



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

COUNTRY-BY- COUNTRY REPORTING

PRACTICE NOTE
NO. **2** /2022

Vision

A world class model of excellence in revenue administration and trade facilitation.

Mission

To optimise and sustain revenue collection and administration for a prosperous Zambia.

Our Values

Our commitment to serving Government, taxpayers, employees and other stakeholders is reflected in our Corporate Values:

- ▶ Taxpayer Focus
- ▶ Integrity
- ▶ Professionalism
- ▶ Innovation
- ▶ Networking

Tag Line

My Tax, Your Tax, Our Destiny

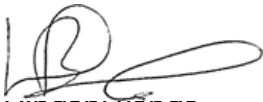
TABLE OF CONTENTS

1.0 FOREWORD	iii
PART I: SUMMARY OF AMENDMENTS	
2.0 THE INCOME TAX (TRANSFER PRICING) (AMENDMENT) REGULATIONS, STATUTORY INSTRUMENT NO. 117 OF 2020 AND No. 107 of 2021	1
PART II: COMMENTARY ON AMENDMENTS	
3.0 INCOME TAX (TRANSFER PRICING) (AMENDMENT) REGULATIONS, STATUTORY INSTRUMENT No. 117 OF 2020 AND No. 107 of 2021	2
3.1 REGULATION 1: TITLE AND COMMENCEMENT	2
3.2 REGULATION 22A (1): SUBMISSION OF COUNTRY-BY-COUNTRY REPORT	2
3.3 REGULATION 22A (2): FILING OBLIGATION	8
3.4 REGULATION 22A (3): CONTENTS OF COUNTRY-BY-COUNTRY REPORT	9
3.5 REGULATION 22A (4): COUNTRY-BY-COUNTRY REPORT TEMPLATE	9
3.6 REGULATION 22A (5) and (6): CONDITIONAL FILING OBLIGATIONS	10
3.7 REGULATION 22A (8) and (9): NOTIFICATION	13
3.8 REGULATION 22A (10): TIME FOR FILING	13
3.9 REGULATION 22A (11) AND (12): USE OF COUNTRY-BY-COUNTRY REPORT INFORMATION	14
3.10 REGULATION 22A (13): CONFIDENTIALITY OF COUNTRY-BY- COUNTRY REPORT INFORMATION	14
3.11 SCHEDULE	15
APPENDIX	16
ZAMBIA REVENUE AUTHORITY DIRECT TAXES CONTACT ADDRESSES	18

1.0 FOREWORD

This Practice Note describes the various changes introduced by the Income Tax (Transfer Pricing) (Amendment) Regulations, Statutory Instrument No. 117 of 2020 and No. 107 of 2021. It is not intended to be an exhaustive prescription of the procedure and requirements for the submission of the Country-by-Country Report (CbCR), but provides guidelines that should be followed.

The Practice Note has been prepared in a manner broadly consistent with the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project, Action 13: Country-by-Country Reporting Implementation Package. The commentary is for general guidance only and is not to be taken as a legal authority in any particular case. The information provided is not exhaustive nor does it preclude any discretionary treatment which may be allowed under the law.



Dingani Banda

COMMISSIONER-GENERAL

PART I: SUMMARY OF AMENDMENTS

2.0 THE INCOME TAX (TRANSFER PRICING) (AMENDMENT) REGULATIONS, STATUTORY INSTRUMENT NO. 117 OF 2020 AND No. 107 of 2021

Regulation	Subject
1	Title and Commencement
22A (1)	Introduces definitions specific to Country-by-Country reporting.
22A (2)	Introduces the filing requirements.
22A (3)	Prescribes the contents of the Country-by-Country report.
22A (4)	Prescribes the format of the Country-by-Country report.
22A (5) and (6)	Provides for conditional filing by a resident entity.
22A (7)	Outlines the conditions for exemption from filing by a resident entity.
22A (8) and (9)	Prescribes the due date for notification.
22A (10)	Provide for the filing due date.
22A (11) and (12)	Restricts the use of the information provided in the Country-by-Country report.
22A (13)	Provides for confidentiality of the information provided in the Country-by-Country report.

