securities and Exchange Commission; (d) Zambia Agency for Persons with Disabilities; and (e) Zambia Development Agency.
6	Updates the marginal note to appropriately reflect the content of the section.
15 (1)	Replaces the word charities with the words public benefit organisations.
29(4),(4A)	Increases the carry forward period of disallowed interest expense to 10 years from 5 years for mining operations and electricity generating entities.
43B	Makes mineral royalty a deductible expenditure in computing taxable income
44(p)	Removes mineral royalty from the list of items in section 44 that are not deductible.
63(1)	Prohibits from assessment any distribution of income by a Real Estate Investment Trust (REIT) which has been subjected to withholding tax.
64A	Empowers the Commissioner-General to make a standard assessment requiring any person or partnership letting out property to pay tax on turnover.
82A(1)	Introduces withholding tax on reinsurance premiums on policies placed with a non-resident reinsurance company and on distributed income of an income real estate investment trust.
82A(1B)	Provides for the deduction of tax from the payment of rental income only by a person or partnership appointed by the Commissioner-General.
82A(1C)	Excludes from withholding tax winnings that are from a physical casino.
82A(1D)	Prescribes for determination of distributed income of an income real estate investment trust.
82A(1E)	Rearranges the provisions on the powers of the Commissioner General to grant an exemption on certain payments.
82A (2)	Removes the exceptions that were previously appearing under paragraph 2 (c) in order to clarify that the exceptions apply to the whole section.
82A (2A), (3), and (4)	Removes the redundant provisions on withholding tax filing and payment.
82A (3)	Provides for the due date for submission of a return with details of the payment of tax.
82A (4), (5), (6), (7), (8)	Renumbers subsections (5), (6), (7), (8), (9) and (10) respectively, following the deletion of subsections (2A), (3) and (4).
82A (10)	Restates the exemption from WHT on interest payable on bills of exchange drawn for 180 days or less.
82A (11)	Restates that the difference between the price paid for the treasury bill and its redemption value shall be considered as a payment of interest.

82A (12)	Introduces the definition of winnings and provides clarity on winnings subject to withholding tax.
Second Schedule Paragraph 5(1)(m)	Exempts from tax the income received by an 'income real estate investment trust' approved by the Securities and Exchange Commission.
Second Schedule Paragraph 6B	Provides for the taxation of rental income earned by statutory bodies under turnover tax.
Second Schedule Paragraph 7	Exempts from tax all types of lumpsum payments and pensions.
Ninth Schedule Part I	Adjusts upwards the presumptive taxes on motor vehicles for the carriage of persons.
Ninth Schedule	(i) Introduces a differentiated tax treatment for Brick and Mortar Casino Games and Online Casino machine games.
Part III	(ii) Defines "gross takings" to clarify the pay-outs that are subject to tax
Tenth Schedule Para 1 (a)	Corrects a drafting error by including the missing words "or the provision of" in the appropriate place.
Tenth Schedule Para 4(b)	Clarifies that the provision of higher education by public institutions is a public benefit activity.
Charging Schedule Part I Para 1 (1) (b)	Requires a person with a disability to be registered with the Zambia Agency for Persons with Disabilities as a prerequisite to claim the tax credit.
Charging Schedule Part II Para 2 (1) (c), (d)	Increases the annual income band taxable at zero percent for individuals to K54,000 from K48,000 and adjusts the first & second income bands.
Charging Schedule Part II Para 3(1)(b)	Reduces the standard company income tax rate to 30% from 35% for companies.
Charging Schedule Part II Para 3(1)(c)	Reduces the standard company income tax rate to 30% from 35% for the first K250,000 income of an electronic communications network or service licensee but maintains the tax rate at 40% for income in excess of K250,000.
Charging Schedule Part II Para 3(1)(e), (f)	Provides for taxation of the income of companies carrying out mineral processing and mining operations at the rate of 30%.
Charging Schedule Part II Para 3(1)(e)	Renumbers item (g) as item (e) following the deletion of items (e) and (f).
Charging Schedule Part II Para 4	Reduces the tax rate on the income of a trust, a deceased's estate or bankrupt's estate from 35% to 30%.
Charging Schedule Part II Para 5(e)	Prescribes the tax rate of 4% on gross rental income of up to K800,000 per annum and 12.5% where the gross rental income exceeds K800,000 per annum.
Charging Schedule Part II Para 5(g)	Extends the application of a 15% income tax rate on income earned by persons providing accommodation and food services to 31st December 2022 from 31st December 2021.
Charging Schedule Part II Para 5(h)	Reduces the income tax rate to 0% from 30% on income from the business of manufacturing ceramic products for the charge years 2022 and 2023.
Charging Schedule Part II Para 5(i)	Introduces the tax rates on income from exports by a business enterprise approved under the Zambia Development Agency Act and carrying on manufacturing activities in a multi-facility economic zone or an industrial park.
Charging Schedule Part II Para 6 (1) (e)	Introduces a 0% tax rate for 10 years, on dividends declared on profits from exports by a company operating in a multi-facility economic zone or industrial park under ZDA Act.
Charging Schedule Part II Para 7 (i), (ii)	Extends the application of the tax rate of 0% on interest earned to all interest earning bank accounts held by individuals.

Charging Schedule Part II Para 7 (ix)	Removes the 10% rate of tax on payments of rentals.
Charging Schedule Part II Para 7 (ix)	Renumbers item (x) as item (ix), following the deletion of item (ix)
Charging Schedule Part II Para 7 (x)	Introduces a withholding tax rate of 20% on reinsurance premiums for policies placed with a non-resident reinsurance company.

3.0 THE INCOME TAX (TURNOVER TAX) (AMENDMENT) REGULATIONS, STATUTORY INSTRUMENT NO. 108 OF 2021

Regulation	**Subject**
1	Title and Commencement
2	Expands the definition of turnover to include rental income by removing rental income from the excluded items.

4.0 THE INCOME TAX (TRANSFER PRICING) (AMENDMENT) REGULATIONS, STATUTORY INSTRUMENT NO. 107 OF 2021

Regulation	**Subject**
1	Title and Commencement
10 and 11	Changes the reference in Regulations 10 and 11 from section 97A (2) to section 97A (1) of the Income Tax Act.
22A (1)	Provides for the use of a single currency threshold, denominated in Kwacha, for Country-by-Country (CbC) reporting.
22A (4)	(i) Updates the Regulations in order to align with international standards relating to CbC reporting. (ii) Prescribes the mode of submitting the CbC reports.
22A (7)	Corrects a drafting error and clarifies the conditions under which a local entity will not submit the CbC Report.
General Amendment	Corrects the drafting error in Regulation 22A that refers to “system failure” instead of “systemic failure”.

5.0 PROPERTY TRANSFER TAX (AMENDMENT) ACT NO. 46 OF 2021

Section	**Subject**
1	Title and Commencement
2	Redefines the term “property” to include mineral processing licence or an interest in the mineral processing licence.
3	Clarifies that the Property Transfer Tax Act may be administered by any officer appointed by the Commissioner-General.
4(1B)	Clarifies the conditions for exemption from property transfer tax on an indirect transfer of shares
4(2)(b)	Imposes the Property Transfer Tax at the rate of 10% on the transfer of a mineral processing licence.
4(2)(c),(d), (e)	Renumbers paragraphs (b), (c) and (d) as paragraphs (c), (d) and (e), respectively.
6(1)(d)	Clarifies that only public benefit organisations which are approved, shall be exempted from Property Transfer Tax.
9(1A),	Allows for the processing of Property Transfer Tax returns through an appointed proxy where the transferor

	is not available.
9(1B)	Provides the grounds on which a proxy can be appointed.

6.0	**THE VALUE ADDED TAX (AMENDMENT) ACT NO. 44 OF 2021**
Section	**Subject**
1	Title and commencement
7(5)	Introduces graduated penalties for failure to issue a tax invoice.
7A(1)	Clarifies that a taxable supplier is required to use an electronic fiscal device to record each sale or transaction.
7A(3)	Increases the graduated penalties for the respective offences and prescribes that a third or subsequent offender may be liable to imprisonment.
18(3)(c)	Clarifies the documentation required to support an input tax claim relating to importation of goods.

7.0	**THE VALUE ADDED TAX (EXEMPTION) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 105 OF 2021**
Paragraph	**Subject**
1	Title and commencement
Item 4	(i) Renames Item 4 as Publications from Booklets and Newspapers. (ii) Removes booklets and newspapers from the list of exempt items.
Item 10	Changes reference to Statutory Instrument No.110 of 2020 from Statutory Instrument No. 6 of 2009.

8.0	**THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 104 OF 2021**
Paragraph	**Subject**
1	Title and commencement
2	Removes the definition of an “inclusive tour”.
Group 7	Extends zero-rating to Solar streetlights and Solar charge control units.
Group 8	Increases the list of zero-rated items primarily used in agriculture.

9.0	**THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 4 OF 2022**
Paragraph	**Subject**
1	Title and commencement
Group 8	Zero-rates the principal on leasing finance for the listed agricultural equipment and accessories.

10.0	**THE VALUE ADDED TAX (ELECTRONIC FISCAL DEVICE) (AMENDMENT) REGULATIONS, 2021 STATUTORY INSTRUMENT NO. 106 OF 2021**
Regulation	**Subject**
1	Title and commencement

7	Requires that accounting software used to issue tax invoices must be integrated with the Tax Invoice Management System.
21	Introduces graduated penalties and increases the penalty thresholds for the respective offences.
11.0	**THE INSURANCE PREMIUM LEVY (AMENDMENT) ACT NO. 47 OF 2021**
Section	**Subject**
1	Title and commencement
4(1)	Increases the insurance premium levy rate to 5% from 3%.
12.0	**THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 45 OF 2021**
Section	**Subject**
1	Title and Commencement
Second Schedule Heading 1	Re-classifies Vaccinium vitis-idaea as a lingonberry juice.
Second Schedule Heading 4	Increases the excise duty rate on opaque beer to K0.25/ltr from K0.15/ltr.
Second Schedule Heading 6	Reduces the excise duty rate on ethanol of an alcoholic strength by volume of 80% or higher to 60% from 125%.
Second Schedule Heading 7	Increases the specific excise duty rate on unmanufactured tobacco and tobacco refuse to K355 per kg from K240 per kg.
Second Schedule Heading 7	Increases the specific excise duty rate on cigars, cheroots, cigarillos and cigarettes of tobacco or tobacco substitutes to K355 per mille from K302 per mille.
Second Schedule Heading 7	Increases the specific excise duty rate on water pipe tobacco, cutrag, other manufactured tobacco, manufactured tobacco substitutes, homogenised or reconstituted tobacco, tobacco extracts and essences to K355 per kg from K240 per kg.
Second Schedule Heading 7	Introduces excise duty on products containing tobacco or nicotine or their substitutes, that are inhaled into the human body without combustion at the rate of 145%.
Second Schedule Heading 9	Introduces excise duty on coal at the rate 5%.
Second Schedule Heading 13	Introduces an additional list of motor vehicles for the transportation of goods subject to excise duty at the rate of 10%.
Sixth Schedule Paragraph 1(2)	Provides that the value of spirits and other spirituous beverages of alcoholic strength by volume less than 80% shall be determined on the basis of the value of the input alcohol of an alcoholic strength by volume 80% or higher.
13.0	**THE CUSTOMS AND EXCISE (GENERAL) (AMENDMENT) REGULATIONS, STATUTORY INSTRUMENT NO. 99 OF 2021**
Regulation	Subject
1	Title and commencement
First Schedule Part 4	Reduces licence fees for Excise manufacturers to K4,500 from K9,000.

PART II:

COMMENTARY ON AMENDMENTS

14.0 THE INCOME TAX (AMENDMENT) ACT NO. 43 OF 2021

14.1 SECTION 1: TITLE AND COMMENCEMENT

This Act comes into operation on 1st January, 2022.

14.2 SECTION 2: INTERPRETATION

14.2.1 Section 2 (1) of the principal Act is amended by the deletion of the definition of "commodity royalty" and the substitution therefor of the following:

"commodity royalty" means an amount paid under royalty financing or a general agreement to a person or partnership, by a person or partnership resident in the Republic that is computed by reference to the production, profit, or to the value of production from a mineral deposit or other natural resource in the Republic, but does not include the repayment of the purchase price for the commodity royalty;

The amendment expands the definition of commodity royalty to include payments made to a person resident in Zambia. This implies that withholding tax on payment of commodity royalty to residents will now apply. Further, it clarifies that a payment made under a general financing agreement qualifies as a commodity royalty if it is based on parameters such as profit and production, among others.

Previously, withholding tax on commodity royalty only applied to payments made to a person resident outside Zambia.

14.2.2 Section 2(1) of the principal Act is amended by the introduction of the following definitions:

"income generating real estate" means real estate properties that generate a consistent recurring revenue in the form of dividends, interest or cash distribution;

"income real estate investment trust" means a collective investment scheme that invests primarily in income generating real estate;

"Securities and Exchange Commission" means the Securities and Exchange Commission established under the Securities Act, 2016;

The amendment introduces the above definitions to provide the basis for the tax treatment of Real Estate Investment Trusts.

14.2.3 Section 2(1) of the principal Act is amended by the introduction of the following definition:

"Zambia Agency for Persons with Disabilities" means the Zambia Agency for Persons with Disabilities established under the Persons with Disabilities Act, 2012;

The amendment introduces the definition of Zambia Agency for Persons with Disabilities to facilitate claims for tax credit on account of disability.

14.2.4 Section 2(1) of the principal Act is amended by the introduction of the following definition:

"Zambia Development Agency" means the Zambia Development Agency established under the Zambia Development Agency Act, 2006.

The amendment introduces the definition of Zambia Development Agency.

14.3 SECTION 6(1): COMMISSIONER-GENERAL'S FUNCTIONS

Section 6 of the principal Act is amended by the deletion of the marginal note and the substitution therefor of the following:

Commissioner-General's functions

The amendment updates the marginal note to appropriately reflect the content of the section.

Previously, the marginal note read as *Appointment of staff.*

14.4 SECTION 15(1): EXEMPTIONS FROM TAX

Section 15 (1) of the principal Act is amended by the deletion of the word "charities" and the substitution therefor of the words "*public benefit organisations*"

This amendment replaces the word charities with the words public benefit organisations.

14.5 SECTION 29(4): DEDUCTIONS GENERALLY

Section 29 of the principal Act is amended by the:

(i) deletion of subsection (4) and the substitution therefor of the following:

(4) Interest on which a deduction is not allowed under this section may be treated as incurred during the next charge year and carried forward for five years, except that interest may be carried forward for ten years by a person carrying on a mining operation or generating electricity.; and

(ii) insertion of the following new subsection immediately after subsection (4):

(4A) The interest referred to in subsection (4) shall not exceed thirty percent of the tax earnings before interest, tax, depreciation and amortization.

