

Turnover Tax return and submit the return by the Fourteenth (14th) day following the month of receipt of the rental income.

The tax on the rental income shall be paid by the Fourteenth (14th) day following the month of receipt of the rental income.

### **9.3. Where the landlord is not registered for either Income Tax or Turnover Tax:**

Where the landlord in receipt of rental income is not registered for either Income Tax or Turnover Tax, in the interim, they will register for Turnover Tax and account for the rental income in the Turnover Tax return.

### **9.4. Where a landlord cannot register for Turnover Tax**

Where taxpayers in receipt of rental income cannot register for Turnover Tax because they are allowed to do so by the provisions of the Income Tax Act, they will have to register for Income Tax and account for the rental income in the Provisional Income Tax return as stated above.

For more information contact:

Call Centre: 4111  
Email: [advice@zra.org.zm](mailto:advice@zra.org.zm)  
Website: [www.zra.org.zm](http://www.zra.org.zm)



**RENTAL  
INCOME**



## Introduction of tax on rental income

With effect from 1st January 2022 rental income is taxed as a standalone tax paid by the landlord and therefore it has ceased to be withheld by the tenant and administered under withholding tax by the tenants.

### 1. What is rental income

Rental income is a payment in any form made for the use or occupation of any real property such as unfurnished and furnished apartments, boarding houses, commercial buildings, bare land such as car park facilities or farm, water bodies and boat houses, farm, shop or office building among others.

However, the following properties are not taxed under the rental income regime:

- Real property operating as lodge and have a license;
- Rental of other tangible assets other than real property; and
- Rent of intangible assets.

### 2. How rental income is taxed

For rental income up to and including K800,000 per annum, the applicable tax rate is 4% of the gross rent payable.

For rental income above K800,000 per annum, the applicable tax rate is 12.5% of the gross rent payable.

### 3. Who pays the Rental Tax between the tenant and the landlord?

All Landlords are liable for rental tax and must register and remit the tax to ZRA.

In some cases, the Commissioner General may appoint tenants to be Agents for the collection of Rental- Tax. Such persons shall register for Withholding tax (WHT).

**Note:** In the case of a Partnership, the Partnership and

not the individual partners, are liable to pay the tax on rental tax.

### 4. Can a taxpayer registered for other taxes like PAYE, Turnover tax, Income tax, VAT etc. be liable for Rental tax?

Any person who is a Landlord and they are registered for other tax types such as Income Tax, PAYE, Turnover Tax etc. must also register for Rental Tax.

### 5. The obligations of the Landlord

- Obtain a TPIN and register for rental tax.
- Submit a Rental tax return within 14 days following the month of receipt of the rentals.
- Pay the rental tax within 14 days following the month of receipt of the rentals.

### 6. Is rental income also subject to Value Added Tax (VAT)?

Rental income arising from letting of property for domestic purposes is not subject to VAT. However, income derived from letting of commercial property is subject to VAT. The following is an example of how the on rental tax and VAT can be calculated for rental income received.

#### EXAMPLE:

With annual rental income below K800,000  
Rental charge on commercial property / month K10,000.00  
Rental Tax @4% of rental charge K 400.00  
VAT @ 16% of the rental charge K1, 600.00

With annual rental income above K800,000  
Rental charge on commercial property / month K80,000.00  
Rental Tax @12.5% of rental charge K10,000.00  
VAT @ 16% of the rental charge K12,800.00

**Note:** The Rental Tax and VAT are applied on the same gross rental charge, that is, K10,000.00 and K80,000 respectively.

### 7. When is the payment due?

The tax must be paid to the Zambia Revenue Authority by the Fourteenth (14th) day following the month of receipt of the rentals.

### 8. What are the penalties for non-compliance?

Where a Landlord fails to submit the Rental Tax return or make payment to the Commissioner-General, the following penalties and interest shall be charged:

- The late submission of return penalty is 250 penalty units (K75.00) per month or part thereof during which such failure continues.
- The late Payment Penalty for tax that remains unpaid after the due date is at an amount equal to 5% of the outstanding tax liability.
- The late Payment Interest for the tax that remains unpaid after the due date is at an amount equal to the discount rate published from time to time by the Bank of Zambia plus 2% per annum. Interest shall continue to accrue until the tax is paid in full.

**Note:** A penalty unit is thirty ngwee (K0.30).

### 9. What are the Interim Measures

The following interim measures have been put in place to administer the newly introduced tax on rental income:

#### 9.1. Where the landlord is registered for Income Tax:

The landlord will declare the rental income in the Provisional Income Tax Return for 2022 and submit the return by 31st March, 2022.

The Rental Income Tax should be paid to Zambia Revenue Authority by 14th following the month in which the rental income was received.

#### 9.2. Where the landlord is registered for Turnover Tax:

The landlord will declare the rental income in the monthly