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AUTHORITY** | *My Tax  
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# **2023 BUDGET HIGHLIGHTS**

*Overview of  
Tax Changes*

**Stimulating Economic Growth  
for Improved Livelihoods**



# TAX AMNESTY



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**1st October, 2022 - 31st March, 2023**

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## INTRODUCTION

I am pleased to present an overview of the major changes in the tax legislation and other relevant information to our taxpayers and stakeholders as announced by the Minister of Finance and National Planning, Honourable Dr. Situmbeko Musokotwane, MP, in his National Budget Address to the National Assembly for the fiscal year 1st January, 2023 to 31st December, 2023.

The overview gives a guide on the measures announced in the Budget as reflected in the various Bills, Statutory Instruments, and Commissioner General's Rules. The details are contained in the published legislation. However, it should be noted that some of the measures in this pamphlet are subject to Parliamentary approval while others take effect as per the Minister's pronouncement.

Kindly visit the ZRA website ([www.zra.org.zm](http://www.zra.org.zm)) which includes all the information contained in this pamphlet and other useful tax details. You may also contact our Call Centre on +260 211 381111 or +260 971 281111 or 4111.



Dingani Banda  
**COMMISSIONER GENERAL**

# 1. DIRECT TAXES MEASURES

## 1.1 REVENUE CONCESSION MEASURES

### 1.1.1 Increase the exemption threshold for Pay As You Earn (PAYE) to K4,800 per month from K4,500, reduce the marginal tax rate for the second income bracket to 20 percent and adjust the income bands accordingly.

The measure is intended to improve the standard of living amongst households by increasing the disposable income of employees and self-employed individuals.

Current regime		Proposed regime	
Income Band (K, per month)	Tax Rate (%)	Income Band (K, per month)	Tax Rate (%)
0 – K4,500	0%	0 – K4,800	0%
K4,501 – K4,800	25%	K4,801 – K6,800	20%
K4,801 – K6,900	30%	K6,801 – K8,900	30%
Above K6,900	37.5%	Above K8,900	37.5%

### 1.1.2 Increase tax credits for persons with disabilities to K600 from K500 per month.

This measure is intended to increase the disposable incomes of persons with disabilities and thereby contribute to their improved livelihoods.

### 1.1.3 Restructure the taxation of Mineral Royalty to tax only the incremental value in each price range when the price crosses each Mineral Royalty price threshold.

Current Regime			Proposed Regime		
Price Range	Rate (%)	Taxable Amount	Price Range	Rate (%)	Taxable Amount
Less than US\$4,500 per tonne	5.5	Full price amount	Less than US\$4,000 per tonne	4.0	The first US\$4,000
US\$4,500 per tonne or more but less than US\$6,000 per tonne	6.5	Full price amount	US\$4,001 per tonne or more but less than US\$5,000 per tonne	6.5	The next US\$1,000
US\$6,000 per tonne or more but less than US\$7,500 per tonne	7.5	Full price amount	US\$5,001 per tonne or more but less than US\$7,000 per tonne	8.5	The next US\$2,000
US\$7,500 per tonne or more but less than US\$9,000 per tonne	8.5	Full price amount	US\$7,001 per tonne or more	10	balance
US\$9,000 per tonne or more	10	Full price amount			

The proposed regime is intended to attract investment in the mining sector and support increased output and job creation. The measure will also align Zambia's

Mineral Royalty regime with international good practice by reducing the effective tax rate.

**1.1.4 Introduce a threshold on Turnover Tax and Rental Income Tax of K12,000 per annum to be taxed at zero percent and the balance at the applicable Turnover Tax rate.**

This measure is meant to provide relief to taxpayers under Turnover Tax and Rental Income Tax and reduce the associated compliance costs. The measure will provide relief to businesses and individuals, especially those whose average monthly earnings are K1,000 or less and thereby support their growth and livelihoods, respectively.

**1.1.5 Reduce the Corporate Income Tax rate to 25 percent from 30 percent on income earned from value addition to gemstones through lapidary and jewellery facilities.**

This measure aims to stimulate growth of the gemstones sub-sector by supporting domestic value addition to gemstones. The measure is in line with Government's diversification agenda.