PART II: COMMENTARY ON AMENDMENTS

3.0 INCOME TAX (TRANSFER PRICING) (AMENDMENT) REGULATIONS, STATUTORY INSTRUMENT No. 117 OF 2020 AND No. 107 of 2021

3.1 REGULATION 1: TITLE AND COMMENCEMENT

Statutory Instrument No. 117 of 2020 came into operation on 1st January, 2021, and is effective in relation to the charge of tax for the charge year ending on 31st December, 2021, and to each subsequent charge year.

Statutory Instrument No. 107 of 2021 came into operation on 1st January, 2022, and is effective in relation to the charge of tax for the charge year ending on 31st December, 2022, and to each subsequent charge year.

3.2 REGULATION 22A (1): SUBMISSION OF COUNTRY-BY-COUNTRY REPORT

The definitions below are specific to Country-by-Country reporting in order to ensure consistency with the OECD/G20 Action 13 Report with the aim of countering Base Erosion and Profit Shifting (BEPS) and assessing of high-level transfer pricing risk as recommended by the OECD/G20. In addition, members of the inclusive framework as well as other tax jurisdictions have also adopted these definitions.

3.2.1 The principal Regulations are amended by the insertion of the following:

22A. (1) For the purposes of this Regulation, unless the context otherwise requires:

“accounting year” means an annual accounting period with respect to which the ultimate parent entity of the multinational enterprise group prepares its financial statements;

The amendment introduces the definition of an accounting year. This is the accounting period adopted by the ultimate parent entity for the preparation of its annual financial statements.

Note:

In some cases, the Commissioner- General may consider a period with less or more than 12 months as an accounting year for CbC reporting purposes. This may be the case in instances of commencement of business, change in the group reporting policy or cessation of business.

3.2.2 The principal Regulations are amended by the insertion of the following:

“consolidated financial statements” means the financial statements of a multi-

national enterprise group in which the assets, liabilities, income, expenses and cash flows of the ultimate parent entity and the constituent entities are presented as those of a single economic entity;

This amendment introduces the definition of consolidated financial statements. These are financial statements for the whole group presented as one set of accounts. These include financial statements for both the ultimate parent entity and the constituent entities in the group.

3.2.3 The principal Regulations are amended by the insertion of the following:

“constituent entity” means—

- (a) any separate business unit of a multi-national enterprise group that is included in the consolidated financial statements of a multi-national enterprise group for financial reporting purposes, or would be so included if equity interests in such business unit of a multinational enterprise group are traded on a public securities exchange;*
- (b) a business unit that is excluded from the multi-national enterprise group’s consolidated financial statements solely on grounds of size or materiality; and*
- (c) a permanent establishment of a separate business unit of a multi-national enterprise group included in paragraph (a) or (b) provided the business unit prepares a separate financial statement for that permanent establishment for financial reporting, regulatory, tax reporting, or internal management control purposes;*

This amendment introduces the definition of a constituent entity. A Constituent entity is any of the following:

- (i) A separate business entity that is:
 - a) included in the consolidated financial statements of the group; or
 - b) not part of the consolidated financial statements and whose equity interests are not publicly traded but, if traded on a public securities exchange, it would be required to form part of the consolidated financial statements.
- (ii) A business entity that is part of the multinational enterprise (MNE) group but may not be included in the groups consolidated financial statements because of its size or materiality. The determination will be premised on the applicable financial reporting standards and the accounting policy of the MNE group.
- (iii) A permanent establishment of the separate business entity described in (a) or (b) provided it prepares its own financial statements.