This amendment increases the carry forward period of disallowed interest expense to 10 years from 5 years for mining operations and electricity generating entities.

14.6 SECTION 43B: DEDUCTION OF MINERAL ROYALTY

The principal Act is amended by the insertion of the following new section immediately after section 43A:

43B. A deduction shall be allowed in ascertaining gains or profits of a business of any mineral royalty payable and paid for a charge year in pursuance of the provisions of the Mines and Minerals Development Act, 2015.

This amendment makes mineral royalty a deductible expenditure in computing the taxable income for any person that has paid mineral royalty in accordance with the Mines and Minerals Development Act.

For the expense to be deductible, the mineral royalty incurred must be paid. Prior to this amendment, mineral royalty was a non-deductible expense for income tax purposes.

14.7 SECTION 44(p): CASE OF NO DEDUCTION

Section 44 of the principal Act is amended by the deletion of paragraph (p).

The amendment removes mineral royalty from the list of items in section 44 that are non-deductible.

14.8 SECTION 63(1): COMMISSIONER-GENERAL'S POWER TO ASSESS

Section 63 (1) of the principal Act is amended by the insertion of the following new paragraph immediately after paragraph (ix):

(x) distributed income of an income real estate investment trust from which tax in respect of that charge year is deducted under section 82A.

This amendment prohibits the Commissioner-General from assessing income distributed by an income Real Estate Investment Trust (I-REIT), where this income has been subjected to Withholding Tax (WHT). This means that WHT deducted shall be the final tax.

However, where the income has not been subjected to WHT in accordance with section 82A, tax shall be assessed on the person in receipt of the income at the rate specified in the Charging Schedule.

14.9 SECTION 64A: STANDARD ASSESSMENT

Section 64A of the principal Act is amended by the insertion of the following new subsection immediately after subsection (3):

(3A) The Commissioner-General may make a standard assessment requiring a person or partnership letting out property to

pay tax on turnover at the rate set out in the Charging Schedule.

The amendment empowers the Commissioner-General to make a standard assessment requiring any person or partnership letting out property to pay tax on turnover. This effectively means that the primary obligation to account for tax has been placed on the landlord.

Tax obligations in relation to return filing and payments for December 2021 transactions will be treated as before the amendment. This means that tenants will need to file withholding tax returns and pay the tax in respect of rental payments made in December 2021. Similarly, landlords who have been accounting for tax on rental income using income tax will account for 2021 transactions as before the amendment.

Prior to this amendment tax on rental income was accounted for by way of the withholding tax mechanism. Following the amendment, a separate account will be created on TaxOnline in respect of all persons and partnerships in receipt of income from the letting of property. In the interim, the following guidance has been provided as regards registration, return filing and payment.

Registration Requirements

(i) All persons in receipt of income from the letting out of property must register for turnover tax in order to account for tax on rental income if they are not currently registered for Turnover Tax (TOT) or Income Tax. But if for some TaxOnline system restrictions, they cannot register for TOT, then they should register for Income Tax.

(ii) Persons in receipt of rental income who are currently registered for Income Tax or TOT will maintain their registration status and will use the respective tax accounts to account for tax on rental income.

(iii) Both Income tax and Turnover tax returns have been configured to allow persons in receipt of rental income to account for this tax at either 4% or 12.5% depending on their level of annual rental turnover, those earning K800,000 and below will pay at 4% of turnover while those earning above K800,000 will pay at 12.5% of turnover.

(iv) There should be no aggregating of rental income with other sources in determining the rate for rental income. Similarly, there should be no aggregating of business income with rental income in determining whether the Taxpayer must register for TOT or Income Tax in respect of their other sources of income.

Persons or partnerships in receipt of BOTH rental income and other business income but not registered for either Income Tax or TOT should base their registration only on annual turnover of the other business.

For example, where a Taxpayer that has a shop and a block of flats is not registered for any tax type with ZRA. His turnover from the shop is K250,000.00 in a year and from rentals is K890,000.00 per annum. This Taxpayer must be registered for TOT because his business income is below the K800,000.00 threshold. However, his rental income will be taxed at 12.5% because his rental income is above the K800,000.00 rental threshold.

Return Filing

Taxpayers will account for tax on rental income using either TOT or Income Tax depending on the account they are registered for. Rental income of above K800,000 per annum will be configured at 12.5% on TaxOnline and rental income below or equal to K800,000 per annum will be configured at 4% on the system.

Taxpayers registered for TOT and in receipt of rental income will account for tax on rental income in the TOT return and submit the return and pay the rental income tax by the 14th day of the following month.

On the other hand, taxpayers registered for Income Tax and in receipt of rental income will account for tax using both the provisional income tax return and annual income tax return.

Payment of Tax

Persons under TOT shall submit the return and pay the rental income tax by the 14th day of the following month or such other period as the Commissioner – General may in a particular case, determine.

Persons under Income Tax shall pay the rental income tax according to the dates prescribed for the payment of provisional tax i.e 31st March, 30th June, 30th September and 31st December.

In both instances payment can be made using any of the available payment platforms.

14.10 SECTION 82A: DEDUCTION OF TAX FROM CERTAIN PAYMENTS

14.10.1 Section 82A of the principal Act is amended by the deletion of subsection (1) and the substitution therefor of the following:

(1) Subject to the provisions of this section, a person or partnership making the following payments, irrespective of whether the

payment is made outside the Republic, shall, before making any other deduction, deduct tax from the following payments at the rates specified in the Charging Schedule or as the Commissioner-General may direct to give effect to the provisions of any agreement made under section 74 or the provisions of the Second Schedule:

(a) a management or consultant fee from a source within or deemed under section 18 to be from a source within the Republic;
(b) interest and royalties from a source within or deemed under section 18 to be within the Republic other than interest payable to a bank or financial institution licensed under the Banking and Financial Services Act, 2017;
(c) rent from a source within the Republic;
(d) commissions, other than commissions received by an individual whose income is from employment or office;
(e) a public entertainment fee to, or on behalf of, a person or persons in partnership not resident in the Republic;
(f) commission deemed under section 18 to be from a source within the Republic;
(g) winnings from gaming, lotteries and betting other than winnings received by an individual by virtue of employment or office;
(h) branch profits;
(i) a commodity royalty;
(j) reinsurance premium to a recipient not registered in the Republic; and
(k) distributed income of an income real estate investment trust.;

This amendment introduces withholding tax on reinsurance premiums at the rate of 20% on policies placed with a non-resident reinsurance company.

Further, where the payment of the reinsurance premium is to a resident of a country with which Zambia has a DTA, ZRA will use the provisions of the DTA to determine the tax treatment of the payment. The payment may or may not be subject to withholding tax. However, withholding tax shall apply on reinsurance premiums at the rate of 20% on policies placed with a non-resident reinsurance company that is resident in a country that does not have a tax treaty with Zambia.

NOTE:
(a) The tax will be deducted at the same time premium is paid to the foreign based reinsurers;
(b) The Reinsurance withholding tax shall not apply to reinsurance placed with the PTA Reinsurance Company (ZEP Re) and African Reinsurance Corporation (Africa-RE). ZEP Re and AfriCA Re are deemed to be local companies under the government -to-government protocols;
(c) Brokers who place reinsurance with reinsurers not licensed in Zambia shall also be required to pay the 20% withholding tax on the premium payable to the reinsurers; and
(d) Retrocession premiums paid by local reinsurance companies to foreign entities will be subject to withholding tax at 20%.

Further, the amendment introduces withholding tax at the rate of 15% on the distributed income of an income real estate investment trust.

14.10.2 Section 82A of the principal Act is amended by the insertion of the following new subsection immediately after subsection (1A):

(1B) Subsection (1)(c) shall apply to a person or partnership appointed by the Commissioner- General as a withholding agent.

This amendment provides that tax shall only be deducted from the payment of rent by a person or partnership appointed by the Commissioner-General. The Commissioner-General shall issue a notice informing the tenant about their appointment and obligations. It is no longer mandatory for tenants to deduct tax (withholding tax) from rental payments.

14.10.3 Section 82A of the principal Act is amended by the insertion of the new subsection (1C):

(1C) Subsection (1)(g) shall not apply to a payment of winnings from a brick and mortar casino.

This amendment excludes winnings that are from casino games played in a physical casino (brick and mortar) from deduction of tax (withholding tax). Following this amendment, all winnings from gaming, lotteries or betting other than winnings from a brick and mortar casino will remain subject to withholding tax at the rate of 20%.

14.10.4 Section 82A of the principal Act is amended by the insertion of the new subsection (1D):

(1D) The distributed income of an income real estate investment trust referred to under subsection(1)(k) shall be the gross rent collected by that income real estate investment trust minus twenty-five percent of gross collections.

The amendment prescribes how distributed income of an income real estate investment trust will be determined. The distributed income shall be 75% of the gross rent collected by the income real estate investment trust. Where an income real estate investment trust distributes less income than the prescribed amount, they shall be assessed on the difference.

Example 1: Computation of Tax liability on the distributed income of the REIT

I-REIT Zambia owns commercial buildings in Kasama which are rented out to various tenants. In 2022, the gross rental receipts from the buildings are K1,000,000. The tax liability on the distributed income to the REIT unit holders will be computed as follows:

Gross rental receipts : K1,000,000
Expenses : 25% of gross receipts = 25% X K1,000,000 = K250,000
Distributed Income : K1,000,000 – K250,000 = K750,000
Tax to be deducted : 15% x K750,000
: K112,500

14.10.5 Section 82A of the principal Act is amended by the insertion of the new subsection (1E):

(1E) The Commissioner-General may determine that the provisions of subsection (1) (a), (b), (c) or (d) do not apply in a particular case and shall, in writing, notify the person or partnership concerned that the provisions of subsection (1)(a), (b), (c), or (d) as applicable, do not apply to that person or partnership to the extent and for the period specified in the notification, except that in the case of subsection (1) (b), the direction to be issued under this subsection shall only be for interest arising from a property linked unit of a property loan stock company.;

The amendment rearranges the provisions on the powers of the Commissioner General to grant an exemption on management or consultant fee, interest and royalties, or commissions in a new subsection 1(E) which was previously in subsection 2 (c) (iii).

14.10.6 Section 82A of the principal Act is amended by the deletion of subsection (2) and the substitution therefor of the following:

(2) A person or partnership to whom subsection (1) applies is deemed to have made a payment at the earliest of the following:
(a) the time when payment is made;
(b) the time when income accrues to a person; or
(c) the time when income is in any way due to a person or held to that person's order or on that person's behalf.;

This amendment removes the exceptions (i), (ii), (iii) and (iv) that were previously appearing under paragraph 2 (c) in order to clarify that the exceptions apply to the whole section.

14.10.7 Section 82A of the principal Act is amended by the deletion of subsections (2A), (3), and (4).
The amendment removes the redundant provisions on withholding tax filing and payment which are already covered within the section.

14.10.8 Section 82A of the principal Act is amended by the insertion of the following new subsection immediately after subsection (2):

(3) A person or partnership making a payment shall, within fourteen days of the end of the month in which the payment is made and from which tax is required to be deducted under subsection (1) submit a return, as prescribed by the Commissioner General, declaring in the return the amount of the payment, the amount of tax deducted and other particulars that the Commissioner-General may require.

The amendment provides that a return with details of the payment of tax should be submitted within 14 days after the end of the month in which a payment subject to withholding tax was made.

14.10.9 Section 82A of the principal Act is amended by the numbering of subsections (5), (6), (7), (8), (9) and (10) as subsections (4), (5), (6), (7), (8) and (9), respectively.

This amendment renumbers subsections (5), (6), (7), (8), (9) and (10), as subsections (4), (5), (6), (7), (8) and (9) respectively. The change has been necessitated by the deletion of subsections (2A), (3) and (4).

14.10.10 Section 82A of the principal Act is amended by the insertion of the following new subsection immediately after subsection (9):

(10) This section does not apply to interest payable on a bill of exchange drawn for one hundred and eighty days or less.

This amendment rearranges the provision which was previously under subsection 2 (c) (i). It restates the exemption from WHT on interest payable on bills of exchange drawn for 180 days or less.

14.10.11 Section 82A of the principal Act is amended by the insertion of the following new subsection immediately after subsection (10):

(11) The payment of an amount in excess of the original issue price for a treasury bill sold at a discount from face value shall be deemed for the purposes of this section to be a payment of interest when the treasury bill is presented for redemption or re-discount.

This amendment rearranges the provision which was previously under subsection 2 (c) (ii). It restates that the difference between the price paid for the treasury bill and its redemption value shall be considered as a payment of interest.

Example 2: Tax computation of the Interest from Treasury Bills

An investor pays K800 for a 91day treasury bill which has a face value of K1,000. At the end of the investment period, the investor redeems the treasury bill for the face value amount (K1,000). The difference between the invested amount and the face value shall be the interest, which is subject to withholding tax as depicted below:

Face value: K1000
Less Invested amount: (K 800)
Difference (interest): K 200
Withholding Tax: 15% of K200 = K30 (remitted to ZRA)

Investor receives K970.

14.10.12 Section 82A of the principal Act is amended by the insertion of the following new subsection immediately after subsection (11):

(12) For the purposes of this section "winnings" means anything won—
(a) for lotteries, whether in money or in money's worth; or
(b) from gaming or betting in money or money's worth less the total amount staked by the person;

This amendment introduces the definition of winnings thereby providing clarity on winnings that are subject to withholding tax. Any person or partnership making payments on winnings from lotteries, betting and gaming should compute tax at 20% on the value of the winnings.

Example 3: Winnings in monetary form from gaming and betting

Punter 1
Initial Deposit (stake) = K100,000
Payout = K180,000
Winnings = K80,000

Taxable Value = K180,000 – K100,000 = K80,000

WHT will be calculated on K80,000
20% of 80,000 = K16,000

K16,000 is the amount to be withheld.

Example 4: Winnings in money's worth from lottery

ABC Supermarket is running a promotion for its customers, whereby if one buys goods worth more than K500, they are entered into a raffle draw and stand a chance to win a motor vehicle valued at K360,000 among other prizes.

Mr. K participated in the promotion and ultimately won the motor vehicle.

NOTE:
The value of the motor vehicle (K360,000) is the net amount after Withholding Tax (WHT) has been deducted. Therefore, in order to account for the required 20% (WHT rate) on the winning of the motor vehicle, ABC Supermarket must gross up the net amount as illustrated below:

Winnings (motor vehicle): K360,000
Withholding Tax rate:20%
Gross amount = Net amount / (1 – tax rate)
Gross amount = K360,000 / (1 – 20%)
= K360,000 / (1 – 0.2)
= K360,000 / 0.8
= K450, 000

Ultimately, the WHT that ABC Supermarket remits to Zambia Revenue Authority is:

20% of the K450,000
20% X K450,000 = K90,000

NOTE:
Where an individual wins a prize in a lottery or promotion, the tax shall be accounted for by the entity running the competition.

