

e.	Spirits of 80% or higher alcohol content by volume	60% on Price Excl. of VAT and Excise
	Undenatured Ethyl Alcohol of alcoholic strength by volume of 80% or greater	60%
	Methylated Spirits (spirits rendered unportable in a manner approved by commissioner)	60%
	Other Ethyl alcohol and other spirits, denatured of any strength	60%
f.	Unmanufactured Tobacco	K355 per Mille or a quarter of mile
g.	Cigars, cheroots, Cigarillos and Cigarettes of Tobacco Substitutes [HS: 2402]	K355 per Mille when manufactured in Zambia
h.	Other manufactured tobacco and Tobacco substitutes "homogenized" or reconstituted tobacco extracts and essences.	145% or K355/kg whichever is higher
i.	Hydrocarbon Oils:	
	Petroleum spirit (Petrol)	K12.01 per dekalitre Excise Duty and K8.69 per dekalitre (Fuel Levy)
	Kerosene type jet fuel	K4.8 per dekalitre
	White spirit	15%
	Other light Oils	15%
	Kerosene (Domestic)	0%
	Kerosene (Industrial)	0%
	Low Sulphur gas Oil	K6.60 fuel levy per dekalitre
	Automotive gas Oils (diesel)	K6.60 fuel levy per dekalitre
	Fuel oils-Heavy Fuel Oils (H.F.O)	K9.30 per dekalitre
	Petroleum gases and other gaseous hydro-carbons	K4.80 per dekalitre
j.	Electrical energy	3%
k.	Airtime: Voice Calls	17.50%
	SMS and MMS	17.50%
	Data	17.50%
	Other	17.50%
l.	Beauty make-up kits, body and hair creams and perfumes	20%
m.	Plastic Carrier bags	30%

n.	Portland Cement, aluminous cement	K40/tonne
o.	Coal; briquettes, ovoids and similar solid fuels manufactured from coal.	5%

For more information contact:

Excise Directorate - Head Office

Finsbury Park, Ground floor, Great North road,
P. O. Box 35710, Lusaka.
+260 211 381111
0971-281111/ 5972 / 0962251111

Excise Directorate - North

Mpendwa House, 2nd Floor, President Avenue,
P.O. Box 70181, Ndola.
+260 971 284118
Email us at: advice@zra.org.zm

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Website: www.zra.org.zm



EXCISE DUTY

Introduction

This leaflet explains what Local Excise Duty is, which products and services attract the duty, registration and licensing procedures and the obligations of service providers and manufacturers of excisable goods. The administration of Excise Duty for both import and local is anchored on the Customs & Excise Act, Chapter 322 of the Laws of Zambia.

1. What is Local Excise Duty?

This is a tax on particular goods or products or on a limited range of goods or products, whether imported or produced domestically, which may be imposed at any stage of production or distribution, by reference to the weight, strength, or quantity of the goods or products, or by reference to their value and includes a tax on particular services.

However, under the current legislative provisions, manufacturers of and dealers in excisable goods or services account for the excise duty or act as agents for ZRA and remit/pay the collected excise duty to ZRA at any stage within the production or distribution chain at either a specific or ad-valorem rate as provided for under the Customs and Excise Act.

2. On what products is Local Excise Duty levied?

- Wines
- Ciders and Other Fermented Beverages
- Clear Beer
- Opaque Beer
- Ethyl alcohol and spirits
- Tobacco products and manufactured tobacco substitutes
- Non-alcoholic beverages such as Mineral waters, carbonated drinks, juices
- Plastic Cosmetics e.g. Beauty make-up kits, body and hair creams and perfumes
- Carrier Bags
- Cement
- Hydrocarbon oils such as petrol, diesel
- Electrical energy
- Airtime
- Coal

3. Who Should Register for Local Excise Duty?

Every manufacturer of an excisable product in the Republic is required to be registered and licenced. However, certain tax-payers need not be licenced by the Zambia Revenue Authority. These are:

- Oil Marketing Companies (OMCs) – Licenced by the Energy Regulation Board (ERB);
- Mobile Network Operators (MNOs) – Licenced by the Zambia Information and Communications Technology Authority (ZICTA);
- Internet Service Providers (ISPs) – Licenced by the ZICTA; and
- Importers and distributors of cigarettes – These conduct their business as guided by the Commissioner – General’s Rules Gazette Notice No. 522 of 2006.

