



**ZAMBIA
REVENUE
AUTHORITY** | *My Tax
Your Tax
Our Destiny*



For more information contact:

Call Centre: 4111
Email: advice@zra.org.zm
Website: www.zra.org.zm

#Tax 2022

ELECTRONIC PAYMENT MACHINE

Introduction

The way we pay for goods and services has evolved greatly over the years. Currently payments are made using digital means as opposed to cash and cheques only. Digital or electronic payments are generally easier, faster, secure and more convenient than the traditional payment methods.

The Value Added Tax Act mandates taxable suppliers to provide an electronic payment machine as a payment option for customers.

What is an Electronic payment?

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

What is an Electronic payment machine?

Electronic payment machines, also known as payment terminals or Point of Sale (POS) terminals, are devices which interface with payment cards (Debit/Credit cards) to make electronic fund transfers. The terminal facilitates transactions by allowing the merchant or their client to swipe, insert or hold a card near the device to capture information and confirm payments.

Legal Provision for the use of an Electronic Payment Machine

Section 42C of the Value Added Tax Act provides as follows:

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

(2) A taxable supplier who contravenes subsection (1) commits an offence and is liable on conviction to a fine not exceeding 90,000 penalty units.

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

Note:

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

Benefits of using Point of Sale machines

Electronic payments: -

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

Offences and Penalties

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

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

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

There are some business circumstances in which this provision allows for exemptions from the requirement for a taxable supplier to provide an electronic payment machine/device as a payment option. The exemptions are;

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