14.11 SECOND SCHEDULE: EXEMPTIONS

14.11.1 The Second Schedule to the principal Act is amended in paragraph 5 (1), by the insertion of the following new subparagraph immediately after subparagraph (l):

(m) income real estate investment trust approved by the Securities and Exchange Commission.;

The amendment exempts from tax the income received by an 'income real estate investment trust' approved by the Securities and Exchange Commission.

14.11.2 The Second Schedule to the principal Act is amended by the deletion of paragraph 6B and the substitution therefor of the following:

6B. Despite paragraph 5 (1) or any other provision of this Act, any rent received by a statutory body referred to in that paragraph is subject to tax at the rates set out in the Charging Schedule.

The amendment provides for the taxation of rental income earned by statutory bodies under turnover tax. Following this amendment, statutory bodies earning rental income up to K800,000 per annum will pay tax at 4% while those earning above K800,000 per annum will pay tax at 12.5% of gross rental income received. Prior to this amendment, rental income earned by statutory bodies was subject to withholding tax.

14.11.3 The Second Schedule to the principal Act is amended in paragraph 7, by the deletion of the words "and approved fund" and "any approved fund", wherever the words appear, and the substitution therefor of the words "a fund".

The new sub paragraphs now read as follows:

(a) *by way of lump sum payments withdrawn from a fund at retirement age or death or on the beneficiary becoming permanently incapable of engaging in an occupation or such sums withdrawn from a fund which the Commissioner-General determines cannot be enjoyed by the member until he attains retirement age;*

(d) *by an individual or his dependants or heirs being on account of his injury or sickness from a fund or registered trade union or medical aid society or under any policy of insurance;*

(q) *by way of pension received by an individual from a fund;*

The amendment exempts from tax all types of lumpsum payments and pensions. This treatment is in line with what is provided for in the Constitution of Zambia. This implies that lumpsum payments and pensions are exempt from tax, subject to the conditions stipulated in the Second Schedule, regardless of whether the payment is from an approved fund or not.

14.12 NINTH SCHEDULE: PRESUMPTIVE TAX

14.12.1 The Ninth Schedule to the principal Act is amended by the deletion of Part I and the substitution therefor of the following:

PART I
TAX ON MOTOR VEHICLES FOR THE CARRIAGE OF PERSONS

Type of vehicle (sitting capacity)	*Amount of tax per vehicle (per annum)*
64 seater and above	*K12,960*
50 - 63 seater	*K10,800*
36 - 49 seater	*K8,640*
22 - 35 seater	*K6,480*
18 - 21 seater	*K4,320*
12 - 17 seater	*K2,160*
Below 12 seater (including taxis)	*K1,080;*

The amendment adjusts upwards the presumptive taxes on motor vehicles for the carriage of persons.

14.12.2 The Ninth Schedule to the principal Act is amended by the deletion of Part III and the substitution therefor of the following:

PART III

TAX ON BETTING AND GAMING

Type of Game	*Monthly Tax Rate or Monthly Tax Amount*
1. Online Casino Live Games	*20 percent of gross takings*
2. Online Casino Machine Games	*35 percent of gross takings*
3. Casino Games (Brick and Mortar)	*K5,000 per table*
4. Lottery Winnings	*35 percent of net proceeds*
5. Betting	*25 percent of gross takings*
6. Gaming Machines	*K500 per machine*

NOTES:

1. *"Net proceeds" means the gross proceeds less sums paid out for the prizes.*
2. *"Gross takings" means the total amount staked by players less the winnings payable and redemptions by the players*

This amendment introduces a differentiated tax treatment for Brick and Mortar Casino Games and Online Casino machine games.

The amendment further enhances the definition of "gross takings" to clarify the tax base on which tax should be computed by the businesses operating in the betting and gaming sector. For example, pay-outs arising from playing chips that have been redeemed for cash are eligible for deduction from the total amount staked by players before computing the tax thereon.

NOTE:

Gross takings should be computed as the difference between what a player initially staked and what the casino pays out to him. Thus, gross takings can only be accurately determined when the player is cashing out.

Example 5: Calculation of gross takings

A punter buys chips worth K10,000 for an online roulette game. He places a K5,000 bet and wins back K1,000 leaving him with chips worth K6,000. If he chooses not to redeem his chips, the casino's takings appear to be K10,000 as no cash has been paid out. However, when all the chips are redeemed then the Gross takings shall be K4,000 (K10,000 less K6,000).

14.13 TENTH SCHEDULE: PUBLIC BENEFIT ACTIVITIES

14.13.1 The Tenth Schedule to the principal Act is amended in paragraph 1, by the deletion of item (a) and the substitution therefor of the following:

(a) The care or counselling of, or the provision of education programmes relating to, abandoned, abused, neglected, orphaned or homeless children.

The amendment corrects a drafting error by including the missing words "or the provision of" in the appropriate place.

14.13.2 The Tenth Schedule to the principal Act is amended in paragraph 4, by the deletion of item (b) and the substitution therefor of the following:

(b) the provision of higher education by an institution excluding a private institution as defined in terms of the Technical Education, Vocational and Entrepreneurship Training Act, 1998 or a private higher education institution as defined by the Higher Education Act, 2013.

The amendment clarifies that the provision of higher education by public institutions is a public benefit activity.

14.14 CHARGING SCHEDULE:

14.14.1 The Charging Schedule to the principal Act is amended in paragraph 1, by the deletion of subparagraph (1) and the substitution therefor of the following:

(1) Subject to subparagraph (2), the tax credit referred to in section 14 (2) which is appropriate is—

(a) zero for an individual for a charge year; and

(b) six thousand Kwacha per annum for a person with a disability registered by the Zambia Agency for Persons with Disabilities.;

The amendment requires a person with a disability to be registered with the Zambia Agency for Persons with Disabilities as a prerequisite to claim the tax credit. However, all claims for the charge years 2021 and prior, will be processed without the mandatory requirement for registration with the Zambia Agency for Persons with Disabilities.

14.14.2 PAY AS YOU EARN – PARAGRAPH 2(1)(c) and (d)

The amendment increases the annual income band taxable at zero percent for individuals (those in employment and self-employed) to K54,000 from K48,000.

This means that an individual who earns up to K4,500 per month or up to K54,000 per annum shall not pay income tax.

The first and second income bands have been adjusted as shown in the Tables below:

Table 1: Comparison of Personal Income Tax Bands – Annual

2022 CHARGE YEAR income bands	2022 RATES	2021 CHARGE YEAR income bands	2021 RATES
First K54,000	0%	First K48,000	0 %
Above K54,000 up to K57,600	25%	Above K48,000 up to K57,600	2 5%
Above K57,600 up to K82,800	30%	Above K57,600 up to K82,800	3 0%
Above K82,800	37.5%	Above K82,800	37.5%

Table 2: Comparison of Personal Income Tax Bands – Monthly

2022 CHARGE YEAR income bands	2022 RATES	2021 CHARGE YEAR income bands	2021 RATES
First K4,500	0%	First K4,000	0%
Above K4,500 up to K4,800	25%	Above K4,000 up to K4,800	25%
Above K4,800 up to K6,900	30%	Above K4,800 up to K6,900	30%
Above K6,900	37.5%	Above K6,900	37.5%

14.14.3 The Charging Schedule to the principal Act is amended in paragraph 3 (1) in item (b), by the deletion of the words "thirty-five" and the substitution therefor of the word "thirty".

The new provision now reads as follows:

(b) on the income of any company other than an electronic communications network or service licensee, at the rate of thirty per centum per annum;

The amendment reduces the standard company income tax rate to 30% from 35% for companies other than an electronic communications network or service licensee.

14.14.4 The Charging Schedule to the principal Act is amended in paragraph 3 (1) in item (c), by the deletion of the words "thirty-five" and the substitution therefor of the word "thirty";

The new provision now reads as follows:

(c) on so much of income of electronic communications network or service licensee as does not exceed two hundred and fifty thousand Kwacha at the rate of thirty per centum per annum;

The amendment reduces the standard company income tax rate to 30% from 35% for the first K250,000 income of an electronic communications network or service licensee. However, the tax rate for income in excess of K250,000 remains at 40%.

14.14.5 The Charging Schedule to the principal Act is amended in paragraph 3 (1) by the deletion of items (e) and (f);

The deleted items read as follows:

(e) on income from mineral processing, at the rate of thirty-five percent;

(f) on income from mining operations, at the rate of thirty percent;

The amendment provides for taxation of the income of companies carrying out mineral processing and mining operations at the standard company income tax rate of 30%.

14.14.6 The Charging Schedule to the principal Act is amended in paragraph 3 (1) by the renumbering of item (g) as item (e);

The amendment renumbers item (g) as item (e) following the deletion of items (e) and (f).

14.14.7 The Charging Schedule to the principal Act is amended by the deletion of paragraph 4 and the substitution therefor of the following:

4. Subject to the provisions of this Act, tax in respect of the income of a trust, a deceased's estate or bankrupt's estate for a charge year shall be charged at the rate of thirty percent per annum.

The amendment provides for a reduction in the tax rate on the income of a trust, a deceased's estate or bankrupt's estate from 35% to 30%.

14.14.8 The Charging Schedule to the principal Act is amended in paragraph 5 by the deletion of item (e) and the substitution therefor of the following:

(e) the maximum rate of tax for turnover received by a person or partnership from the letting of property shall be—

(i) four percent per annum on turnover as does not exceed eight hundred thousand Kwacha; and
(ii) twelve and a half percent per annum on turnover as exceeds eight hundred thousand Kwacha;

The amendment prescribes the tax rate of 4% on gross rental income of up to K800,000 per annum and 12.5% where the gross rental income exceeds K800,000 per annum. Prior to this amendment, rental income was subject to tax at the rate of 10%.

Example 6: Tax computation of Rental Income – Gross Rental Income up to K800,000 per annum

ABC Holdings Limited runs a retail outlet in Choma. ABC also leases out ten furnished apartments in Livingstone. For the year 2022, the retail outlet has sales of K 1,750,000 and the gross rental receipts from the apartments is K600,000. The tax due on the rental income will be determined as follows:

Gross rental receipts: K 600,000
Tax at 4% : K600,000 X 4%
K24,000

NOTE:
The tax liability on the retail business will be computed separately using the normal income tax rules and will not take into account receipts from the rental business.

Example 7: Tax computation of Rental Income – Gross Rental Income exceeding K800,000 per annum

XYZ Limited operates a wholesale business in Chinsali. XYZ also owns and rents out several houses in Mpika. The wholesale outlet yields revenue of K500,000 for the year 2022, while the gross rental receipts from Mpika amounts to K1,200,000. The tax due on the rental income will be computed as follows:

Gross rental receipts: K1,200,000
Tax at 12.5% : K1,200,000 x 12.5%
: K150,000

14.14.9 The Charging Schedule to the principal Act is amended in paragraph 5 by the deletion of item (g) and the substitution therefor of the following:

(g) the maximum rate of tax for the charge years 2021 and 2022 on income received by a person providing accommodation and food services is fifteen percent;

The amendment extends the application of a 15% income tax rate on income earned by persons providing accommodation and food services to 31st December 2022 from 31st December 2021. To qualify for this reduced rate, a person should provide both accommodation and food services.

14.14.10 The Charging Schedule to the principal Act is amended in paragraph 5 by the insertion of the following new item immediately after item (g):

(h) the maximum rate of tax for the charge years 2022 and 2023 on income received by a person carrying on the business of manufacturing ceramic products is zero percent;

The amendment reduces the income tax rate to 0% from 30% on income from the business of manufacturing ceramic products for the charge years 2022 and 2023.

NOTE:
The reference to ceramic products includes porcelain, earthenware and other similar products made of clay and permanently hardened by heat.

14.14.11 The Charging Schedule to the principal Act is amended in paragraph 5 by the insertion of the following new sub paragraphs (i):

(i) on the income earned from exports of a business enterprise approved by the Zambia Development Agency and carrying on manufacturing activities in a multi-facility economic zone or an industrial park, tax shall be charged at—

(i) zero percent for a period of ten years starting from the year of commencement of works;

(ii) half of the standard income tax rate on the business enterprise's profits earned in year eleven to thirteen after the commencement of works; and

(iii) three quarters of the standard income tax rate on business enterprise's profits earned in year fourteen and fifteen after the commencement of works.;

The amendment prescribes the tax rates on income from exports by a business enterprise approved under the Zambia Development Agency Act and carrying on manufacturing activities in a multi-facility economic zone or an industrial park as follows:

- On income earned in the first 10 years from commencement of works tax shall be at the rate of 0%;
- on income earned from year 11 up to year 13, tax shall be at 50% of the applicable rate; and
- on income earned in the 14th and 15th years, tax shall be charged at 75% of the applicable rate.

NOTE:
Commencement of works for this purpose shall mean the point at which site clearance, demolition, excavation, construction or any other similar activity begins.

Further, for a company to qualify, the following conditions must be met:

(i) The company must be approved by Zambia Development Agency;
(ii) The company must be carrying on manufacturing activities in a multi-facility economic zone or an industrial park; and
(iii) Income must be from exports of the manufactured products.

Example 8: Tax computation on income derived from exported products by business in an MFEZ or Industrial Park

MFEZ Manufacturing Limited has production facilities in the Chambishi Multifacility Economic Zone. The construction begun in January 2022 and was completed in April 2022. In 2022, the total taxable income earned by MFEZ is K1,000,000 from exports and local sales, which were evenly split. The tax liability for 2022 will be computed as follows:

Profit attributable to exports from the MFEZ facility: ½ X K1,000,000 = K500,000
Tax at 0% : 0% x K500,000 = 0

NOTE:
The applicable tax rate will be 0% on profits from exports of goods manufactured at the MFEZ facility for each of the first ten years from commencement of works.

Profit attributable to local sales from the MFEZ facility: ½ X K1,000,000 = K500,000
Tax at 30% : 30% x K500,000 = K150,000

NOTE:
All taxable profits on account of local sales from the MFEZ facility as well as all sales (local and export) from facilities outside the MFEZ will be subject to tax at the applicable rate.

14.14.12 The Charging Schedule to the principal Act is amended in paragraph 6(1), by the insertion of the following new item immediately after item (d):

(e) the rate of zero percent per annum—

(i) for dividends paid by a company operating in a multi-facility economic zone or industrial park under the Zambia Development Agency Act, 2006, on profits made on exports; and

(ii) for a period of ten years from the time of commencement of works in the multi-facility economic zone or industrial park under the Zambia Development Agency Act, 2006.;

The amendment prescribes a 0% tax rate on dividends declared on profits from exports by a company operating in a multi-facility economic zone or industrial park under the Zambia Development Agency Act, 2006 for a period of ten years from the time of commencement of works.