**1.1.6 Reduce the tax chargeable on income received by a special purpose vehicle under a Public Private Partnership for the first five years that a project makes profit, by 20 percent of the tax which would otherwise be chargeable on that income.**

The measure is intended to stimulate private sector participation in Public Private Partnerships which will contribute to narrowing the infrastructure deficit.

**1.1.7 Introduce an accelerated rate of wear and tear allowance on a straight-line basis, not exceeding 100 percent, in respect of any implement, plant and machinery acquired and used under a Public Private Partnership projects.**

The measure is intended to stimulate private sector participation in Public Private Partnerships which will contribute to narrowing the infrastructure deficit.

**1.1.8 Abolish the two-tier taxation system in the telecommunication sector and tax all income at the rate of 35 percent.**

This measure seeks to improve the telecommunication sector's competitiveness and attract investment to stimulate increased mobile penetration in the Country.

### **1.1.9 Exempt interest income earned on green bonds listed on a securities exchange in Zambia with maturity of at least 3 years from Withholding Tax.**

Currently, interest income earned on corporate or government bonds is taxed at 15 percent. The measure aims to encourage investments in climate change projects.

### **1.1.10 Exempt Investment Income on Life Insurance Funds.**

The measure is intended to increase the return from investments in life insurance funds and stimulate uptake of life insurance services. This measure will also align the tax treatment of investment income earned by life insurance funds with international good practice.

### **1.1.11 Increase the allowable expenditure for the construction of employee housing to K100,000 from K20,000.**

The measure is intended to increase the allowable expenditure for granting wear and tear allowance (industrial building) so as to encourage employers to provide employees with decent accommodation. The allowance is given at 10 percent of the allowable expenditure.

### **1.1.12 Increase the Farm Improvement Allowance threshold upwards to K100,000 from K20,000.**

The measure is intended to increase the allowable deduction for income tax purposes so as to encourage employers to provide employees with decent accommodation. The allowance is given at 100 percent of the allowable expenditure.

### **1.1.13 Introduce a presumptive tax on income earned from artisanal and small-scale mining at the applicable Turnover Tax rate which is based on the gross turnover less mineral royalty paid.**

Currently, all mining companies are subject to Corporate Income Tax irrespective of scale. This measure is therefore intended to simplify the tax regime for holder of artisanal and small-scale mining licences so as to improve their tax compliance.

### **1.1.14 Extend the 2 percent local content allowance to income earned from value addition to tomatoes.**

Local content allowance for income tax purposes is currently applicable on value addition to mango, pineapple and cassava at the rate of 2 percent. This measure aims to extend the local content allowance to promote value addition in the tomato chain and support the sub-sector.

**1.1.15 Reduce presumptive tax to 15 percent from 25 percent on land-based (brick and mortar) betting companies for the 2023 and 2024 charge years.**

This measure seeks to improve tax compliance in the gaming and betting sector.

**1.1.16 Reduce tax on winnings from gaming and betting to 15 percent from 20 percent for the 2023 and 2024 charge years.**

This measure is intended to improve compliance and lower the tax burden on winnings.

**1.1.17 Abolish the 20 percent withholding tax on reinsurance, including retrocession, placed with reinsurers not licenced in Zambia.**

This measure is intended to support the growth of the insurance industry by encouraging uptake of reinsurance services from local reinsurers.

**1.1.18 Reduce to 0 percent from 15 percent the withholding tax rate on interest earned by individuals from loans advanced to members under the savings groups such as co-operatives and village banking.**

The measure is meant to stimulate the growth of SMEs by enabling them have access to low cost capital.

**1.1.19 Introduce income tax concessions on income generated from local sales of corn starch by agro-processing businesses operating in a Multi-Facility Economic Zone, Industrial Park or rural area as follows:**

- a) zero percent Corporate Income Tax charged on profits arising from local sales of corn starch for the 2023 – 2033 charge years;
- b) fifty percent Corporate Income Tax charged on profits arising from local sales of corn starch for the 2034 – 2036 charge years;
- c) twenty five percent Corporate Income Tax charged on profits arising from local sales of corn starch for the 2037 – 2038 charge years; and
- d) waive Withholding Tax on dividends declared on profits made from local sales of corn starch for the 2023 – 2033 charge years.

