

The tax due: $K31.86 * 2 = K63.72$

iii. Calculation of Net Pay

Gross Pay	K500.00
Less tax	K63.72
Net pay to employee	K436.28



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**PAYE Taxation of
Part- Time Employees
and Casuals**

INTRODUCTION

Income arising from a person's employment is subject to tax. Tax is deducted from an employee's income by the employer and paid to Zambia Revenue Authority by the employer on behalf of the employee. This tax is determined using the Pay As You Earn (PAYE) system. Under this system, the employer is empowered to:

- Calculate tax payable by every employee;
- Deduct tax due from the emoluments; and
- Remit the tax deducted to ZRA.

Note: All types of employees' (full-time, Part-time, casuals, fixed term, shift workers, daily hire and weekly hire) are subject to employment tax (PAYE) on the income earned.

Who is a part-time employee?

According to the PAYE Regulations, a single employment will not be regarded as part-time irrespective of the hours worked. Where a person gets at least a second job, the first job that person had will be regarded as the main job. Any subsequent job/s will be regarded as part-time employment provided he keeps the first job.

Who is a casual employee?

The PAYE Regulations define a casual employee as any employee the terms of whose employment provide for his payment at the end of each day and who is engaged for a period of not more than six months. Where a worker is paid daily, the tax payable is arrived at by simply finding the tax payable for the particular amount paid. Where the payment period is 2, 3 or 4 days, the payment made is divided by 2, 3 or 4 respectively, the tax due is calculated by reference to the table and amount then multiplied by 2, 3 or 4, to arrive at the tax to be deducted.

Are payments for part-time employees and casual workers supposed to be taxed?

Yes, they are required to be taxed. They should be taxed as follows: -

- Part-time employees: the income received from this employment will be taxed at 37.5%. However, at the end of the charge year, the individual may apply for a refund of tax on the ZRA web-portal by submitting an "income tax refund" form (Refund claim form ITF 1A) where the individual will formerly declare that this income is the only income received from employment in the charge year; and
- Casual workers: these are taxed as follows:

CUMULATIVE CHARGEABLE INCOME	RATE OF TAX	TAX DUE (K)
First K147.95 @	0%	0
Exceeding K147.95 but not exceeding K157.80	25%	2.46
Exceeding K157.80 but not exceeding K226.85	30%	20.72
Balance over K226.85 @	37.5%	

Are allowances received together with the salary taxable?

All cash benefits paid in the form of allowances such as transport and lunch etc. are taxable under Pay As You Earn (PAYE).

What if PAYE is not remitted on time to ZRA?

A penalty of 5% will be charged on the amount due plus interest at Bank of Zambia discount rate plus 2%.

What if the tax deducted is wrong?

If there is an over-deduction of tax, a refund will be made to the employee by the employer and only in the same charge year. If there is an under-deduction of tax, the employer will pay the difference to the Revenue Authority.

The following is an example:

1. A casual worker is paid a gross pay/ allowance of K250.00 / day. The tax due will be calculated as follows;

CALCULATION OF TAX		
Bands	Tax rate (%)	Tax payable
First K147.95	0%	K0.00
Next K9.85	25%	K2.46
Next K69.05	30%	K20.72
Balance K23.15	37.5%	K8.68
Total tax due		K31.86
Total tax payable		K31.86

Calculation of Net Pay

Gross Pay	K250.00
Less tax	K31.86
Net pay to employee	K 218.14

2. A casual worker is engaged to work for two days at a gross pay/ allowance of K250.00 / day. The tax due will be calculated as follows;

- The payment made is divided by 2 (i.e. the number of days worked) $K500.00/2 = K250.00$
- The tax due is calculated by reference to the table and amount then multiplied by 2.

CALCULATION OF TAX		
Bands	Tax rate (%)	Tax payable
First K147.95	0%	K0.00
Next K9.85	25%	K2.46
Next K69.05	30%	K20.72
Balance K23.15	37.5%	K8.68
Total tax due		K31.86
Total tax payable		K31.86