NOTE:
For a dividend payment to qualify for tax at 0%, the following conditions must be met:

(i) The dividend must be declared by a company approved by the Zambia Development Agency;
(ii) The company must be carrying on manufacturing activities in a multi-facility economic zone or an industrial park; and
(iii) The dividend must be declared from profits earned from exports of products manufactured in the multi-facility economic zone or industrial park.

14.14.13 The Charging Schedule to the principal Act is amended in paragraph 7 by the deletion of items (i) and (ii) and the substitution therefor of the following:

(i) tax required to be deducted from a payment of interest under section 82A arising from interest earning accounts held by an individual with a financial service provider registered under the Banking and Financial Services Act, 2017, shall be deducted at the rate of zero percent per annum;

*(ii) tax required to be deducted from a payment of interest under section 82A, other than interest arising from all interest earning accounts held by an individual with a financial service provider registered under the Banking and Financial Services Act, 2017, sha*ll be deducted at the rate of fifteen percent per annum and shall be the final tax;

The amendment extends the application of the tax rate of 0% to interest earned on all interest-earning accounts, held by individuals with institutions registered under the Banking and Financial Services Act, 2017.

14.14.14 The Charging Schedule to the principal Act is amended in paragraph 7 by the deletion of item (ix);

The amendment provides for the removal of the 10% rate of tax on income from rentals following the change in taxation of rental income.

14.14.15 The Charging Schedule to the principal Act is amended in paragraph 7 by the renumbering of item (x) as item (ix);

This amendment renumbers item (x) as item (ix), following the deletion of item (ix).

14.14.16 The Charging Schedule to the principal Act is amended in paragraph 7 by the insertion of the following new item immediately after item (ix):

(x) tax required to be deducted from the payment of a reinsurance premium to a recipient not registered in the Republic shall be at the rate of twenty percent.

This amendment prescribes a withholding tax rate of 20% on reinsurance premiums on policies placed with a non-resident reinsurance company.

Example 9: Taxation of Premium on foreign Reinsurance

A local insurance company places part of the risk offshore where the premium payable is K60,000. The withholding tax will be calculated as follows;

Reinsurance Premium: K60,000
Withholding tax on Reinsurance Premium: 20% X K60,000 = K12,000

15.0 THE INCOME TAX (TURNOVER TAX) (AMENDMENT) REGULATIONS, STATUTORY INSTRUMENT NO. 108 OF 2021

15.1 REGULATION 1: TITLE AND COMMENCEMENT

These Regulations come into operation on 1st January, 2022.

15.2 REGULATION 2:

Regulation 2 of the principal Regulations is amended by the deletion of the definition of "turnover" and the substitution therefor of the following:

" turnover" includes gross earnings, income, revenue, takings, yield or proceeds, but does not include interest, royalties or dividends.

The amendment expands the definition of turnover to include rental income by removing rental income from the excluded items.

16.0 THE INCOME TAX (TRANSFER PRICING) (AMENDMENT) REGULATIONS, STATUTORY INSTRUMENT NO. 107 OF 2021

16.1 REGULATION 1: TITLE AND COMMENCEMENT

These Regulations come into operation on 1st January, 2022.

16.2 REGULATIONS 10 AND 11: DETERMINATION OF ARMS LENGTH PRINCIPLE AND COMPARABILITY

Regulations 10 and 11 of the principal Regulations are amended by the deletion of the words "section 97A (2)" and the substitution therefor of the words "section 97A (1)"

The amendment changes the reference in Regulations 10 and 11 from section 97A (2) to section 97A (1) of the Income Tax Act.

16.3 REGULATION 22A: SUBMISSION OF COUNTRY BY COUNTRY REPORT

16.3.1 Regulation 22A of the principal Regulations is amended in sub-regulation (1) by the deletion of the definition of "excluded multi-national enterprise group" and the substitution therefor of the following:

"excluded multi-national enterprise group" means, with respect to an accounting year of the group, a group having a total consolidated group revenue of less than four thousand seven hundred and ninety-five million Kwacha during the accounting year immediately preceding the reporting accounting year as reflected in the group's consolidated financial statements for the preceding accounting year;

The amendment provides for the use of a single currency threshold, denominated in Kwacha, for CbC reporting. Previously, the Regulation provided for two currencies at EUR 750 million or K4.795 billion.

Following this amendment, a multi-national enterprise group with a consolidated group revenue of K4.795 billion or more is required to file a CbC report.

16.3.2 Regulation 22A of the principal Regulations is amended by the deletion of sub regulation (4) and the substitution therefor of the following:

(4) The standard template of a country- by-country report shall be -
(a) in the Form set out in the Schedule; and
(b) submitted manually or electronically.

The amendment updates the Regulations in order to align with international standards relating to CbC reporting by including two schedules which were previously omitted in the regulations. The two schedules require listing the constituent entities of the MNE's group aggregated business activities per tax jurisdiction and providing any additional information such as the nature of activities of a respective constituent entity (refer to the attached schedule in the Appendix).

The amendment further prescribes the mode of submitting the CbC reports.

16.3.3 Regulation 22A of the principal Regulations is amended in subregulation (7) by the deletion of paragraph (d) and the substitution therefor of the following:

(d) "the State of tax residence of the surrogate parent entity is notified in accordance with this subregulation by the constituent entity resident for tax purposes in its jurisdiction that it is the surrogate parent entity;

The amendment corrects a drafting error and clarifies the conditions under which a local entity will not be required to file the CbC Report.

16.3.4 GENERAL AMENDMENT

Regulation 22A of the principal Regulations is amended by the deletion of the word "system" wherever the word appears and the substitution therefor with the word "systemic".

The amendment corrects the drafting error in Regulation 22A that referred to "system failure" instead of "systemic failure".

16.3.5 The principal Regulations are amended by the deletion of the Schedule to the Regulations and the substitution therefor of the Schedule set out in the Appendix.

Previously, the schedule had one table but now it has three tables.

17.0 PROPERTY TRANSFER TAX (AMENDMENT) ACT NO. 46 OF 2021

17.1 SECTION 1: TITLE AND COMMENCEMENT

This Act comes into operation on 1st January, 2022.

17.2 SECTION 2: INTERPRETATION

17.2.1 Section 2 of the principal Act is amended by the deletion of the definition of "property" and the substitution therefor of the following:

"property" means—

(a) a land in the Republic;
(b) a share issued by a company incorporated in the Republic or a share issued by a company incorporated outside the Republic where the company directly or indirectly owns at least ten percent of the shares in a company incorporated in the Republic;
(c) a mining right issued under the Mines and Minerals Development Act, 2015, or an interest in the mining right;
(d) a mineral processing licence issued under the Mines and Minerals Development Act, 2015, or an interest in the mineral processing licence; and
(e) intellectual property.

The amendment redefines the term "property" to include mineral processing licence or an interest in the mineral processing licence. This means that the transfer of a mineral processing licence or an interest in the mineral processing licence will be subject to property transfer tax.

17.2.2 Section 2 of the principal Act is amended by the introduction of the definition of mineral processing licence as follows:

"mineral processing licence" has the meaning assigned to the words in the Mines and Minerals Development Act, 2015.

The Mines and Minerals Development Act, 2015 defines mineral processing licence as follows:

"mineral processing licence" means a licence granted under Part III for processing minerals and cutting, polishing and manufacturing jewellery.

17.3 SECTION 3: FUNCTIONS AND POWERS OF COMMISSIONER GENERAL

The principal Act is amended by the repeal of section 3 and the substitution therefor of the following:

3. (1) The Commissioner General shall, subject to the direction of the Minister, be responsible for giving effect to the provisions of this Act and shall in exercising those functions have all the powers conferred on the Commissioner-General by the Income Tax Act.

(2) The Commissioner-General may, in writing and subject to conditions that the Commissioner-General may specify, delegate to an officer in the Authority any power conferred, or any duty imposed, on the Commissioner-General by this section.

This amendment removes the reference to Commissioner in subsection 2 and thereby clarifies that the Property Transfer Tax Act may be administered by any officer appointed by the Commissioner-General.

17.4 SECTION 4: PROPERTY TRANSFER TAX

17.4.1 Section 4 of the principal Act is amended in subsection (1B), by the insertion of the word "consecutive" immediately after the word "three".

(1B) A transfer of shares referred under sub-section (1A), is not liable to tax if the total value of the transferred shares over a period of three consecutive years represents less than ten percent of the total value of shares in the company incorporated in the Republic.

The amendment clarifies that in respect of indirect transfer of shares, a transfer is not liable to tax if the total value of the transferred shares over a period of three consecutive years represents less than 10% of the total value of shares in the company incorporated in the Republic.

Example 10: Determination of transactions liable to Property Transfer Tax

Company A, a resident of country A indirectly owns Company C which is resident in Zambia. Shares in Company A are transferred as indicated in the table below. The transfer of shares is by a single shareholder in Company A.

Table 3: Sale of Shares held in Company A

Year	Total Value of Transferred Shares in Company A	Value of Company C
Year 1	K 2 million	K 100 million
Year 2	K 2 million	K 105 million
Year 3	K 2 million	K 110 million
Year 4	K 3 million	K 130 million
Year 5	K 9 million	K 135 million
Year 6	K 10 million	K 150 million

a) The total value of transferred shares in relation to the value of the Zambian entity in Year 1 will be:

$$\frac{\text{Total value of transferred shares in Year 1} \times 100}{\text{Value of Company C in Year 1}}$$

$$\frac{2 \text{ million} \times 100}{100 \text{ million}} = 2\%$$

Therefore, the sale of shares in year 1 worth K2 million will not be liable to PTT since the total value of the transferred shares represents 2% of the value of the company incorporated in the Republic, which is below the threshold of 10%.

b) The total value of transferred shares in relation to the value of the Zambian entity in Year 2, Year 3 and Year 4 will be less than 10% threshold as shown below:

Year 2

$$\frac{\text{Total value of transferred shares in Year 1 and Year 2}}{\text{Value of comp. C in Year 2}} = \frac{4 \text{ million} \times 100}{105 \text{ million}} = 3.8\%$$

Year 3

$$\frac{\text{Total value of transferred shares in Year 1, Year 2 and Year 3}}{\text{Value of comp. C in Year 3}} = \frac{6 \text{ million} \times 100}{110 \text{ million}} = 5.5\%$$

Year 4

$$\frac{\text{Total value of transferred shares in Year 2, Year 3 and Year 4}}{\text{Value of comp. C in Year 4}} = \frac{7 \text{ million} \times 100}{130 \text{ million}} = 5.4\%$$

Therefore, the transfer of shares in these years will not be liable to PTT.

c) **The total value of transferred shares in relation to the value of the Zambian entity in Year 5 will be as follows:**

$$\frac{\text{Total value of transferred shares in Year 3, Year 4 and Year 5}}{\text{Value of comp. C in Year 5}} = \frac{\text{14 million}}{\text{135 million}} \times 100 = 10.4\%$$

Therefore, the transfer of shares in year 3, year 4 and year 5 will be liable to PTT since the total value of transferred shares in these successive years meet the 10% threshold.

d) **The total value of transferred shares in relation to the value of the Zambian entity in Year 6 will be as follows:**

$$\frac{\text{Total value of transferred shares in Year 4, Year 5 and Year 6}}{\text{Value of comp. C in Year 6}} = \frac{\text{22 million}}{\text{150 million}} \times 100 = 14.7\%$$

Therefore, the transfer of shares will be liable to PTT since the total value of transferred shares in these successive years meets the 10% threshold. However, only the amount in Year 6 will be subject to PTT because the amounts in year 4 and year 5 have already been taxed.

NOTE:
The transfer of shares in those years will be taxed in the respective charge years. In this particular case, the taxpayer will be required to pay the tax due for each of the charge years 3, 4, 5 and 6 respectively.

17.4.2 Section 4 of the principal Act is amended in subsection (2), by the insertion of the following new paragraph immediately after paragraph (a):

(b) ten per cent of the realised value in respect of a mineral processing licence;

The amendment imposes Property Transfer Tax on the transfer of a mineral processing licence at the rate of 10%.

17.4.3 Section 4 of the principal Act is amended in subsection (2) by renumbering of paragraphs (b), (c) and (d) as paragraphs (c), (d) and (e), respectively.

The amendment renumbers paragraphs (b), (c) and (d) as paragraphs (c), (d) and (e), respectively. The change has been necessitated by the introduction of a new subsection 4(2)(b).

The revised section 4(2) constitutes the following:

(a) ten percent of the realised value in respect of a mining right;
(b) ten percent of the realised value in respect of a mineral processing licence;
(c) five percent of the realised value in respect of land;
(d) five percent of the realised value in respect of shares; and
(e) five percent of the realised value in respect of intellectual property.

17.5 SECTION 6: EXEMPTIONS

Section 6 (1) of the principal Act is amended by the deletion of paragraph (d) and the substitution therefor of the following:

(d) an exempt public benefit organisation in accordance with the Income Tax Act;

The amendment clarifies that only Public Benefit Organisations which are approved as provided for under the Income Tax Act, shall be exempted from Property Transfer Tax.

17.6 SECTION 9: RETURNS, NOTICES, ETC

17.6.1 Section 9 of the principal Act is amended by the insertion of the following new subsection immediately after subsection (1):

(1A) Despite subsection (1), a person, other than the transferor of the property, shall be permitted to render a provisional return on behalf of the transferor where that person is—
(a) permitted to do so through a court order; or
(b) appointed as a proxy for the Registrar of the High Court, where the Registrar of the High Court is appointed by the court to render a provisional return on behalf of the transferor.

The amendment allows for the processing of Property Transfer Tax returns through a court appointed proxy where the transferor is not available.

17.6.2 Section 9 of the principal Act is amended by the insertion of the following new subsection immediately after subsection (1A):

(1B) A person referred to in subsection (1A) shall be permitted to render a provisional return on behalf of the transferor if the transferor—

(a) is deceased;
(b) is absent from the Republic; or
(c) cannot be located despite reasonable efforts to do so.

The amendment provides the grounds on which a proxy can be appointed to render a provisional return on behalf of the transferor.

18.0 THE VALUE ADDED TAX (AMENDMENT) ACT NO. 44 OF 2021

18.1 SECTION 1: TITLE AND COMMENCEMENT

This Act comes into operation on 1st January, 2022.

18.2 SECTION 7: TAXABLE SUPPLIES

Section 7 of the principal Act is amended by the deletion of subsection (5) and the substitution therefor of the following:

(5) A taxable supplier who fails to issue a tax invoice commits an offence and is liable, on conviction, in the case of a -

(a) first offence, to a penalty not exceeding one hundred thousand penalty units;

(b) second offence, to a penalty not exceeding two hundred thousand penalty units; and

(c) third or subsequent offence, 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 introduces graduated penalties for failure to issue a tax invoice. This means that a first offender will not be penalised to the same extent as a second, third or subsequent offender. In addition, a third or subsequent offender may be liable to imprisonment.