This measure is intended to attract investment into corn starch processing which will in turn promote value addition to maize and support employment creation.



## **1.2 COMPENSATING MEASURES**

### **1.2.1 Extend the Turnover Tax regime to service providers in the gig economy.**

This measure seeks to simplify the tax regime and improve compliance amongst taxpayers in this sector. Currently, entrepreneurs conducting their business through digital platforms pay their tax under the income tax (Corporate Income Tax) regime. This category of taxpayers includes independent (freelance) contractors working as content developers, online marketers, and online traders, among others.

### **1.2.2 Increase the disallowed amount to 37.5 percent from 30 percent for an employer who provides non-cash fringe benefit in the form of housing.**

This proposal is intended to streamline the taxation of fringe benefits for residential accommodation provided by the employer.

### **1.2.3 Adjust upwards by 20 percent the benefit to be disallowed in the employer's tax computation for the provision of motor vehicles to employees on a personal-to-holder basis.**

This measure is intended to streamline the taxation of fringe benefits for motor vehicles provided on a personal-to-holder basis.

## **1.3 HOUSEKEEPING MEASURES**

### **1.3.1 Expand the definition of the term Royalties to include rent of software for income tax purposes.**

This measure intends to broaden the definition of royalties to incorporate technological advancements.

### **1.3.2 Introduce, under the Income Tax Act, specific penalties for negligence, wilful default and fraud with respect to presumptive tax on gaming machines and casino games (brick and mortar) as follows:**

- a) Negligence – half the amount of undeclared tax
- b) Wilful default – equivalent to the amount of undeclared tax
- c) Fraud – one and half times the amount of undeclared tax

This measure aims to improve tax compliance in the sector through the introduction of specific penalties for negligence, wilful default and fraud.

**1.3.3 Introduce the use of electronic fiscal devices and other devices for income tax purposes and provide for penalties for non-compliance.**

This measure is intended to improve compliance by empowering the Minister to issue detailed guidance for the administration of electronic fiscal devices and other devices. The measure will also provide for penalties for non-compliance.

**1.3.4 Redefine the term “child” in the Income Tax Act to remove the word “illegitimate”.**

The measure is intended to align the definition of a child in line with the Legitimacy Act, Chapter 52 of the Laws of Zambia and the United Nations Convention for the Rights of the Child.

**1.3.5 Amend the definition of “purchase price” to include resident to resident transactions.**

The measure is intended to align the definition of purchase price to that of Commodity Royalty.

**1.3.6 Amend the Income Tax Act to align the minimum age for TPIN registration to that of the issuance of a National Registration Card at 16 years.**

The measure is intended to align the minimum age for TPIN registration with the minimum age for obtaining a National Registration Card. This will also provide an opportunity for all National Registration Card holders to open bank accounts when need arises.

**1.3.7 Amend the Second Schedule to the Income Tax Act under Paragraph 6A to remove the word “withholding” from the side note and the main text.**

The measure seeks to clarify that interest income received by the listed persons in the referenced paragraphs shall be subject to tax.

**1.3.8 Clarify that a payment of tax is due and payable within 90 days of registration for income tax, if such registration is made after 31st March.**

This measure is intended to provide for a due date for payment of tax towards a provisional return submitted for which income tax registration occurs after 31st March. The payment shall be due within 90 days of registration.

**1.3.9 Align the Income Tax Act with the Pension Scheme Regulations Act by:**

- (a) The deletion of the Fourth Schedule to the Income Tax Act;
- (b) Providing in the Income Tax Act that a pension approved under the Pension Scheme Regulations Act is exempt from tax; and
- (c) Inserting the approval criteria in the Pension Scheme Regulation Act that was covered in the fourth schedule to the Income Tax Act but is not in the Pension Scheme Regulation Act.