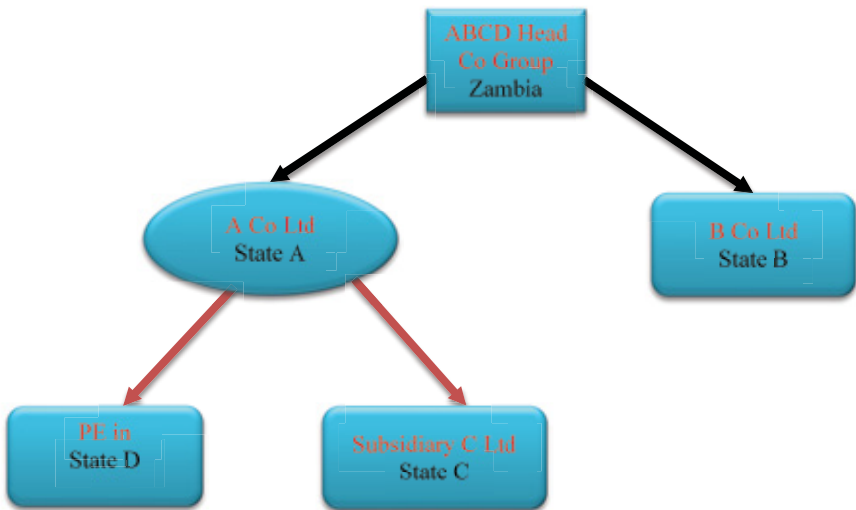
Example 1: Illustration of Constituent Entity

A Co Limited is a company tax resident in State A. A Co Limited operates in State D through a permanent establishment. B Co Ltd is tax resident in State B and carries on separate business from A Co Limited. However, B Co Ltd is a member of the same group of companies as A Co Limited. Company C is a subsidiary of A Co Ltd and is tax resident in State C, it contributes less than 5% to group revenue.

The companies described above all belong to the same multinational enterprise group ABCD Head Co Group.

Therefore, all the companies qualify to be constituent entities of ABCD Head Co Group.

Figure 1.0: ABCD Head Co Group Structure



3.2.4 The principal Regulations are amended by the insertion of the following:

“excluded multi-national enterprise group” means, with respect to an accounting year of the group, a group having a total consolidated group revenue of less than four thousand seven hundred and ninety-five million Kwacha during the accounting year immediately preceding the reporting accounting year as reflected in the group’s consolidated financial statements for the preceding accounting year;

The amendment excludes a multi-national enterprise group, whose ultimate parent entity is tax resident in Zambia, with a consolidated group revenue of less than K4,795 million (K4.795 billion) from the requirement to file a CbC report.

Example 2: Illustration of Excluded Multi-National Enterprise Group

If ABCD Head Co Group has a total consolidated revenue of K2 Billion, including revenues from subsidiaries in States A (K400 million), B (K100 million), C (K200 million), D (K300 million) and ABCD Head Co (K1 billion) then it will not be required to submit the CbC report.

3.2.5 The principal Regulations are amended by the insertion of the following:

“group” means a collection of enterprises related through ownership or control that are required to prepare consolidated financial statements for financial reporting purposes under applicable accounting principles, or to prepare a consolidated financial statement if equity interests in any of the enterprises were traded on a public securities exchange;

This amendment introduces the definition of a group. A group is a set of entities for which consolidated financial statements are required to be prepared.

3.2.6 The principal Regulations are amended by the insertion of the following:

“international agreement” shall mean the Multilateral Agreement for Mutual Administrative Assistance in tax matters, any bilateral or multilateral tax agreement, or any tax information exchange agreement to which the Republic is a party, and that by its terms provides legal authority for the exchange of tax information between States, including the automatic exchange of that information;

The amendment introduces the definition of international agreement to mean the Multilateral Agreement for Mutual Administrative Assistance in tax matters, any bilateral or multilateral tax agreements such as Double Taxation Agreements (DTAs) and Tax Information Exchange Agreements (TIEAs) or exchange of information agreements that Zambia has signed. In order for the agreement to be recognized as an international agreement, it must contain legal provisions that allow for the exchange of tax information.