Prior to this change, all offenders were subjected to the same penalty.

NOTE:
One penalty unit is equal to K0.30.

18.3 SECTION 7A: RECORD OF DAILY SALES

18.3.1 Section 7A of the principal Act is amended in subsection (1), by the deletion of the words “daily sales” and the substitution therefor of the words “each sale or transaction”.

Section 7A (1) now reads as follows:

A taxable supplier shall use an electronic fiscal device to record each sale or transaction.

The amendment clarifies that a taxable supplier is required to use an electronic fiscal device to record each sale or transaction.

18.3.2 Section 7A of the principal Act is amended by the deletion of subsection (3) and the substitution therefor of the following:

(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 one hundred thousand penalty units;

(b) second offence, to a penalty not exceeding two hundred thousand penalty units; and

(c) third or subsequent offence, 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 increases the graduated penalties for the respective offences. In addition, a third or subsequent offender may be liable to imprisonment.

The penalty regime is illustrated in table XX below:

Table 4: Penalties for Failure to Record Sales

Offence	2021 Penalties	2022 Penalties
First offence	K9,000 K	30,000
Second offence K	18,000 K	60,000
Third or subsequent offence	K 27,000 K	90,000 or imprisonment or both.

18.4 SECTION 18: TAX DEDUCTIONS AND CREDIT

Section 18(3)(c) of the principal Act is amended by the deletion of the word "or" and substitution therefor of the word "and".

Section 18(3)(c) now reads as follows:

in the case of imported goods, the import bills of entry and such documentary evidence of the payment of tax as the Commissioner-General may, by administrative rule, prescribe.

This amendment clarifies that, in addition to the bill of entry, a taxable supplier is required to provide supporting documentation as prescribed in the Commissioner-General's rules to support an input tax claim relating to an importation of goods. Supporting documents include; an assessment notice and a payment receipt.

19.0 THE VALUE ADDED TAX (EXEMPTION) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 105 OF 2021

19.1 TITLE AND COMMENCEMENT

This Order shall come into operation on 1st January 2022.

19.2 ITEM 4: PUBLICATIONS

The Schedule to the principal Order is amended by the deletion of item 4 and the substitution therefor by the following:

4. Publications
(a) maps and charts; and
(b) journals.

In this amendment item 4 has been renamed as "Publications" from " Booklets and Newspapers". Further, Booklets and Newspapers have been removed from the list of exempt items, thereby making them standard rated. Therefore, VAT is now chargeable on Booklets and Newspapers whether in electronic form (soft copy) or printed form (hard copy).

19.3 ITEM 10: RELIEF AT IMPORTATION

The Schedule to the principal Order is amended in item 10 by the deletion of paragraph (b) and the substitution therefor of the following:

(b) Manufacturing inputs where duty is suspended under the Customs and Excise (Suspension) (Manufacturing Inputs) Regulations, 2020, subject to the same limitations and conditions that relates to the suspension of the duty and to such modification as may be specified therein.

The Customs and Excise (Suspension) (Manufacturing Inputs) Regulations, 2009, has been replaced by the Customs and Excise (Suspension) (Manufacturing Inputs) Regulations, 2020. This amendment changes the reference to the 2020 regulations from the 2009 regulations.

20.0 THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 104 OF 2021

20.1 TITLE AND COMMENCEMENT

This Order comes into operation on 1st January, 2022.

20.2 PARAGRAPH 2: DEFINITIONS

The Schedule to the principal Order is amended in paragraph 2 by the deletion of the definition of "inclusive tour".

This amendment removes the definition of an inclusive tour from the list of definitions under the Zero-rating Order because an inclusive tour package is no longer part of the Zero-rating Order.

20.3 GROUP 7: ENERGY SAVING APPLIANCES, MACHINERY AND EQUIPMENT

The Schedule to the principal Order is amended by deletion of Group 7 and substitution therefor of the following:

(a) *Fluorescent, hot cathode;*
(b) *Light emitting diode lamps;*
(c) *Light emitting diode modules;*
(d) *Solar water heaters;*
(e) *solar panels;*
(f) *Solar streetlights;*
(g) *Solar charge control units;*
(h) *Electric accumulators –*
- *i.* *lead acid of a kind used for starting piston engines;*
- *ii.* *other lead acid accumulators;*
- *iii.* *nickel cadmium;*
- *iv.* *nickel iron; and*
- *v.* *other accumulators;*

(i) *static converters;*
(j) *electric generating sets-*
- *i.* *diesel or semi diesel generators; and*
- *ii.* *generators with spark ignition internal combustion piston engines;*

(k) *Liquefied Petroleum Gas (LPG) of HS Codes-*
- *i.* *2711.11.00: natural gas,*
- *ii.* *2711.12.00: propane,*
- *iii.* *2711.13.00: butanes,*
- *iv.* *2711.14.00: ethylene, propylene, butylene and butadiene, and*
- *v.* *2711.19.00: other similar products in gaseous state; and*

(l) *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 extends zero-rating to Solar streetlights and Solar charge control units.

20.4 GROUP 8: AGRICULTURAL EQUIPMENT AND ACCESSORIES

The Schedule to the principal Order is amended by the deletion of Group 8 and substitution therefor of the following:

(a) *windmills;*
(b) *hammer mills: HS Code 8436.10.00;*
(c) *maize dehullers;*
(d) *two wheel tractors, including ploughs, harrows, disc harrows, planters, seeders, rippers or subsoilers, and cultivators of such tractors;*
(e) *tractors of HS Codes 8701.91.10, 8701.92.10, 8701.93.10, 8701.94.10, 8701.95.10, including ploughs, harrows, disc harrows, planters, seeders, rippers or subsoilers and cultivators of such tractors;*
(f) *pumps of HS codes 8413.20.00, 8413.50.00, 8413.60.00, 8413.70.00 and 8413.81.00;*
(g) *sprayers;*
(h) *manure spreaders;*
(i) *balers;*
(j) *combine harvesters;*
(k) *irrigation systems;*
(l) *animal feed grinder or mixer;*

(m) *pelleting machine;*
(n) *dryers for agricultural products of HS code 8419.31.00; and*
(o) *Trailer of HS code 8716.20.00*

This amendment increases the zero-rated items primarily used in agriculture by adding the following: manure spreaders; balers; combine harvesters; irrigation systems; animal feed grinders or mixers; dryers of HS code 8419.31.00; trailers of HS codes 8716.20.00 and pelleting machines.

21.0 THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 4 OF 2022

21.1 TITLE AND COMMENCEMENT

This Order comes into operation on 1st January, 2022.

21.2 GROUP 8: AGRICULTURAL EQUIPMENT AND ACCESSORIES

The Schedule to the principal Order is amended in Group 8 by the insertion of the following new paragraph immediately after paragraph (o):

(p) principal on leasing finance for agricultural equipment and accessories listed in paragraphs (a) to (o).

This amendment zero-rates the principal on finance lease for the listed agricultural equipment and accessories.

22.0 THE VALUE ADDED TAX (ELECTRONIC FISCAL DEVICE) (AMENDMENT) REGULATIONS, STATUTORY INSTRUMENT NO. 106 OF 2021

22.1 TITLE AND COMMENCEMENT

These Regulations come into operation on 1st January, 2022.

22.2 REGULATION 7: USE OF ACCOUNTING SOFTWARE

The principal Regulations are amended by the revocation of regulation 7 and substitution therefor of the following:

7.The Commissioner-General may allow a taxable supplier to use an accounting software to issue tax invoice if the accounting software is integrated with the tax invoice management system.

This amendment requires that taxable suppliers who use an accounting software to issue a tax invoice, must have their accounting software integrated with the tax invoice management system.

22.3 REGULATION 21: OFFENCES AND PENALTIES

Regulation 21 of the principal Regulations is amended by the deletion of sub regulation (2) and substitution therefor of the following:

(2) A person convicted of an offence under sub regulation (1) is liable, on conviction, in the case of a-

(a) *first offence, to a penalty not exceeding one hundred thousand penalty units;*
(b) *second offence to a penalty not exceeding two hundred thousand penalty units; and*
(c) *third or subsequent offence, to a penalty not exceeding three hundred thousand penalty units, or to imprisonment for a term not exceeding three years, or to both.*

This amendment introduces graduated penalties and increases the penalty thresholds for the respective offences. The graduated penalties entail that repeat offenders will be penalised in an escalated manner. In addition, a third offender may be liable to imprisonment.

NOTE:
One penalty unit is equal to K0.30.

23.0 THE INSURANCE PREMIUM LEVY (AMENDMENT) ACT NO. 47 OF 2021

23.1 TITLE AND COMMENCEMENT

This Act comes into operation on 1st January, 2022.

23.2 SECTION 4: CHARGE OF LEVY

Section 4 (1) of the principal Act is amended by the deletion of the words "three percent levy" and the substitution therefor of the words "five percent levy".

This amendment increases the insurance premium levy rate to 5% from 3%.

24.0 THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 45 OF 2021

24.1 SECTION 1: TITLE AND COMMENCEMENT

This Act comes into operation on 1st January, 2022.

24.2 SECOND SCHEDULE: EXCISE TARIFF

24.2.1 The Second Schedule is amended in the description column opposite heading 1 (15) by the deletion of the words "Cranberry (Vaccinium macrocarpon, Vaccinium oxycoccos, Vaccinium vitis-idaea)

Juice" and the substitution therefor of the words "Cranberry (Vaccinium macrocarpon, Vaccinium oxycoccos) juice; lingonberry (Vaccinium vitis-idaea) juice".

The amendment re-classifies Vaccinium vitis-idaea as a lingonberry juice.

24.2.2 The Second Schedule is amended in heading 4, by the deletion of the figure "K0.15/ltr" in the duty rate column opposite subheading 2203.00.10 and the substitution therefor of the figure "K0.25/ltr".

The amendment increases the excise duty rate on opaque beer to 25 Ngwee per litre from 15 Ngwee per litre.

24.2.3 The Second Schedule is amended in heading 6, by the deletion of the figure "125%" in the duty rate column opposite subheading 2207.10.00 and the substitution therefor of the figure "60%".

The amendment reduces the excise duty rate on Undenatured ethyl alcohol (ethanol) of an alcoholic strength by volume of 80% or higher to 60% from 125%.

24.2.4 The Second Schedule is amended by the deletion of the figure "K240" in the duty rate column opposite heading 24.01 and the substitution therefor of the figure "K355".

The amendment provides for an increase in the specific excise duty rate on unmanufactured tobacco and tobacco refuse to K355 per kg from K240 per kg.

24.2.5 The Second Schedule is amended by the deletion of the figure "K302" in the duty rate column opposite heading 24.02 and the substitution therefor of the figure "K355".

The amendment provides for an increase in the specific excise duty rate on cigars, cheroots, cigarillos and cigarettes of tobacco or tobacco substitutes to K355 per mille from K302 per mille.

24.2.6 The Second Schedule is amended by the deletion of the figure "K240" in the duty rate column opposite subheadings 2403.11.00, 2403.19.10, 2403.19.90, 2403.91.00 and 2403.99.00 and the substitution therefor of the figure "K355".

This amendment provides for an increase in the specific excise duty rate on water pipe tobacco, cutrag, other manufactured tobacco, manufactured tobacco substitutes, homogenised or reconstituted tobacco, tobacco extracts and essences to K355 per kg from K240 per kg.

24.2.7 The Second Schedule is amended in heading 7, by the insertion of the following new heading in the appropriate place:

Table 5: Excise Duty on Products containing Tobacco, Nicotine or their substitutes

Heading	Description of Goods	Harmonised Commodity Description and Coding system	Statistical Unit	
7	Products containing tobacco, reconstituted tobacco, nicotine, or tobacco or nicotine substitutes, intended for inhalation without combustion; other nicotine containing products intended for the intake of nicotine into the human body.	24.04 k	g	

This amendment introduces excise duty, at the rate of 145%, on products containing tobacco or nicotine or their substitutes, that are inhaled into the human body without combustion.

24.2.8 The Second Schedule is amended by the deletion of heading 9 and the substitution therefor of the following:

Table 6: Excise Duty on Coal and Hydro-Carbons

Heading	Description of Goods	Harmonised Commodity Description and Coding system	Statistical Unit	Duty Rate
9	(1) Coal; briquettes, ovoids and similar solid fuels manufactured from coal.			
	(a) Coal, whether or not pulverised, but not agglomerated;			
	(b) Anthracite;	2701.11.00	Tonne	5%
	(c) Bituminous coal;	2701.12.00	Tonne	5%
	(d) Other coal;	2701.19.00	Tonne	5%
	(e) Briquettes, ovoids and similar solid fuels manufactured from coal.	2701.20.00	Tonne	5%
	(2) Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils:			
	(a) Petroleum spirit (motor spirit);			
	(b) White spirit			
	(c) Kerosene type	2710.12.10	Dekalitre	K2.07/ltr
	(c) Other light oils			
	(d) Automotive gas-oils (Diesel)	2710.12.40	Dekalitre	15%
	(e) Other fuel oils	2710.12.51	Dekalitre	K0.48/ltr
	(3) Petroleum gases and other gaseous hydro-carbons	2710.12.90	Dekalitre	15%
		2710.19.10	Dekalitre	K0.66/ltr
		2710.19.10	Dekalitre	K0.93/ltr
		2710.19.20		K0.48/ltr;
		Ex. 27.11		

This amendment introduces excise duty on coal at the rate of 5%.

24.2.9 The Second Schedule is amended in heading 13, by the insertion of the following new subheadings immediately after subheading 8704.32.00:

Table 7: Excise Duty on Motor Vehicles for Transport of Goods

Heading	Description of Goods	Harmonised Commodity Description and Coding system	Statistical Unit	Duty Rate
13	(3) Motor Vehicles for Transport of goods	8704.41.00 8704.42.00 8704.51.00 8704.52.00	No.	10% 10% 10% 10%

This amendment introduces an additional list of motor vehicles for the transportation of goods at the excise duty rate of 10%.

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

24.3.1 The Sixth Schedule to the principal Act is amended by the –

(a) insertion of the following new paragraph 1(2):

(2) Despite subparagraph (1), the value of an undenatured alcohol of an alcoholic strength by volume of less than eighty percent, spirits, liqueurs and other spirituous beverages shall be determined on the basis of the value of the input alcohol, where such input alcohol is of an alcoholic strength by volume of eighty percent volume or higher; and

(b) renumbering of subparagraphs (2), (3), (4) and (5) as subparagraphs (3), (4), (5) and (6), respectively.

This amendment provides that the value of spirits such as liqueurs, whiskeys, gin, vodka, brandy, rum and other spirituous beverages of alcoholic strength by volume less than 80% shall be determined on the basis of the value of the input alcohol which is by volume 80% or higher. This changes the valuation method of the above spirituous beverages from being based on open market prices to being based on the value of the input ethanol.