This measure seeks to align the Income Tax Act with the Pension Scheme Regulations to streamline the process for approving pension funds.

**1.3.10 Make it mandatory for all employers to submit the TPIN for all their employees in the Pay As You Earn return.**

The measure is intended to improve tax compliance and safeguard revenue. Additionally, employees will easily know if their PAYE contributions are being submitted correctly to ZRA by their employers through individualised statements which will become possible to produce once this measure is implemented. The employers will also reduce the need for PAYE audits thereby reducing their cost of compliance.

**1.3.11 Extend fiscalisation to taxpayers registered under Turnover Tax and Presumptive Tax on Gaming and Betting.**

This measure is intended to improve tax compliance and enhance domestic resource mobilisation.

## 2 PROPERTY TRANSFER TAX MEASURES

### 2.1 REVENUE CONCESSION MEASURES

#### 2.1.1 Reduce the Property Transfer Tax rate on the transfer of mining rights held by exploration companies to 7.5 percent from 10 percent.

The measure seeks to encourage mineral exploration and support development of new mines in order to increase mineral production, create jobs and sustain livelihoods.

### 2.2 COMPENSATING MEASURES

#### 2.2.1 Increase the Property Transfer Tax rate to 7.5 percent from 5 percent on the transfer of land, shares and intellectual property.

This measure is intended to enhance domestic resource mobilisation.

### 2.3 HOUSEKEEPING MEASURES

#### 2.3.1 Clarify in the Property Transfer Tax Act that a share for the mining sector includes “interest in a mining right” and “an interest in a mineral processing license”.

This measure seeks to curb the risk of double taxation created by the ambiguity of the current definition of a share. This means that interest in a mining right and mineral processing license will not be subject to tax separately when a transfer involves a shareholding change.

#### 2.3.2 Clarify that the realised value in respect of the computation of Property Transfer Tax on indirect transfer of shares is the proportion of the value of the **Zambian company**.

The measure seeks to amend the Act in order to clarify that the realised value for Property Transfer Tax is limited to the proportion of the value of the **Zambian company**.

#### 2.3.3 Clarify the definition of Realised Value in the Property Transfer Tax Act.

This measure seeks to clarify that the realised value referred to under Section 5 (2A) should be restricted to the proportion applicable to the **Zambian entity**.

#### **2.3.4 Delete the definition of effective shareholding under the Property Transfer Tax Act.**

This measure follows the clarification provided on the computation of the realised value.

#### **2.3.5 Exempt the surrender or forfeiture of shares from Property Transfer Tax.**

The proposed amendment seeks to clarify that the surrender and forfeiture of shares is not a transfer and therefore not subject Property Transfer Tax.

#### **2.3.6 Remove the reference to the Commissioner of Lands and prescribe how the provisional return in respect of land shall be submitted.**

This measure intends to remove the reference to the Commissioner of Lands as the return in relation to transfer of land is currently submitted to the Commissioner General. The measure also seeks to prescribe how the provisional return shall be submitted.

#### **2.3.7 Allow for the use of the actual price received in determining the realised value for the disposal of distressed property by a financial services provider.**

This measure aims to improve the turnaround time for disposal of distressed assets and improve liquidity of financial service providers.

### 3 TRANSFER PRICING REGULATIONS

#### 3.1 HOUSEKEEPING MEASURES

##### **3.1.1 Amend the definition of “Multinational Enterprise Group” and “Ultimate Parent Entity” to align with the Organisation for Economic Cooperation and Development (OECD) definition.**

This measure is intended to align the definition to the model legislation on Country-by-Country reporting provided by the OECD.

##### **3.1.2 Amend the Regulations to provide for the use of a single currency for the threshold for Country-by-Country Report as prescribed by the OECD.**

Currently, the provision stipulates a two-currency test in Euros and Kwacha. The proposed amendment seeks to align the filing conditions to the recommended legislation by OECD which provides for a single currency test.

##### **3.1.3 Amend the Regulations to align the requirements to be met for conditional filing of the Country-by-Country Report to the guidance by the OECD.**

The measure is intended to correct the current wording which prescribes a condition which is contrary to the intention of the law and guidance by the OECD.