3.2.7 The principal Regulations are amended by the insertion of the following:

“multi-national enterprise group” means a group of associated business entities established in two or more States that is not an excluded multi-national enterprise group and includes an enterprise that is resident for tax purposes in one State and is subject to tax with respect to the business carried out through a permanent establishment in another State;

The amendment provides the definition of a multi-national enterprise group as a collection of entities that:

- (i) have met the required threshold of consolidated revenue in an accounting year; and
- (ii)
 - (a) operate in two or more jurisdictions; or
 - (b) carries on business in another jurisdiction through a permanent establishment.

3.2.8 The principal Regulations are amended by the insertion of the following:

“qualifying competent authority agreement” means an agreement that—

- (a) is between authorised representatives of those States that are parties to an international agreement; and*
- (b) requires the automatic exchange of country-by-country reports between the party’s States;*

The amendment defines a qualifying competent authority agreement as an agreement between authorised representatives of parties to an international agreement. In addition, the agreement must be one that allows for the automatic exchange of Country-by-Country reports between the States that are parties to the agreement.

At the time of publishing this Practice Note, Zambia did not have any competent authority agreement in force to allow for the automatic exchange of Country-by-Country reports.

3.2.9 The principal Regulations are amended by the insertion of the following:

“reporting accounting year” means an accounting year whose financial and operational results are reflected in the country-by-country report in accordance with sub-regulation (3);

The amendment defines the reporting accounting year as the accounting year reported in the Country-by-Country report in accordance with the contents required.

3.2.10 The principal Regulations are amended by the insertion of the following:

“reporting entity” means a constituent entity that is required to file a country-by-country report in a constituent entity’s State of tax residence on behalf of a multi-national enterprise group under sub-regulations (3) and (4) and includes an ultimate parent entity, a surrogate parent entity, or an entity described in sub-regulation (5);

The amendment defines the reporting entity as the entity that is responsible for filing a Country-by-Country report in their country of tax residence. This may be the ultimate parent entity, surrogate parent entity or the entities that meet the criteria for filing a country-by-country report as provided in clause 3.6 of this Practice Note.

The ultimate parent entity has the responsibility of filing the CbC report unless:

- (i) where the group has appointed a surrogate parent to do so; or
- (ii) a local entity meets the other criteria stated in clause 3.6 of this Practice Note for filing the report.

3.2.11 The principal Regulations are amended by the insertion of the following:

“surrogate parent entity” means one constituent entity of the multi-national enterprise group that is appointed by a multi-national enterprise group as a sole substitute for the ultimate parent entity, to file a country-by-country report in that constituent entity’s State of tax residence, on behalf of the multi-national enterprise group, when one or more of the conditions set out in sub-regulation (5)(b) is applied;

The amendment defines a surrogate parent entity. This is the constituent entity appointed by the group to file the Country-by-Country report in its country of tax residence on behalf of the multinational enterprise group.

The multinational enterprise group would need to appoint a surrogate parent entity if any of the conditions stated in clause 3.6.1 of this Practice Note is met.

3.2.12 The principal Regulations are amended by the insertion of the following:

“systemic failure” in relation to a qualifying competent authority agreement between a State and the Republic, means—

- (a) *the suspension by the State of the automatic exchange of information for reasons other than those in the agreement; or*
- (b) *continued failure by the State to automatically submit to the Republic country-by-country reports; and*

The amendment defines a systemic failure as a situation where a State that has signed a qualifying competent authority agreement with Zambia, suspends the automatic exchange of information for reasons other than those in the agreement or continues to fail to submit the report automatically.

