

## BUSINESS CONTINUITY PLAN

Taxpayers that acquired and installed EFDs are required to invariably issue invoices from the EFDs. However, taxpayers using EFDs are allowed to use manual Tax Invoices for business continuity when the EFDs develop faults which disrupt usage of the devices. A taxpayer must notify ZRA and the vendor of the fault before switching to the manual system. The manual Tax Invoices used for business continuity must meet the requirements prescribed in the Value Added Tax General Rules.

The faults encountered or any down time experienced during the operations of the EFDs must be logged in the EFD Inspection Log Books provided by ZRA.

## OFFENCES AND PENALTIES

Failure to issue tax invoices attracts the following penalties:

- First offence, a penalty not exceeding ZMW 30,000.00;
- Second offence, a penalty not exceeding ZMW 60,000.00; and
- Third or subsequent offence, a penalty not exceeding ZMW 90,000.00, or imprisonment for a term not exceeding 3 years, or both.

Furthermore, offences which include non-use of an EFD, entering false data on the EFD, tampering or manipulating information transmitted on an EFD, issuing false invoices and malicious damage or opening of an EFD attract graduated penalties, of up to ZMW 90,000 or imprisonment, or both.

Finally, it is important to note that EFDs are non-transferable, and should consequently not be moved from the registered premises or exchanged among Taxpayers.

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## ELECTRONIC FISCAL DEVICE

## INTRODUCTION

Pursuant to the enactment of the Value Added Tax (Electronic Fiscal Devices) Regulations, 2020, and the amendment to the Value Added Tax Act, it is mandatory for taxpayers registered for Value Added Tax (VAT) and Insurance Premium Levy (IPL) to procure, install and use Electronic Fiscal Devices (EFDs) to record all sale transactions. The legal provision for this requirement is Section 7A of the Value Added Tax Act CAP 331 of the Laws of Zambia.

### WHAT IS AN ELECTRONIC FISCAL DEVICE?

An Electronic Fiscal Device is a gadget (physical or virtual) that has fiscal memory, capacity to generate tax invoices and reports, and capable of virtual transmission of data to facilitate online audit and monitoring of transactions.

### TYPES OF ELECTRONIC FISCAL DEVICES INTRODUCED IN ZAMBIA

Zambia Revenue Authority (ZRA) currently offers three types of EFDs, namely;

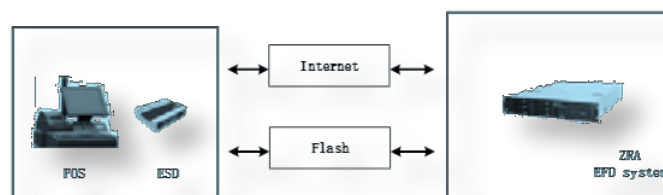
- Fiscal Cash register (FCR),
- Electronic Signature Device (ESD)
- Virtual Electronic Fiscal Device (V-EFD).

The FCRs have replaced the use of manual Tax Invoices and conventional Cash Registers for recording sales transactions in Zambia.

The EFDs must be integrated with the ZRA's Tax Invoice Management System (TIMS).



Businesses using Accounting or Point-of-Sale systems are not exempted from the use of EFDs but are not expected to use the FCRs. Such taxpayers require system interface development to get the taxpayer's Accounting systems integrated with the Tax Invoice Management System for ZRA via the ESD or V-EFD.



### BENEFITS OF THE ELECTRONIC FISCAL DEVICES

- Standardized Invoices - All invoices issued by suppliers will be generated by the ZRA system.
- Invoice Authentication- Taxpayers will be able to verify whether invoices are valid or not.

- Fewer mismatches between returns submitted and invoices.
- Real time transmission of sales transactions from the taxpayer to a central server at ZRA. This means that tax is safeguarded and reaches its intended place, which is ZRA.
- Easier compilation of VAT returns for taxpayers.
- Easier monitoring of stocks by taxpayers and thus reduced pilferage in the case of FCRs.
- Improved service delivery to the taxpayer.
- Online audit of transactions.

### USING AN EFD

Suppliers are required to use an EFD to record each sales transaction. Sales are not to be recorded in intervals or as block figures.

ZRA provides training on the use of the FCRs. Additionally, user manuals and tutorial videos can be accessed from the ZRA website at [www.zra.org.zm](http://www.zra.org.zm).

### DOWNLOADING SALES INFORMATION FROM THE ZRA WEBSITE

All sales transactions recorded using EFDs are transmitted in real-time to the Tax Invoice Management System managed by ZRA. In order to facilitate access to the EFD invoice data transmitted to TIMS, a link is provided on the website under Registration menu at [www.zra.org.zm](http://www.zra.org.zm). Taxpayers are required to provide a Terminal ID and corresponding Registration Code for the EFD to successfully download the invoice data.

The invoice data downloaded from the website only includes uploaded transactions. Therefore, taxpayers using EFDs are advised to ensure that all invoices are uploaded before making any attempt to download sales from the website.