## 4 VALUE ADDED TAX MEASURES

### 4.1 REVENUE CONCESSION MEASURES

#### 4.1.1 Amend the Zero-Rating Order to include the supply of milk cans, churns and milking machines.

The measure intends to zero-rate the supply of milk cans, churns and milking machines to support the supply chain in the dairy sub-sector.

#### 4.1.2 Amend the Zero-Rating Order to include the supply of selected Information and Communications Technology (ICT) and telecommunications equipment.

This measure seeks to improve the telecommunication sector's competitiveness and thus attract investment that will in turn stimulate increased mobile penetration in the Country.

#### 4.1.3 Amend the Value Added Tax Exemption Order to include gaming, betting and lotteries.

This measure seeks to remedy the difficulties in accounting for tax in the industry and to improve administrative efficiency. The measure will also align the taxation of the industry with international good practice.

#### 4.1.4 Amend the VAT Exemption Order to include game animals being imported as breeding stock.

The measure intends to attract investment in breeding stock and thereby support the growth of the livestock sub-sector.

#### 4.1.5 Provide Value Added Tax relief on imported equipment and machinery where duty shall be waived under the Customs and Excise (Regulations) under a Public Private Partnership project, subject to the same limitations and conditions as shall be specified therein.

The proposed measure is intended to stimulate private sector participation in Public Private Partnerships which will contribute to increasing public infrastructure.

#### 4.1.6 Extend the provisions under the Value Added Tax (General) Regulations A of an "intending trader" to special purpose vehicle for Public Private Partnership projects for a period of four years.

The measure will ensure that a special purpose vehicle established under a Public

Private Partnership can claim input VAT in its set up phase for up to four years. The measure is therefore intended to stimulate private sector participation in Public Private Partnerships which will contribute to narrowing the infrastructure deficit.

## **4.2 COMPENSATING MEASURES**

### **4.2.1 Standard rate the supply of petrol and diesel.**

This measure seeks to rationalise the zero-rating order by standard rating petrol and diesel and to increase domestic resource mobilisation.

### **4.2.2 Exclude from zero-rating (standard rate) goods imported by the President.**

The measure seeks to rationalize the zero-rating order by standard rating goods imported by the president. This means that the President will now pay VAT on all standard rated imports.

### **4.2.3 Standard rate the following supplies under Group 7 of the Zero-Rating Order – Energy Saving appliances and equipment:**

- (j) electric generating sets—diesel or semi diesel generators; and generators with spark ignition internal combustion piston engines; and
- (l) ranges, grates, cookers (including those with subsidiary boilers for central heating), barbecues, braziers, gas rings, plate warmers and similar non-electric domestic appliances, and parts thereof, of iron or steel for cooking and plate warmers that use gas fuel or for both gas and other fuels.

The measure aims to rationalize the zero-rating order and enhance domestic resource mobilization.

### **4.2.4 Amend the Zero-Rating Order to restrict the concession on imported raw materials used to make mosquito nets to manufacturers of mosquito nets.**

The measure intends to restrict the zero-rating of raw materials used to manufacturer mosquito nets.

### **4.2.5 Amend the Value Added Tax Act to change the definition of “Commercial Property”.**

The measure proposes to standard rate the following:

- (i) The sale of an interest in bare land being bought primarily for commercial



use; and

- (ii) The sale of an interest in (largely) bare land on which a small portion contains commercial property as defined by the VAT Act.

The measure seeks to broaden the tax base and enhance domestic resource mobilisation.

### **4.3 HOUSEKEEPING MEASURES**

#### **4.3.1 Amend the Heading of Section 7A (1) of the Value Added Tax Act to read ‘Record of Sales’.**

The current heading of Section 7A reads as “Record of Daily Sales”. This heading was in line with the reading of Section 7A (1) that referred to daily sales. This amendment is intended to align the heading with the subject in view of the amendment that was effected on 7A (1).

#### **4.3.2 Amend the Value Added Tax Act to increase the penalty regime to 300,000 penalty units from 30,000 penalty units.**

This measure seeks to align the penalty under Section 44(1) with that under 44(2), to ensure that only one penalty is applicable under the Section.