3.2.13 The principal Regulations are amended by the insertion of the following:

“ultimate parent entity” means a constituent entity of a multi-national enterprise group that meets the following conditions:

- (a) the constituent entity directly or indirectly owns a sufficient interest in one or more of the constituent entities of the multi-national enterprise group and it is required to prepare consolidated financial statements under accounting principles generally applied in the constituent entity's State of tax residence, or would be required if constituent entity's equity interests were traded on a public securities exchange in the constituent entity's State of tax residence; and*
- (b) there is no other constituent entity of that multinational enterprise group that directly or indirectly owns an interest described in paragraph (a).*

This amendment introduces the definition of ultimate parent entity. The ultimate parent entity is a member of the multinational enterprise group which:

- (i) indirectly or directly owns sufficient interest in one or more of the constituent entities and is required to prepare consolidated financial statements under the generally applied accounting principles in the entity's State of tax residence; or
- (ii) will be required to prepare consolidated financial statements if its equity interests were traded on a public securities exchange in its State of tax residence; and
- (iii) is the only entity within the group not owned by another entity.

3.3 REGULATION 22A (2): FILING OBLIGATION

3.3.1 The following new sub-regulation is inserted:

- (2) An ultimate parent entity of a multi-national enterprise group that is resident for tax purposes in the Republic with an annual consolidated group revenue exceeding seven hundred and fifty million Euros or four thousand, seven hundred and ninety-five million Kwacha in the immediately preceding accounting year shall file a country-by-country report with the Commissioner-General with respect to its reporting accounting year on or before the date specified in sub-regulation (10).*

This amendment makes it mandatory for the ultimate parent entity to file a Country-by-Country report to the Commissioner - General upon meeting the following conditions:

- i) the ultimate parent entity of a Multinational enterprise group is tax resident in Zambia; and
- ii) the consolidated group revenue exceeds EUR 750 million or K4,795 million in an accounting year.

The amount K4,795 million (or K4.795 billion) is Zambian Kwacha equivalent of EUR 750 million as at January 2015. The exchange rate at the time was K6.393 per Euro.

3.4 REGULATION 22A (3): CONTENTS OF COUNTRY-BY-COUNTRY REPORT

3.4.1 The following new sub-regulation is inserted:

(3) For the purposes of this regulation, a country-by-country report with respect to a multi-national enterprise group shall contain—

(a) aggregate information with regard to each State in which the multi-national enterprise group operates relating to—

- (i) revenue;*
- (ii) profit or loss before income tax;*
- (iii) income tax paid;*
- (iv) income tax accrued;*
- (v) stated capital;*
- (vi) accumulated earnings;*
- (vii) number of employees; and*
- (viii) tangible assets other than cash or cash equivalents; and*

(b) an identification of each constituent entity of the multi-national enterprise group setting out the State of tax residence of the constituent entity, and where different from the State of tax residence, the State under the laws of which the constituent entity is organised, and the nature of the main business activity or activities of the constituent entity.

The amendment prescribes the contents of the Country-by-Country report. The report should contain information relating to the global allocation of the Multinational Enterprises' income and taxes paid, together with performance and location of economic activity within the MNE group. The report should also include information in relation to a constituent entities' financial information, human resource and tax residence of the related parties as well as where the related entities are incorporated and their main business activities.

3.5 REGULATION 22A (4): COUNTRY-BY-COUNTRY REPORT TEMPLATE

3.5.1 The following new sub-regulation is inserted:

- (4) The standard template of a country-by-country report shall be -*
- (a) in the Form set out in the Schedule; and*
 - (b) submitted manually or electronically.*

The amendment prescribes the format in which the Country-by-Country report should be filed. The standard template has three schedules as follows:

- i. information on the aggregate global allocation of income, taxes paid and certain indicators of the economic activity among jurisdictions where the group is present should be reported;
- ii. a listing of the constituent entity of the MNE's group aggregated business activities per tax jurisdiction; and
- iii. any additional information such as the nature of activities of a respective constituent entity (refer to the attached schedule in the Appendix).

The amendment further prescribes the mode of submission of the report. This can be done manually to the office of the Commissioner under Direct Taxes Division or electronically through the email CbCR.eoi@zra.org.zm.