25.0 THE CUSTOMS AND EXCISE (GENERAL) (AMENDMENT) REGULATIONS, STATUTORY INSTRUMENT NO. 99 OF 2021

25.1 TITLE AND COMMENCEMENT

These Regulations come into operation on 1st January, 2022.

25.2 The First Schedule to the principle Regulations is amended in Part 4, by the deletion of the figure "30,000" and the substitution therefor of the figure "15,000".

This amendment reduces licence fees for Excise manufacturers to K4,500 from K9,000.

PART III: OTHER MATTERS

26.0 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 (ii).

(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 employer shall be liable to pay tax on the turnover from rent.

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.

26.1 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.

(vi) Per Diem or Travel Allowances:
Per diem or subsistence allowances, including lunch allowances are not subject to PAYE as these are not emoluments. Emoluments are earned as a consequence of rendering a service to an employer or for holding office while per diem is paid for working away from home.

27.0 TAX TREATMENT OF CERTAIN EXPENSES

27.1 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.

27.2 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.

Where the provision of such food is a legal obligation, the full cost of providing the food ration may be an allowable deduction.

28.0 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/retrenchment, retirement or death:

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

28.1 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.

29.0 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.

30.0 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.

31.0 TAX INCENTIVES FOR A RURAL ENTERPRISE

An enterprise operating in a location classified as a rural area is entitled to tax incentives.

Paragraph 5(a) of the charging schedule states that enterprises operating in an area classified as a rural area are entitled to claim a reduction by one seventh of the tax which would be chargeable on their income for each of the first five charge years for which that business is carried on.

Section 2 of the Income Tax Act defines a "rural enterprises" as –

(a) a manufacturing business which commenced on or after the 1st April, 1976;
(b) a hotel, motel or lodge which commences on or after the 1st April, 1981;
and which is located in a rural area.

Furthermore, the Income Tax Act defines rural area as;

"any area which is not an area declared or deemed to have been declared an area of any city or municipality under the Local Government Act (Cap 281) but excluding the area declared to be the area of the Kafue township under the said Act";

Example 11: Tax payable by a rural enterprise

ABC Lodge commenced operations in 2022 and is located in a rural area. It has taxable income of K10,000 for the 2022 charge year.

In the first year, the calculation will be as follows:

Tax payable: 30% X 10,000 = 3,000
Rural enterprise incentive: 1/7 X 3,000 = 428.57
Final tax: 3,000 – 428.57 = 2,571.43

Therefore, instead of paying K3,000, ABC Lodge shall pay K2,571.43.

NOTE:

To access the incentive, taxpayers are advised to submit their returns for income tax purposes and reduce the tax amount payable by one seventh for each of the first five (5) years the business is carried on.

32.0 TREATMENT OF FORFEITURE AND SURRENDER OF SHARES

When a shareholder forfeits or surrenders a share to the company it will not attract Property Transfer Tax (PTT) since the forfeiture or surrender does not amount to a transfer.

If the share is subsequently transferred to another person by the company, PTT is payable and assessment of the tax is dependent on the value at which the share could have been sold on the market at the time of the transfer.

Furthermore, the shareholder whose shares have been forfeited or who has surrendered shares, will not be required to submit a provisional return. On the other hand, a company selling previously surrendered or forfeited shares, is required to furnish a provisional return of tax and account for the PTT applicable.

NOTE
In order for a transaction to qualify as a surrender or forfeiture, the following conditions must be fulfilled:

(i) No consideration;
(ii) Shares were not paid up for; and
(iii) There has been a call on the shares that have not been paid for

33.0 PAY AS YOU EARN REFUNDS

There are a number of circumstances or scenarios, which could give rise to a tax refund of PAYE. These include:

1. Errors

The errors may include:

- Payroll errors;
- Use of wrong tax bands and rates;
- Arithmetical errors in calculating tax; and
- Taxation of exempt income e.g Taxation of pension benefits.

2. Unemployment

A tax refund may arise upon cessation of employment, and the person remains unemployed until the end of the charge year.

3. Church donations (tithe).

Tax Free Threshold and Tax bands

PAYE is paid in graduating bands with the lowest band paid at 0% for the year e.g the lowest band in 2022 charge year is K54,000. The tax bands are simplified into monthly bands because of the frequency of payments that employees receive with the first 4,500 taxed at 0%. At the end of the year the tax calculated from monthly bands should be equal to the tax calculated using annual bands.

In a case where an employee did not work or receive an income for all the months in that charge year, the cumulative tax from the monthly calculations will not equal to the tax calculation from annual bands. In such an instance, one may apply to ZRA for an assessment of the tax payable based on the annual bands; at the end of the charge year, using the ZRA prescribed forms. Any resulting difference between the tax payable and the tax paid is either refundable to the employee or payable to ZRA.

Example 12: Calculation of Pay As You Earn Refund

An individual has been in employment and receives a monthly salary from January 2022. The salary is K12,000 per month. To assess the amount refundable to the employee, if he stops work in August and remains unemployed for the rest of the year, the tax refund shall be calculated as follows:

Table 8: Taxable amount in month 1 K12,000

	Chargeable Income (K)	**Rate of Tax**	**Tax Due (K)**
First band	4,500	0%	-
Next band	300	25%	75
Next band	2,100	30%	630
	5,100	37.5%	1,912.50
Total	**12,000**		**2,617.50**

If the salary remains constant, the tax payable for each of the months the employee remains in employment will remain the same at K2,617.50.

Table 9: Total cumulative taxable amount in month 8 (August): K96,000

	Chargeable Income (K)	**Rate of Tax**	
First band	36,000	0%	-
Next band	2,400	25%	600
Next band	16,800	30%	5,040
	40,800	37.5%	15,300
	96,000		**20,940 (tax due)**
Tax paid (up to month 7)			**18,322.50**
Tax payable			**2,617.50**

Table 10: Total cumulative taxable amount in month 12 K96,000

	Chargeable Income (K)	**Rate of Tax**	**Tax Due (K)**
First band	54,000	0%	-
Next band	3,600	25%	900
Next band	25,200	30%	7,560
Balance	13,200	37.5%	4,950
	96,000		**13,410 (tax due)**
Tax paid			**20,940**
Tax claimable			**(7,530)**

Since the employee left employment in month 8, the income earned as at month 8 will be taxed as though it was income earned up to month 12.

Subjecting the K96,000 to tax using month 12 tax tables results in tax due which is less than tax due for month 8. This is because in month 12 the income taxed at 0% is K54,000 (K4,500 X 12) while in month 8 the income taxed at 0% is K36,000 (K4,500 X 8). Therefore, this has pushed more of the employee's income into the first band since the tax-free band is applicable for the whole year regardless of whether an employee works for the whole year or not.

In addition, the income taxed at 37.5% in month 12 (K4,950) is far less than the income taxed in month 8 (K15,300) at that rate.

Tax component of donations to an approved public benefit organisation

At the end of a charge year, an individual can make claims for tax relief on the component of their income from employment which is given as contributions made to an approved public benefit organisation.

However, the allowable deduction on the contribution should not be more than 15% of the taxable income for the given charge year.

Example 13: Calculation of Tax Refund when a donation is made

An employee receives a gross pay of K120,000 for the 2022 charge year and makes a donation to an approved public benefit organisation of K25,000. Calculation of their tax refund will be as follows:

Table 11: Month 12 (December) tax computation before the donation

	Chargeable Income (K)	**Rate of Tax**	**Tax Due (K)**
First band	54,000	0%	-
Next band	3,600	25%	900
Next band	25,200	30%	7,560
Balance	37,200	37.5%	13,950
	120,000		**22,410**

Gross Amount for YTD:	K120,000
Deduction from gross emoluments (15% Gross pay):	(K18,000)
Taxable Amount:	K102,000

Although the amount donated in the year is K25,000, the allowable deduction should not exceed 15% of the taxable income.

The amount due for tax refund will be computed as shown in the table below:

Table 12: Month 12 (December) tax computation

	Chargeable Income (K)	Rate of Tax	Tax Due (K)
First band	54,000	0%	-
Next band	3,600	25%	900
Next band	25,200	30%	7,560
Balance	19,200	37.5%	7,200
	102,000		**15,660 (tax due)**
Tax paid			**22,410**
Tax claimable			**(6,750)**

34.0 ADMINISTRATION OF THE DISABILITY CREDIT AND DEDUCTION FOR EMPLOYING PERSON WITH A DISABILITY

(i) Disability Credit

Any employee who is registered with the Zambia Agency for Persons with Disabilities is entitled to a credit. The credit is supposed to be granted by the employer as they compute the tax payable for the employee with a disability. Therefore, the employer when computing the tax to be paid by person with a disability should reduce the tax amount by the tax credit which is currently at K6,000 per annum (K500 per month).

Example 14: Computation of Tax credit for persons with disabilities

XY Limited has employed a person who has a disability and is registered with the Zambia Agency for Persons with Disabilities. The said employee gets a monthly salary of K12,000. The tax credit will be granted as follows through the employer:

Table 13: Tax credit computation by the employer in the month of January

	Chargeable Income (K)	Rate of Tax	Tax Due (K)
First band	4,500	0%	-
Next band	300	25%	75
Next band	2,100	30%	630
	5,100	37.5%	1,912.50
Total	**12,000**		**2,617.50**
Tax credit			**500**
Tax payable			**2,117.50**

As shown in table 13 above, the employer will deduct and remit tax of K2,117.50 instead of K2,617.50.

(ii) Deduction for Employing a Person with a Disability

An employer is entitled to a deduction of K2,000 per annum in ascertaining the gains or profits of the business in respect of each person with a disability who has been employed on a full-time basis.

The person with a disability in respect of whom a deduction is claimed should be registered with the Zambia Agency for Persons with Disabilities.

Example 15: allowable deduction for employing persons with disabilities

Assuming XY Limited in the example above has business profits of K300, 000 in the charge 2022 and has 3 employees with disabilities. XY Limited has also incurred expenses amounting to K30,000, that are wholly and exclusively for the purpose of the business.

The taxable income will be calculated as follows:

Table 14:

Income	K300,000
Business expenses	(K30,000)
Deduction for employing a person w ith disability (3 X K2,000)	(K6,000)
Taxable Income K	**264,000**

35.0 VALUE ADDED TAX TREATMENT OF VARIOUS SERVICES

35.1 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 the standard rate. It should be noted that this service is distinct from transportation of persons by air which is exempt.

35.2 LOADING OF CARGO FOR EXPORT FROM ZAMBIA

The service of loading cargo for export, including exports out of bond, is standard rated.

35.3 OFFLOADING OF CARGO FROM OUTSIDE ZAMBIA

The service of offloading imports into Zambia is standard rated.

35.4 ANCILLARY SERVICES RELATING TO GOODS TRANSITING THROUGH ZAMBIA

The law relating to freight transport services is provided in Group 1(b) of the Value Added Tax Zero-Rating Order and states as follows:

Group 1 - Export of Goods

(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.*

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 with the exception of transshipment.

Therefore, services such as escort security services, clearing services and storage services are standard rated.

NOTE:
Transshipment is the moving of cargo that is in transit from one vessel of transportation to another under customs control.

In light of the definition above, it means that the services that are zero-rated under transshipment are charges for cranes, folk lifts and other services utilised in moving cargo from one vessel of transportation to another under customs control.

35.5 COLD CHAIN SERVICES

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

35.6 CLEARING AND FORWARDING SERVICES

Clearing and forwarding services are standard rated.

Table 15: Summary of Value Added Tax treatment of ramp services

TYPE OF SERVICE	TREATMENT PRIOR TO JANUARY 2014	CURRENT VAT TREATMENT
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:
Transhipment is the process of moving cargo that is in transit from one vessel of transportation to another.

36.0 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.

37.0 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.

NOTE:

One of the conditions that must be fulfilled in order for reverse VAT not to be chargeable on the recipient of a service is that the foreign provider of the service should have paid the tax in the country of exportation. The evidence required is payment receipt issued by the tax authority of the country of exportation.

38.0 RECOVERY OF VAT CHARGED ON EXEMPT SUPPLIES OR VAT CHARGED BY A NON-REGISTERED SUPPLIER

Where a registered supplier charges VAT on an exempt supply of goods or services, and such tax is shown on an invoice as tax chargeable on such supplies, the tax charged is recoverable by the Government. In the same vein, where a non-registered supplier issues an invoice with an amount shown as tax chargeable on the supply of goods or services, such amount is recoverable as tax due.

39.0 INVOICES TO SUPPORT INPUT CLAIM

A registered supplier is required to have a valid tax invoice to support input claim at the point of filing a return. A valid tax invoice is the one that has mandatory features as prescribed in the Commissioner-General's Rules.

40.0 VAT ZERO-RATING LOCAL PURCHASE ORDERS

A registered supplier is required to charge VAT on goods and services that are standard rated. However, a privileged person can purchase standard rated supplies with tax charged at the rate of zero per cent (0%) using VAT zero-rating Local Purchase Orders (VAT LPOs). In an event that a person who qualifies to obtain and issue an LPO does not avail an LPO to the supplier at the time of purchase, the supplier is mandated to charge VAT at the standard rate. Such VAT, as correctly charged in the absence of a VAT LPO, will not be refunded in a case where such a person subsequently avails an LPO to prompt the refund.

NOTE:

Supplies to privileged persons not supported with VAT LPOs will be regarded as standard rated supplies and will be assessed as such.

41.0 CLEARING OF GOODS USING GOVERNMENT VOUCHERS

The Government in some cases provides relief wherein the Government pays for the applicable duties and taxes using Government vouchers. This type of relief is most commonly applied when clearing motor vehicles from bonded warehouses. Although the motor vehicles are physically in the country they have not yet been cleared for local consumption. Therefore, the clearance process is similar to the process for clearing goods which are being brought across the borders.

NOTE:

For goods supplied out of bond, VAT zero-rating Local Purchase Orders (VAT LPOs) are not applicable since the goods have not been final cleared.