#### **4.3.3 Amend the Value Added Tax Exemption Order to expand the definition of Poultry.**

This measure aims to add quails and guinea fowls to the list of birds that are exempt and whose feed is exempt for VAT purposes. This will harmonise the VAT treatment of feed for all birds that are kept for domestic or commercial purposes.

#### **4.3.4 Amend the VAT (Electronic Fiscal Device) Regulations to rearrange the wording in order to reflect the correct order of approval of Accounting Software.**

The measure intends to correctly reflect the order of approval and integration of Electronic Fiscal Devices.

#### **4.3.5 Amend the Valued Added Tax (Electronic Fiscal Device) Regulations to provide for maintaining inspection log (automated inspection logbooks).**

The measure aims to provide for both electronic and manual logbooks to reduce printing costs and expand the scope of electronic recording to include live, offline and USSD.

**4.3.6 Amend the Value Added Tax Act to clarify when a tax invoice expires for purposes of deducting or crediting input tax.**

The measure intends to provide clarity that the three months limit is determined with reference to the date of the input tax supporting document and the date of submission of the return in which that input tax is being deducted.

**4.3.7 Amend the heading of Group 7 (h) of the Value Added Tax Zero-Rating Order to include the term “Solar Batteries”.**

The measure aims to clarify that only solar batteries are zero-rated.

**4.3.8 Amend the VAT (Electronic Fiscal Device) Regulations to remove a provision adequately covered under the Information Communication Technology Act.**

The Zambia Information and Communications Technology Authority (ZICTA) mandate, through the Information Communication Technology Act, is clear on electronic equipment type-approval and as such there is no need to provide for it in the VAT (Electronic Fiscal Device) Regulations.

**4.3.9 Amend the VAT (Electronic Fiscal Device) Regulations to delete the definition for “Zambia Information and Communications Technology Authority”.**

The definition was meant to support the provision under Regulation 4(3) which refers to the ZICTA type-approving gadgets. The referenced provision is proposed for deletion.

## **5.0 CUSTOMS AND EXCISE MEASURES**

### **5.1 REVENUE CONCESSION MEASURES**

#### **5.1.1 Extend the suspension of Customs Duty on importation of safari vehicles under the tourism sector to 31st December, 2025.**

The measure is intended to support the recovery of the tourism sector from the adverse effects of the COVID-19 Pandemic. The measure also intends to promote the provision of quality services for safari tourism and game viewing.

#### **5.1.2 Suspend Customs Duty for the tourism sector up to 31st December, 2025, on selected capital equipment, machinery, fittings and fixtures which are not produced locally.**

The proposed measure is intended to revamp and increase the sector's economic contribution.

#### **5.1.3 Extend the provisions of the Customs and Excise (Suspension) (Medical Supplies) Regulations, 2020, Statutory Instrument No. 78 of 2021 to 31st December, 2023.**

The measure is meant to extend relief on medical supplies critical to reducing the spread of COVID-19.

#### **5.1.4 Remove 5 percent Customs Duty on biological control agents used in agriculture.**

This measure seeks to promote the use of environmentally friendly pest control techniques in the horticulture and floriculture sub-sectors to increase compliance with quality standards and phytosanitary measures required by some export markets.

#### **5.1.5 Suspend to 0 percent, from 15 percent, Customs Duty applicable on greenhouse plastics used in agriculture up to 31st December 2025.**

This measure is intended to promote investments in the floriculture and other climate controlled agro-sectors with a view to boost domestic exports of floral products.

#### **5.1.6 Suspend Customs Duty on machinery, equipment and articles used in aquaculture to 31st December 2025.**

The measure seeks to support further investment in the aquaculture sub-sector and increase production of fish.

### **5.1.7 Remove 15 percent Customs Duty on vegetable seedling growing media (peat moss) used in the production of vegetable seedlings.**

The measure seeks to promote the production of commercial vegetable seedlings in Zambia.