3.6 REGULATION 22A (5) and (6): CONDITIONAL FILING OBLIGATIONS

3.6.1 The following new sub-regulation is inserted:

(5) A constituent entity which is not an ultimate parent entity of a multi-national enterprise group shall file a country-by-country report in accordance with sub-regulations (3) and (4) with the Commissioner-General with respect to the reporting accounting year of a multi-national enterprise group of which it is a constituent entity, on or before the date specified under sub-regulation (10), if the following conditions are satisfied:

(a) the entity is resident for tax purposes in the Republic; and

(b) one of the following conditions applies

(i) the ultimate parent entity of the multi-national enterprise group is not obligated to file a country-by-country report in its State of tax residence;

(ii) the State in which the ultimate parent entity is resident for tax purposes has a current international agreement with the Republic but does not have a qualifying competent authority agreement with the Republic at the time specified in sub-regulation (10) for filing the country-by-country report for the reporting accounting year; or

(iii) there is a systemic failure in the State of tax residence of the ultimate

parent entity and the Commissioner- General notifies the constituent entity resident for tax purposes in the Republic.

The amendment provides conditions under which an entity that is not the ultimate parent entity of a Multi National Enterprise Group is required to file a Country-by-Country report.

The condition in (a) and any one of those in (b) above will have to be satisfied to require the resident entity to file the Country-by-Country report. Apart from the condition under (a) one of the following conditions should be met:

- (i) the ultimate parent entity operates in a jurisdiction that does not require the filing of a CbC report;
- (ii) the jurisdiction of the ultimate parent entity has an international agreement with Zambia but does not have a Qualifying Competent Authority Agreement with Zambia; or
- (iii) there is a systemic failure by the jurisdiction in which the ultimate parent entity is tax resident and the Commissioner General has notified the local entity of such a failure.

3.6.2 The following new sub-regulation is inserted:

(6) Where there is more than one constituent entity of the same multi-national enterprise group that is resident for tax purposes in the Republic and one or more of the conditions set out in sub-regulation (5)(b) applies the multi-national enterprise group may—

- (a) designate one of the constituent entities to file with the Commissioner-General the country-by- country report in accordance with sub-regulations (3) and (4) relating to a reporting accounting year on or before the date specified in sub-regulation (9); and*
- (b) notify the Commissioner- General that the filing is intended to satisfy the filing requirement of the constituent entities of the multi-national enterprise group that is resident in the Republic for tax purposes.*

This amendment provides for the group to appoint one of the entities as a reporting entity to file the CbC report where there is more than one related party in Zambia and where one or more of the conditions described in clause 3.6.1 of this Practice Note have been met. The Multinational Enterprise group should notify the Commissioner-General of this appointment in writing.

3.6.3 The following new sub-regulation is inserted:

(7) Despite the provisions of sub-regulation (6), when one or more of the conditions set out in sub-regulation (5)(b) applies, an entity described in sub-regulation (6)

shall not be required to file a country-by-country report with the Commissioner-General with respect to a reporting accounting year if the multi-national enterprise group of which it is a constituent entity has made available a country by-country report with respect to that accounting year through a surrogate parent entity that files that country-by-country report with the tax authority of its State of tax residence on or before the date specified in sub-regulation (10) and that satisfies the following conditions:

- (a) the State of tax residence of the surrogate parent entity requires the filing of a country-by-country report in accordance with sub-regulations (3) and (4);*
- (b) the State of tax residence of the surrogate parent entity has a qualifying competent authority agreement with the Republic by the time specified in sub-regulation (10) for filing the country-by-country report for the reporting accounting year;*
- (c) the State of tax residence of the surrogate parent entity notifies the Commissioner-General of a systemic failure;*
- (d) the State of tax residence of the surrogate parent entity is notified in accordance with this sub-regulation by the constituent entity resident for tax purposes in its jurisdiction that it is the surrogate parent entity; and*
- (e) the Commissioner-General is notified in accordance with sub-regulation (9).*