42.0 PENALTY FOR UNDERDECLARING TOURISM LEVY

Example 16: Calculation of Penalty for Under declaration of Tourism Levy

SELF-ASSESSMENT BY TAXPAYER

A taxpayer declares tourism levy in their return as follows:

		K
(i)	Accommodation for 2 nights at K750.00	1,500.00
(ii)	Meals and beverages	600.00
(iii)	Conference room	1,000.00
	Total	3,100.00
Tourism levy at 1.5%		**46.50**

RECOMPUTED TOURISM LEVY

After an audit, it is discovered that the taxpayer had understated the amounts and the return should have been as follows:

		K
(i)	Accommodation for 5 nights at K750.00	3,750.00
(ii)	Meals and beverages	1,000.00
(iii)	Conference room	1,500.00
	Total	6,250.00
Tourism Levy due (1.5%)		93.75
Tourism Levy already declared		(46.50)
Tourism Levy underdeclared		47.25

COMPUTATION OF PENALTY

	K
(i) Accommodation amount omitted (3750 – 1500)	2,250.00
(ii) Meals and beverages amount omitted (1000 – 600)	400.00
(iii) Conference room amount omitted (1500 – 1000)	500.00
Total amount omitted	3,150.00
Penalty (5% of K3,150)	**157.50**

TOTAL PAYABLE

Penalty due	157.50
Under declared	47.25
TOTAL	204.75

43.0 TAX RATES

(a) Personal Income Tax Rates: Personal Income tax rates are as follows:

Table 16

Income Bands	Rates
First K54,000	@ 0%
Above K54,000 up to K57,600	@ 25%
Above K57,600 up to K82,800	@ 30%
Above K82,800	@ 37.5%

(e) Turnover Tax Rates:

Table 17

Turnover per annum	Tax rate
800, 000 or below	4%
800, 000 or below – Rental	4%
Above 800, 000 - Rental	12.5%

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

Table 18

Type of vehicle (sitting capacity)	**Amount of tax per vehicle vehicle (per annum)**
64 seater and above	K12, 960
50-63 seater	K10, 800
36-49 seater	K8, 640
22-35 seater	K6, 480
18-21 seater	K4, 320
12-17 seater	K2, 160
Below 12 seater (including taxis)	K1, 080

(g) Base Tax:

Table 19

Base Tax per annum
K 365

(h) Other Income Tax Rates

Table 20

Category	Rate (%)
Mineral processing	30
Mining	30
Manufacturing of products using copper cathodes	15
Manufacturing & other companies	30
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	30
Rural enterprises	Tax chargeable reduced by 1/7 for 5 years
Income received by a person providing accommodation and food services (for the charge years 2021 and 2022)	15
Income received by a person carrying on the business of manufacturing ceramic products (for the charge years 2022 and 2023)	0
Income earned from exports of a business enterprise approved by ZDA and carrying on manufacturing activities in a multi-facility economic zone or an industrial park (For ZDA licences obtained after 1st January 2022)	0% on income earned in the first 10 years from commencement of works Rate reduced by 50% of the applicable rate from year 11 up to year 13 Rate reduced by 25% of the applicable rate in the 14th and 15th years
Business enterprise operating in a priority sector declared under the ZDA Act, 2006 (For ZDA licence holders obtained prior to 1st January 2013)	0% for the first 5 years, starting from the first year profits are returned Rate reduced by 50% from 6-8 years, after profits are returned Rate reduced by 25% from 9-10 years, after profits are returned No reduced rate after 10th year profits are returned.
Small and Micro Enterprises operating in an urban area under the ZDA Act, 2006 (For ZDA licence holders obtained prior to 11th October 2013)	0% for the first 3 years

Small and Micro Enterprises operating in a rural area under the ZDA Act, 2006 (For ZDA licence holders obtained prior to 11th October 2013)	0% for the first 5 years
Business enterprise operating in a priority sector, multi facility economic zone and industrial park declared under the ZDA Act, 2006 (For ZDA licence holders obtained between 1st January 2013 and 10th October 2013)	0% for the first 5 years, starting from the year of commencement of operations of the approved investment
	Rate reduced by 50% from 6-8 years starting from the year of commencement of operations of the approved investment
	Rate reduced by 25% from 9-10 years starting from the year of commencement of operations of the approved investment
	No reduced rate after the 10th year starting from the year of commencement of operations of the approved investment
Rural Business, Business enterprise operating in an MFEZ or Industrial Park declared under the ZDA Act, 2006 (For ZDA licence holders obtained between 11th October 2013 to 31st December 2014)	0% for the first 5 years from commencement of operations of the approved investment
Business enterprise carrying on manufacturing activities in a rural area, MFEZ or Industrial Park (For ZDA licence holders obtained between 1st January 2015 and 31st December 2016)	0% for the first 5 years from commencement of operations of the approved investment
Business enterprise carrying on manufacturing or electricity generation located in a rural area, MFEZ or Industrial Park (For ZDA licence holders obtained between 1st January 2017 and 31st December 2017)	0 % for the first 5 years from commencement of operations of the approved investment.
Business Enterprises operating in a priority sector declared under the ZDA Act, 2006 (For ZDA licence holders obtained on or after 1st January 2018)	Claim on a straight-line basis, wear and tear at an accelerated rate, not exceeding 100% in respect of any new implement, plant or machinery acquired and used by the business for the purposes of that business.
Electronic communication business: First K250, 000 Above K250, 000	 30 40

(i) Withholding Tax Rates

Table 21

Category	Rate (%)
Reinsurance premiums placed with a non-resident	20
Distributed income of an I-REIT	15
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 company operating in a multi-facility economic zone or industrial park under the ZDA Act, 2006, on profits made on exports (for licences obtained after 1st January 2022)	0 (First 10 years from commencement of works)
Dividends paid by a business enterprise operating in a priority sector declared under the ZDA Act, 2006 (For ZDA licence holders obtained prior to 1st January 2013)	0% for the first 5 years from the year profits are declared
Dividends paid by a business enterprise operating in a priority sector, multi facility economic zone and industrial park declared under the ZDA Act, 2006 (For ZDA licence holders obtained between 1st January 2013 and 10th October 2013)	0 % for the first 5 years from commencement of operations
Dividends paid by a rural business, business enterprise operating in an MFEZ or Industrial Park declared under the ZDA Act, 2006 (For ZDA licence holders obtained between 11th October 2013 to 31st December 2014)	0% for the first 5 years from commencement of operations of the approved investment
Dividends paid by a business enterprise carrying on manufacturing activities in a rural area, MFEZ or Industrial Park (For ZDA licence holders obtained between 1st January 2015 and 31st December 2016)	0% for the first 5 years from commencement of operations of the approved investment
Dividends paid by a business enterprise carrying on manufacturing or electricity generation located in a rural area, MFEZone or Industrial Park (For ZDA licence holders obtained between 1st January 2017 and 31st December 2017)	0 % for the first 5 years from commencement of operations of the approved investment
Interest on Treasury Bills, GRZ bonds and Corporate Bonds– Residents (Final Tax for Individuals and Exempt Organisations Only)	15
Interest on GRZ bonds and Treasury Bills – Non-Residents	20
Interest for individuals (interest earned on all interest-earning accounts held by individuals with institutions registered under the Banking and Financial Services Act, 2017)	0
Interest (Residents)	15
Interest (Non-Residents)	20
Royalties (Residents)	15
Royalties (Non-Residents)	20
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
Management or consultancy fees and interest paid to a non-resident contractor by a business enterprise operating in a priority sector declared under the ZDA Act, 2006 (For ZDA licence holders obtained prior to 1st January 2013)	0% for the first 5 years from the first date that the payment was due.
Management or consultancy fees and interest paid to a non-resident contractor by a business enterprise operating in a priority sector, multi facility economic zone and industrial park declared under the ZDA Act, 2006 (For ZDA licence holders obtained between 1st January 2013 and 10th October 2013)	0% for the first 5 years from commencement of operations of the approved investment
Payments to Non-Resident Contractors (Final Tax)	20
Payment for Distribution of Branch Profits	20
Payment of Winnings from Gaming, Lotteries and Betting	20
Commodity Royalty	15

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.

(iii) Only winnings from gaming, lotteries or betting other than winnings from a brick and mortar casino are subject to withholding tax.

(g) VAT Rates

Table 22

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

(h) Local Excise

Table 23

Excisable Product	Statistical Unit of Quantity	Rate
Tobacco Refuse	Kg	K355 per Kg or 145% whichever is higher
Cigars, cheroots, cigarillos and Cigarettes, of tobacco or tobacco substitutes	Mille	K355 per mille
Pipe Tobacco	Kg	K355 per Kg or 145% whichever is higher
Cutrag & Other tobacco products	Kg	K355 per Kg or 145% whichever is higher
Products containing tobacco, reconstituted tobacco, nicotine or nicotine products.	Kg	145%
Clear Beer Made from Malt.	Litre	60% (Suspended to 40% by SI 81 of 2015)
Clear Beer Made from Cassava	Litre	10%
Clear Beer Made from Sorghum	Litre	20%
Opaque Beer	Litre	K0.50
Coal	Tonne	5%
Diesel (Gas Oil)	Dekalitre	Fuel Levy K0.66 per litre
Petrol (Motor spirits)	Dekalitre	Excise K2.07/ltr,
Heavy 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	K0.48 ltr
Other Light Oils	Dekalitre	15%
Ethyl Alcohol	Litre	60%
Methylated Spirits and Other Ethyl alcohol and other spirits, denatured,	Litre	125%
Wines	Litre	60%
Undenatured Ethyl Alcohol of an alcoholic strength by volume less than 80%	Litre	60%
Ciders	Litre	60% (Suspended to 40% by SI 2 of 2019)
Other Fermented Beverages	Litre	60%
Airtime	Minute for voice calls, Megabyte for data, Count for SMS and Count for Others.	17.5%
Cosmetics	Kg	20%
Plastic Carrier Bags for Shopping	Kg	30%
Electric Energy	100kWh	3%
Cement	Tonne	K40 per tonne
Fruit Juices, Unflavoured and Unsweetened Waters, Flavoured or Sweetened Waters	Litre	K0.30 per litre
Reconstituted or recombined milk of a fat content, by weight, of less than 1% up to a maximum of 10%.	Litre	K1.50/ltr

(i) Property Transfer Tax Rates

Table 24: Property Transfer Tax Rates

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%
Mineral Processing Licence	10%

(j) Mineral Royalty

Table 25: 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 26: Other Minerals

Description	Mineral Royalty Rate
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 27: Tax on Betting and Gaming

Type of Game	*Monthly Tax Rate or Monthly Tax Amount*
1. Online Casino Live games	20 percent of gross takings
2. Online Casino Machine Games	35 percent of gross takings
3. Casino Games (Brick and Mortar)	K5,000 per table
4. Lottery Winnings	35 percent of net proceeds
5. Betting	25 percent of gross takings
6. Gaming Machines	K500 per machine

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

Table 28: Other Rates

Type of Levy	Rate (%)
Insurance Premium Levy	5
Skills Development Levy	0.5
Tourism Levy	1.5

(l) Penalty Units

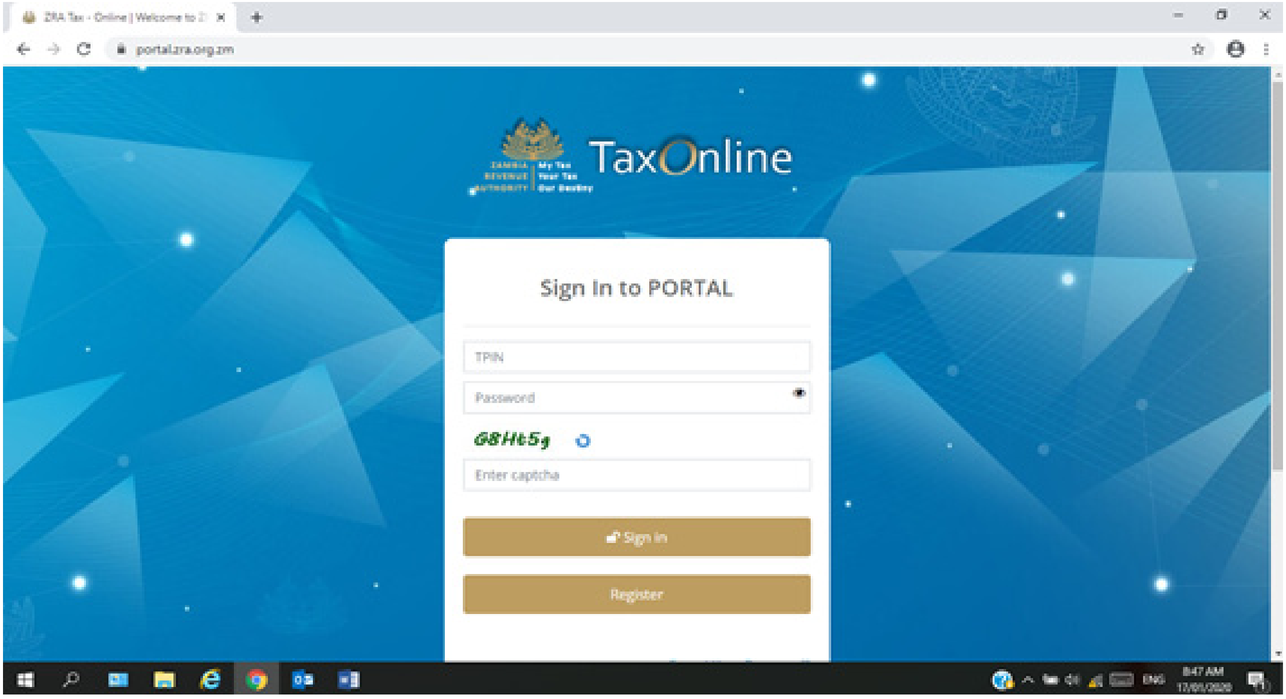
A penalty unit is K0.30.

44.0 MISCELLANEOUS MATTERS

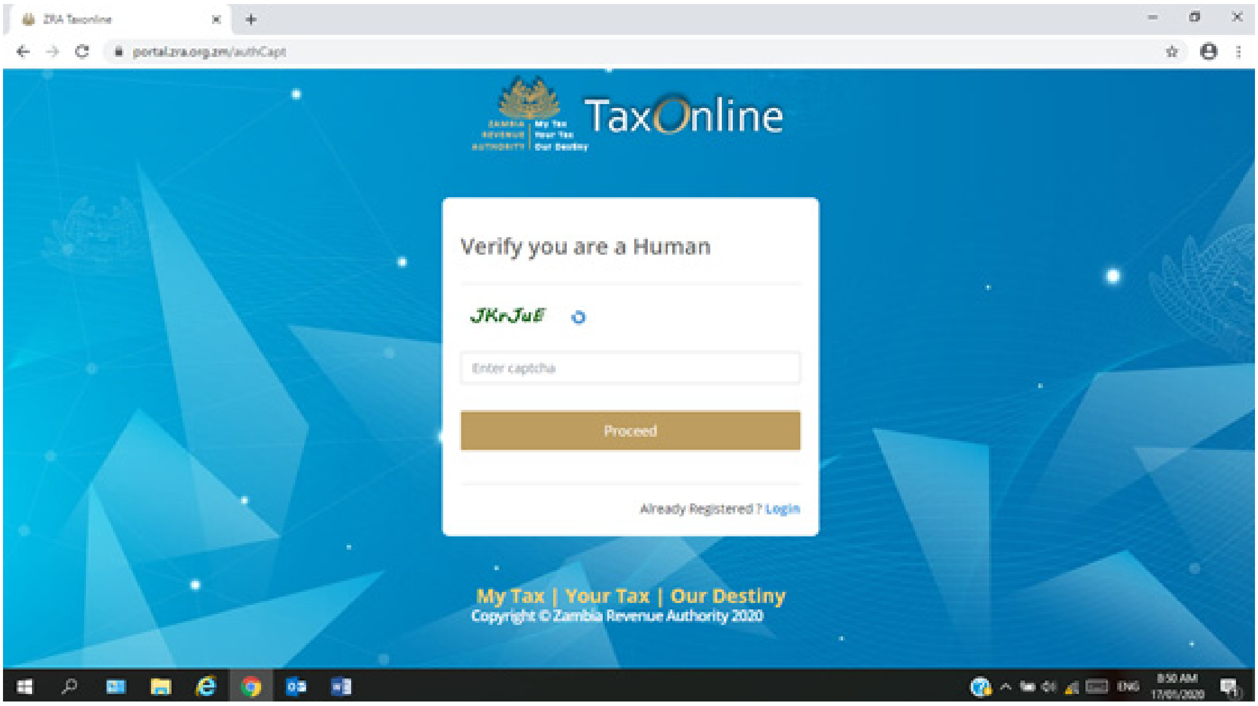
44.1 Application For TaxPayer Identification Number (TPIN)

To apply for a TPIN on the web portal go to the ZRA Home page www.zra.org.zm, ensure that you use Chrome, Edge or Firefox as your browser.