### **5.1.8 Suspend Customs Duty on refuse compactor trucks, skip loader vehicles, road sweepers and skip bins to 31st December, 2025.**

The measure aims to encourage investment in waste management to promote cleanliness and hygiene in the environment through improved collection, transportation and safe disposal of waste.

### **5.1.9 Suspend 5 percent Customs Duty for a period of three years on importation of equipment for baling waste.**

The measure intends to promote suitable packaging of waste to support waste management.

### **5.1.10 Suspend 15 percent Customs Duty on imported Automated Teller Machines (ATMs) for a period of one year.**

The measure is meant to promote financial inclusion and increasing access to financial service provisions across the Country.

### **5.1.11 Remove 15 percent Customs Duty on gas cylinders.**

The measure intends to reduce the cost of Liquefied Petroleum Gas (LPG) and thereby increase its accessibility by reducing the cost of cylinders. This measure is envisaged to diversify the energy mix.

### **5.1.12 Reduce excise duty to 60 percent from 125 percent on methylated spirit.**

This measure aims to harmonise the excise duty rates for methylated spirit and ethyl alcohol.

### **5.1.13 Suspend Excise Duty on clear beer made from cassava to 5 percent from 10 percent and Excise Duty on clear beer made from malt to 20 percent from 40 percent for production levels over and above agreed production threshold, for the period 2024 – 2026.**

This measure seeks to promote value addition to cassava, support out-grower schemes and enhance job creation.

**5.1.14 Remove 25 percent Customs Duty on prefabricated buildings up to 31st December, 2025.**

The measure aims to mitigate the housing shortage in the Country.

**5.1.15 Remove 5 percent Customs Duty on selected tree crop seedlings.**

This measure intends to promote growing and exporting of fruit and nut tree crops such as citrus, avocado, cashew, and macadamia nuts.

**5.1.16 Reduce Customs Duty on electric vehicles and electric motorcycles to 15 percent from 30 percent and 25 percent, respectively.**

The measure is intended to encourage the adoption and use of electric vehicles and electric motorcycles in the country.

**5.1.17 Reduce Customs Duty on bicycles to 15 percent from 25 percent,**

The measure aims to mitigate transport challenges for the people who rely on this mode of transport.

**5.1.18 Suspend Customs Duty on selected equipment for the music and film industry for duly registered businesses to 31st December, 2025.**

The measure seeks to reduce the cost of capital equipment and improve the industry's competitiveness.

**5.1.19 Remove Customs Duty on plant, machinery and equipment acquired for use in a Public Private Partnership project.**

The measure is intended to stimulate private sector participation in Public Private Partnership which will contribute to narrowing the infrastructure deficit.

**5.1.20 Suspend Customs Duty to 0 percent and 5 percent from 25 percent and 15 percent, respectively, for a period of 3 years, on selected information and communications technology (ICT) and telecommunications equipment.**

This proposal seeks to improve the telecommunication sector's competitiveness and attract investment to stimulate increased mobile penetration in the Country.

**5.2 COMPENSATING MEASURES**

**5.2.1 Reinstate Excise Duty on petrol and diesel**

This measure seeks to increase domestic resource mobilisation.

**5.2.2 Introduce surtax at the rate of 5 percent on selected imported PVC Pipes and HDPE pipes which are also locally produced.**

The measure intends to encourage local production of PVC and HDPE pipes and reduce costs for farmers purchasing the products from local manufacturers.

**5.2.3 Increase Carbon Emission Surtax on motor vehicles and motor cycles of various engine capacities by 10 percent.**

This measure aims to increase domestic resource mobilisation and safeguard the environment.

**5.2.4 Introduce Excise Duty at the rate of 15 percent on various plastic articles.**

This measure seeks to increase domestic resource mobilisation and safeguard the environment.

**5.2.5 Introduce Selected Goods Surtax at the rate of 5 percent on imported coal.**

The measure is intended to support the domestic production of coal and create employment to Zambians.

**5.2.6 Increase surtax on imported floor and wall tiles to 20 percent from 5 percent**

The measure is aimed at supporting local infant industries and support job creation.