This amendment excludes a constituent entity that is resident in Zambia from filing a Country-by-Country report where a surrogate parent entity has already been appointed in another country by the multi-national enterprise group, provided that the following conditions are met:

- (i) the surrogate parent entity is required to file a Country-by-Country report in its country of tax residence;
- (ii) the surrogate parent entity is tax resident in a country which has a qualifying competent authority agreement with Zambia at the date of filing;
- (iii) the country of tax residence for the surrogate parent entity through the competent authority notifies the Commissioner-General of systemic failure if and when it occurs;
- (iv) the constituent entity that has been appointed as the surrogate parent entity notifies the jurisdiction in which it is tax resident that it will be filing the CbCR; and
- (v) the constituent entity tax resident in Zambia notifies the Commissioner-General of the identity of the surrogate parent entity and its country of residence.

3.7 REGULATION 22A (8) and (9): NOTIFICATION

3.7.1 The following new sub-regulation is inserted:

(8) A constituent entity of a multi-national enterprise group that is resident for tax purposes, in the Republic shall notify the Commissioner-General whether it is the ultimate parent entity or the surrogate parent entity, no later than the last day of the reporting accounting year of the multi-national enterprise group.

This amendment prescribes the due date for a constituent entity that is tax resident in Zambia to notify the Commissioner General whether it is the ultimate parent entity or the surrogate parent entity not later than the last day of the year to which the financial and operational results reflected in the Country-by-Country report relate.

The notification should be done in writing and addressed to the office of the Commissioner- Direct Taxes Division or electronically through the email CbCR.eoi@zra.org.zm.

3.7.2 The following new sub-regulation is inserted:

(9) Where a constituent entity of a multi-national enterprise group that is resident for tax purposes, in the Republic is not the ultimate parent entity or the surrogate parent entity, the constituent entity shall notify the Commissioner-General of the identity and tax residence of the reporting entity, no later than the last day of the reporting accounting year of the multi-national enterprise group.

The amendment makes it mandatory for a resident entity that is a member of a Multi-National Enterprise Group to notify the Commissioner- General concerning the identity and tax residence of the reporting entity by the last day of the reporting accounting year of the Group.

The notification should be done in writing and addressed to the office of the Commissioner under Direct Taxes Division or electronically through the email CbCR.eoi@zra.org.zm.

3.8 REGULATION 22A (10): TIME FOR FILING

3.8.1 The following new sub-regulation is inserted:

(10) A country-by-country report required by these Regulations shall be filed no later than twelve months after the last day of the reporting accounting year of the multi-national enterprise group.

This amendment prescribes the due date for the filing of a Country-by-Country report as not later than twelve months after the end of the year to which the financial and operational results reflected in the CbC report relate.

Example 4: Illustration of Time for Filing CbCR

If the reporting accounting year of the group is 31st March 2022, then the CbC report should be submitted between 1st April 2022 and 31st March 2023.

3.9 REGULATION 22A (11) AND (12): USE OF COUNTRY-BY-COUNTRY REPORT INFORMATION

3.9.1 The following new sub-regulation is inserted:

(11) The Commissioner-General shall use the country-by-country report for the purposes of—

- (a) assessing high-level transfer pricing risks and other base erosion and profit shifting related risks in the Republic;*
- (b) assessing the risk of non-compliance by members of the multi-national enterprise group with applicable transfer pricing rules; and*
- (c) where appropriate, economic and statistical analysis.*

(12) Despite sub-regulation (11), transfer pricing adjustments by the Commissioner-General shall not be based on the county-by-country report.

This amendment restricts the use of the information provided in the Country-by-Country report to transfer pricing risk assessments, base erosion and profit shifting related risks and numerical analysis.

The amendment further prohibits the use of the Country-by-Country report for transfer pricing adjustments. The report can only be used to assist with transfer pricing risk assessments. A transfer pricing adjustment may be made based on the transfer pricing audit findings.