4. When is a Licence needed?

In order to manufacture any of the goods set out in the Excise Tariff, i.e. the Second Schedule to the Customs & Excise Act, in quantities specified thereunder, the person must apply to the Commissioner-General for a licence. However, a person may produce the goods listed/described below without a licence if the goods are for domestic use and not for sale or disposal to any other person for a profit:

- Fermented liquor, other than opaque beer, containing not more than 2% of alcohol by volume.
- Tobacco in form of cigars, cigarettes, pipe tobacco or snuff when made from manufactured tobacco on which duty has been paid or from raw tobacco.
- Opaque beer being not more than twenty-three (23) dekalitres (or 230 litres) in volume in any period of four consecutive days.

5. Who applies for Excise licence?

Any person manufacturing, distilling, mixing or brewing the following:

- a) Any portable liquid containing more than two per centum of alcohol by volume
- b) All types of spirits and wines
- c) Opaque beer
- d) Cigarettes and other tobacco products i.e. pipe tobacco, cigar, snuff and Tobacco substitutes “homogenized” or reconstituted tobacco extracts and essences.
- e) Electrical energy
- f) Cosmetics
- g) Plastic Carrier bags
- h) Fuel oils and gases
- i) Hydrocarbon oils such as petrol, diesel
- j) Coal, briquettes, ovoids and similar solid fuels manufactured from coal

6. How to apply

Application forms can be obtained from the Zambia Revenue Authority (ZRA) website or any ZRA office. The following guide applies:

- A.** An applicant for Local Excise licence should state the following:
- The nature of goods to be manufactured;
 - The process of manufacture;
 - The premises and equipment to be used in manufacturing of excisable goods;
 - The cost structure and selling price of the goods;
 - The business, its shareholding, assets, related businesses and accounting practices; and
 - Such other matters as the Commissioner General may require.
- B.** Approval of an application for Local Excise Licence is at the discretion of the Commissioner General. The Local Excise Licence granted is valid up to 31st December of the year in which it was issued.

7. Right to appeal

Any person whose application has been rejected or whose licence has been revoked or suspended has the right to appeal to the Tax Appeals Tribunal.

8. Obligations of A Producer of An Excisable Product

- Submit returns and make payment on or before the 15 day of the month following the month to which the return relates. i.e. A return and payment for January is due no later than 15th February.
- Keep books of Accounts recorded in the English language for a period not less than 6years.
- Display the Local Excise Licence at the manufacturing premises
- Notify the Commissioner General of any changes and additions to the plant, equipment and products
- Renew the licence every 31st December each year by applying for renewal before or on 30th September each year.

9. Suspension/Cancellation of Licence

A Local Excise Licence may be suspended or cancelled if a licensee fails to comply with the requirements of the law.

10. Penalties

Late payment of tax and late submission of returns will attract interest at the prevailing Bank of Zambia rate plus (2%) per centum per annum and penalties of 1,000 penalty units with an additional 1,000 penalty units for each day the return is late respectively. A penalty unit is equivalent to K0.30 or 30 ngwee.

11. Excise Duty Rates

	ITEM/PRODUCT	EXCISE DUTY RATE
a.	Clear beer made from;	
	Malt	40%
	Sorghum	20%
	Cassava	10%
b.	Opaque beer	K0.25 or 25 ngwee per litre
c.	Non-alcoholic beverages	
	Aerated waters-Fruit juices, vegetable juices, waters whether or not flavoured or sweetened	K0.30 per litre or one-sixth (5 ngwee per litre) when locally manufactured
	Water which is unsweetened and not flavoured; and fruit juices	K0.00
d.	All type of wines	60%