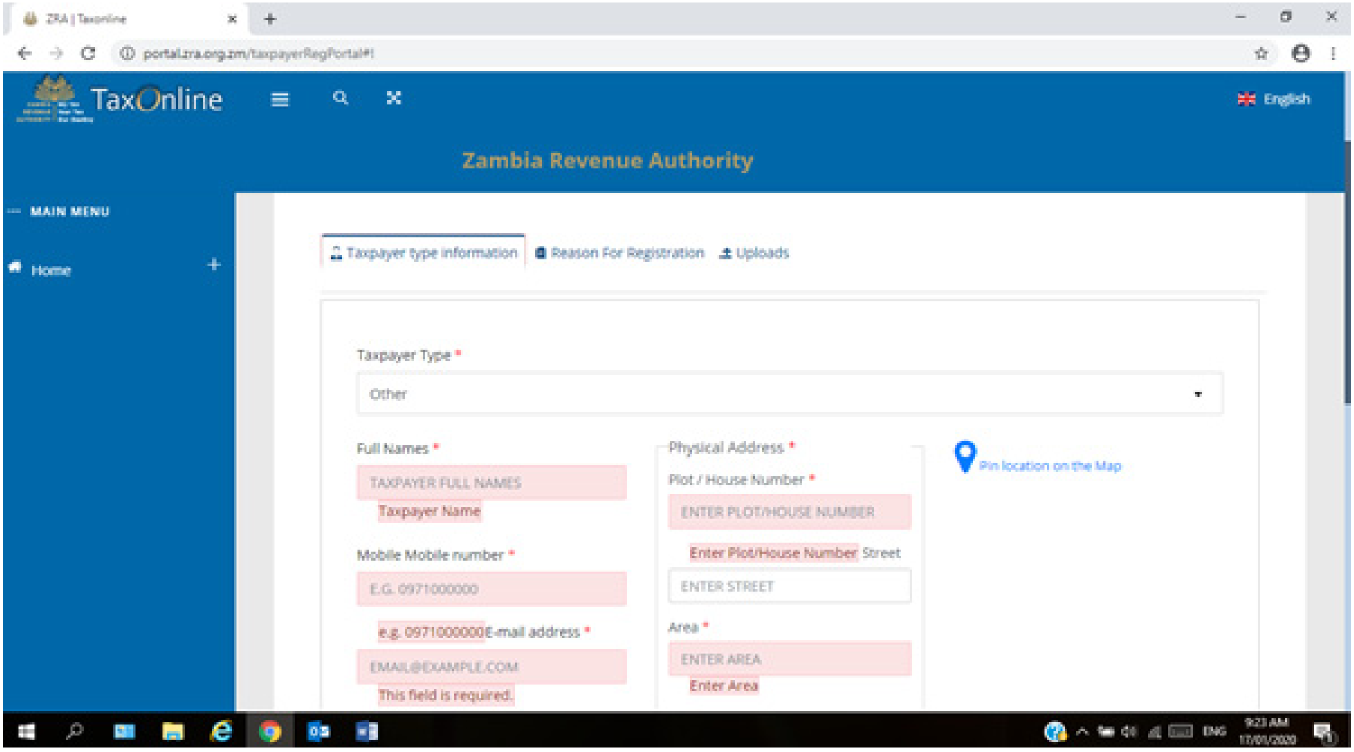
Step 1: Click on Taxonline at the bottom left of the page, this will redirect you to the screen below:



Step 2: Select Register to start your registration, and enter the CAPTCHA this is just to verify that you are not a system bug.



Step 3: Select type of taxpayer on the home page and begin your registration. There are a number of options on the dropdown screen. Tax type selection have been automated depending on the Business activity you have selected from PACRA.



Step 4: Complete the taxpayer type information then click next to select the reason for registration.

Step 5: Upload documents. This will depend on the type of taxpayer, for example;

(a) Individual resident

1. Copy of NRC
2. Sketch
3. map of physical address

(b) Individual other

1. Passport
2. map of physical address

(c) Company resident

1. Certificate of incorporation
2. Certificate of share capital
3. PACRA form 3
4. Map of physical address etc …

➢ The system has a provision for you to pin your location when uploading documents.

NOTE:

- TPINs and Login credentials for Business Names and Limited Companies will be sent to emails and mobile because there is an interface between Zambia Revenue Authority and PACRA.
- When you receive your default password, proceed to our website to complete your Tax type registration.
- Approvals for TPINs have been automated and are approved with immediate effect, and a copy will be sent to your email and a notification to your mobile phone.
- Log in Credentials must be created once the TPIN has been generated in order for you to have access to the online portal.
- All Notices and Certificates generated on the new system are now secured with QR code number and Watermark.

44.2 Platforms for TPIN Registration:

- All handsets: Use the USSD Code *858# on Zamtel or Airtel networks, using any handset, click on TPIN Registration and follow the prompts.

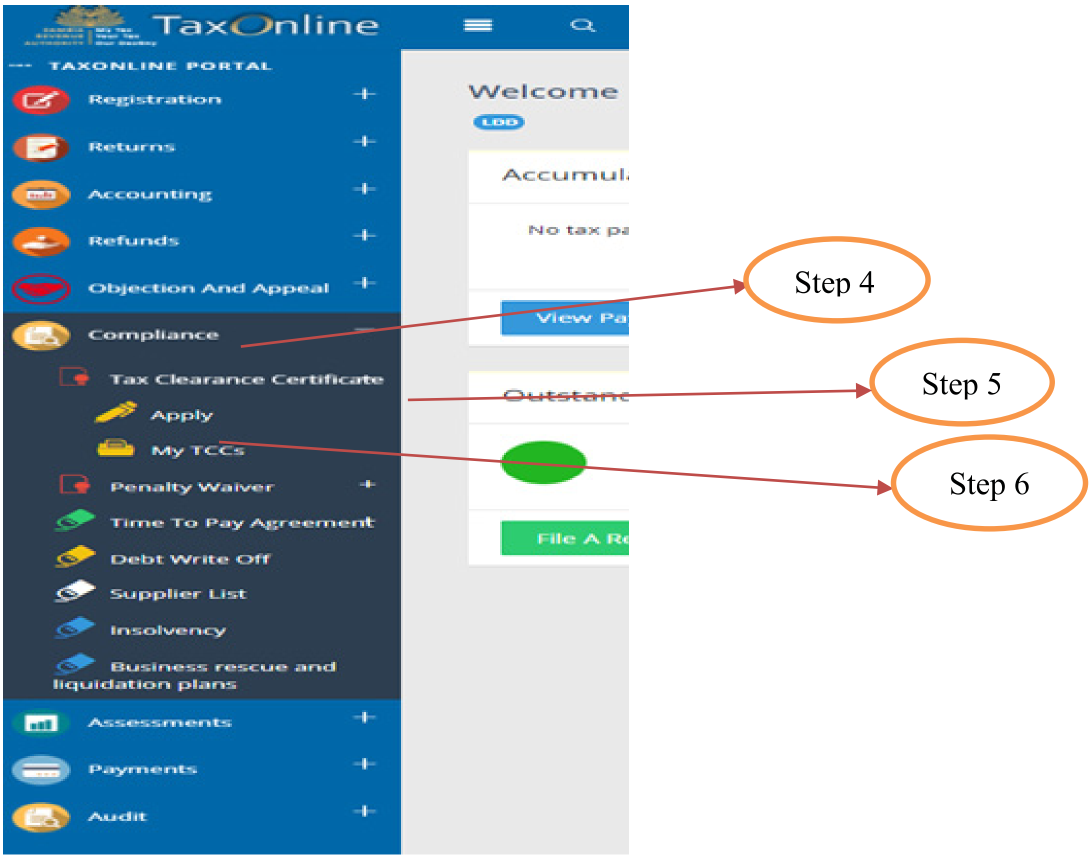
Smart phones only: Download "TaxOnApp" from Play Store or from App Store. Once you have clicked on the installed App, click on TPIN Registration and follow the prompts.

Online application: Go to the ZRA website https://www.zra.org.zm/ and click on the link "INDIVIDUAL" for an individual TPIN or "BUSINESS" for a business TPIN. Under the group Registration, click Get a TPIN and follow the prompts.

44.3 Application for Tax Clearance Certificates (TCC)

To apply for a Tax Clearance Certificates (TCC) Kindly follow the steps below.

Step 1: Go to the ZRA Home page www.zra.org.zm, ensure that your use Chrome, Edge or Firefox as your browser.
Step 2 : Select Login
Step 3 : Log in to your account using your TPIN and password
Step 4 : Go to Compliance
Step 5 : Select Tax Clearance Certificate
Step 6 : Click on Apply



- The TCC will then be generated and can be printed or saved.

44.4 EFD information:

Contact email address through which to seek Electronic Fiscal Device or "EFD" assistance or information send an email to efdhelp@zra.org.zm.

44.5 Reporting TaxOnline System Challenges:

Contact email address through which to seek TaxOnline information or assistance– send an email to advice@zra.org.zm.

44.6 Leaflets and other tax information:

To view leaflets and other tax documents, go to the ZRA website https://www.zra.org.zm/ and click on 'General Tax Information'

44.7 Tax Video Tutorials:

To access video tutorials on various online tax processes, go to the ZRA website https://www.zra.org.zm/ and click on 'Tutorials'

44.8 Reporting complaints of unethical nature:

- Write to: Chairperson – ZRA Integrity Committee, P.O Bos 35710, Lusaka OR
- Email: zraic@zra.org.zm or
- Phone: +260978701701 or;
- Drop your complaints in the Suggestion box at any of the ZRA stations

45.0 APPENDIX

STANDARD TEMPLATE FOR COUNTRY-BY-COUNTRY REPORT

PART I: Overview of allocation of income, taxes and business by tax jurisdiction

Name of the Multi - National Enterprise Group:...
Fiscal year concerned: ....
Currency used: ....

Jurisdiction	Revenue			Profit (Loss) before income tax	Income Tax Paid (on Cash Basis)	Income Tax Accrued - Current Year	Stated Capital	Accumulated Earnings	Number of Employed	Tangible Assets other than Cash and Cash Equivalents
	Unrelated	Related Party	Total							

PART II: List of all Constituent Entities of MNE group included in each aggregation per tax jurisdiction

Name of the Multi - National Enterprise Group: ....
Fiscal year concerned: ....

Tax Jurisdiction	Constituent Entities Resident in the Tax Jurisdiction	Tax Jurisdiction of Organisation or Incorporation if Different from Tax Jurisdiction of Residence	Main Business Activity(ies)												
			Research and Development	Holding or Managing Intellectual	Purchasing of Procurement	Manufacturing or Production	Sales, Marketing or Distribution	Administrative Management or Support services	Provision of Services to	Internal Group Finance	Regulated Financial Services	Insurance	Holdings Shares or Other Equity Instruments	Dormant	Other (see "note" below)
	1														
	2														
	3														
	1														
	2														
	3														

Part II – Addition Information

Name of the Multi - National Enterprise Group: ....   **Fiscal year concerned:**..
Please include any further brief information or explanation you consider necessary or that would facilitate the understanding of the compulsory information provided in the Country-by-Country Report

SCHEDULE 2
(Regulation 2 of the Income Tax (Local Content Allowance Regulations)

AGRICULTURAL PRODUCTS ALLOWED FOR LOCAL CONTENT ALLOWANCE

1. Cassava
2. Pineapple
3. Mango

46.0 ZAMBIA REVENUE AUTHORITY CONTACT ADDRESSES:

If you have any queries concerning your taxes, please contact the Customer Experience Centres or your nearest Direct Tax Office or the Indirect Taxes and Excise Tax Office at the following addresses:

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

Nchanga House
P.O. Box 20855
Kitwe
Tel: Zamtel Network: (0211) 384529
MTN Network: 0960 094529
Airtel Network: 0971 284529
Website: http://www.zra.org.zm

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 – Indirect Taxes
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 Assistant Director
Policy & Legislation – Direct Taxes
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 383038
MTN Network: 0960 093038
Airtel Network: 0971 283038

7 Assistant Director Returns & Payment /Taxpayer Services – DMIR, Direct Taxes
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382513
MTN Network: 0960 092513
Airtel Network: 0971 282513

8 Taxpayer Services – Direct Taxes
ISMTO
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 383219
MTN Network: 0960 093219
Airtel Network: 0971 283219

9 Assistant Director
Indirect Taxes Kitwe
P.O. Box 20855
Kitwe
Tel: Zamtel Network: (0211) 384512
MTN Network: 0960 094512
Airtel Network: 0971 284512

10 Assistant Director
Direct Taxes Kitwe
P.O. Box 20855
Kitwe
Tel: Zamtel Network: (0211) 384404
MTN Network: 0960 094404
Airtel Network: 0971 284404
Airtel Network: 0971 284200

11 Assistant Director
Excise (North)
P.O. Box 70181
Ndola
Tel: Zamtel Network: (0211) 384200
MTN Network: 0960 094200
Airtel Network: 0971 284200

12 Taxpayer Services
Direct Taxes
P.O. Box 70181
Ndola
Tel: Zamtel Network: (0211) 384148
MTN Network: 0960 094148
Airtel Network: 0971 284148

13 Provincial Manager – Direct Taxes
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

14 Provincial Manager – Indirect Taxes
Eastern Province
P.O. Box 510632
Chipata
Tel: Zamtel Network: (0211) 381904
MTN Network: 0960 091904
Airtel Network: 0971 281904

14
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

15 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

16 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

17 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

18 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

19 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

20 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

21 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