3.10 REGULATION 22A (13): CONFIDENTIALITY OF COUNTRY-BY-COUNTRY REPORT INFORMATION

3.10.1 The following new sub-regulation is inserted:

(13) The Commissioner-General shall preserve the confidentiality of the information contained in the country-by-country report to the same extent that would apply if

the information were provided to the Commissioner-General under the provisions of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

The amendment makes it mandatory to preserve the confidentiality of the information provided in the Country-by-Country report. The information received should be treated as secret and protected in the same manner as information obtained under Zambia's domestic legislation.

Note:

The Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC) is an agreement that allows for the automatic exchange of tax information between tax administrations.

3.11 SCHEDULE

The principal Regulations are amended by the insertion of the new Schedule immediately after Regulation 23, set out in the Appendix.

This Schedule is the standard template for a Country-by-Country Report. It outlines information that should be provided by the Multinational Enterprise group such as information on capital, tangible assets, income accrued, profits, human capital, information on related and unrelated parties and tax jurisdiction of the entities.

APPENDIX

STANDARD TEMPLATES FOR COUNTRY-BY-COUNTRY REPORT

Part I: Overview of Allocation of Income, Taxes and Business by Tax Jurisdiction

Name of the Multi - National Enterprise Group:.....										
Fiscal year concerned:										
Currency used:										
Jurisdiction	Revenue			Profit (Loss) before income tax	Income Tax Paid (on Cash Basis)	Income Tax Accrued - Current Year	Stated Capital	Accumulated Earnings	Number of Employed	Tangible Assets other than Cash and Cash Equivalents
	Unrelated	Related Party	Total							

Part II: List of all Constituent Entities of MNE Group Included in Each Aggregation Per Tax Jurisdiction

Name of the Multi - National Enterprise Group:															
Fiscal year concerned:															
Tax Jurisdiction	Constituent Entities Resident in the Tax Jurisdiction	Tax Jurisdiction of Organisation or Incorporation if Different from Tax Jurisdiction of Residence	Main Business Activity(ies)												
			Research and Development	Holding or Managing Intellectual	Purchasing or Procurement	Manufacturing or Production	Sales, Marketing or Distribution	Administrative Management or Support services	Provision of Services to	Internal Group Finance	Regulated Financial Services	Insurance	Holdings Shares or Other Equity Instruments	Dormant	Other (see "note" below)
	1														
	2														
	3														
	1														
	2														
	3														

Part III – Additional Information

Name of the Multi - National Enterprise Group:

Fiscal year concerned:.....

Please include any further brief information or explanation you consider necessary or that would facilitate the understanding of the compulsory information provided in the Country-by-Country Report.

ZAMBIA REVENUE AUTHORITY CONTACT ADDRESSES:

If you have any queries concerning transfer pricing, please contact any of the other Direct Tax Offices at the following addresses:

- 1 Director – Direct Taxes LSTO
Revenue House
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382600
MTN Network: 0960 092600
Airtel Network: 0971 282600
- 2 Director – Direct Taxes ISMTO
Revenue House
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382172
MTN Network: 0960 092172
Airtel Network: 0971 282172
- 3 Director
Design Monitoring and International Relations
Revenue House
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382500
MTN Network: 0960 092500
Airtel Network: 0971 282500
- 4 Assistant Director
DMIR - Policy & Legislation–Direct Taxe
Revenue House
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 383038
MTN Network: 0960 093038
Airtel Network: 0971 283038
- 5 Assistant Director
International Taxation Unit
Revenue House
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382623
MTN Network: 0960 092623
Airtel Network: 0971 282623
- 6 Assistant Director
Direct Taxes LSTO – Non-Mining Audit
Revenue House
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382658
MTN Network: 0960 092658
Airtel Network: 0971 282658
- 7 Assistant Director
Direct Taxes LSTO – Mining Audit
Revenue House
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382620
MTN Network: 0960 092620