**5.2.7 Introduce Excise Duty at the rate of 145 percent on electronic cigarettes and cartridges of heading 8543.**

The measure is intended to introduce excise duty on electronic cigarettes, which are harmful to human health.

**5.2.8 Increase specific excise duty on cigarettes to K361 per mille from K355 per mille, as well as on unmanufactured tobacco, tobacco refuse, smoking tobacco whether or not containing tobacco substitutes and water pipe tobacco to K361 per kg from K355 per kg.**

The measure is intended to discourage consumption of tobacco, which is harmful to health.

**5.3 HOUSEKEEPING MEASURES**

**5.3.1 Provide for a licensing Committee in the Customs and Excise Act to review applications for clearing and forwarding licenses.**

This amendment seeks to provide a legal framework on the licensing of Customs Agents. This will enhance transparency in the administration of clearing licenses.

**5.3.2 Amend the Customs and Excise Act to change the wording in the definition of manufacture to include extraction of goods subject to Excise Duty.**

This measure aims to extend the definition of manufacturing to include products which may not necessarily be a product of a manufacturing process.

**5.3.3 Amend the Customs and Excise Act to remove licensing requirement for packaged water and pure fruit juices.**

This measure is intended to reduce compliance costs incurred by taxpayers and the cost to ZRA in the administration of Excise Duty on bottled water and pure fruit juices that are currently at zero percent.

**5.3.4 Amend the Customs and Excise (General) Regulations, 2000 to remove supplies to organisations entitled to rebates.**

This measure is aimed at excluding supplies to organizations which are entitled to duty exemptions, from the duty drawback scheme.

**5.3.5 Amend the Customs and Excise Act to provide for the collection of Excise Duty charged on goods or services by any person whether or not that person is a licensed excise manufacturer or service provider.**

This measure seeks to provide a legal basis on which anyone who charges Excise Duty (including the one charged by one not registered or charged on a good or service not liable) should remit such tax to the Zambia Revenue Authority. The measure is also intended to provide a legal basis for collection of Excise Duty charged or collected by an unlicensed manufacturer or service provider.

**5.3.6 Amend the Customs and Excise Act to provide for the use of Electronic Fiscal Device in administering Local Excise Duty.**

The measure seeks to extend the use of Electronic Fiscal Devices to Local Excise Duty with the aim of enabling fiscalisation and enhancing management of Excise Duty.

**5.3.7 Implement the Electronic Cargo Tracking System.**

This measure is intended to combat transit fraud through real time monitoring of goods in transit and export. This is anticipated to mitigate the revenue leakage arising from cases associated with transit fraud and false exports.

**5.3.8 Amend the Seventh Schedule to the Customs and Excise Act to include definition of “Price”. “Price”, in relation to any services, means the aggregate of all amounts paid or payable by the buyer to or for the benefit of the seller in respect of the services”**

The measure seeks to provide clarity on what constitutes the price referred to in clause 1 (b) of the Seventh Schedule to the Customs and Excise Act and eliminate possible undervaluation of the Value for Duty Purposes (VDP) on airtime. Further, this measure seeks to clarify that the price to be used when determining the VDP on airtime is the full price paid or payable by the consumer of the service.

**5.3.9 Amend the Customs and Excise Act to increase the number of days between lodgement of an application for Advance Tariff Ruling (ATR) and the importation of goods subject to an ATR.**

The measure is intended to increase the time frame in which an application for an Advance Tariff Ruling (ATR) can be made prior to importation of goods. This will cut down on demurrage charges for importers and accord the Zambia Revenue Authority adequate time for documentary examination and consultation with other relevant agencies.

**5.3.10 Amend the Customs and Excise Act to reduce time between assessment and payment of duty and taxes on a bill of entry from five days to three days.**

The measure is meant to encourage timely payment of assessed taxes and reduce congestion at the borders.

**5.3.11 Amend Statutory Instrument No 115 of 2020 (Ports of Entry and Routes Amendment order, 2020) in the Eighth Schedule to include Luangwa Border Post for export of various goods specified in the Seventh Schedule.**

This measure is aimed at designating the Luangwa Border Post as a customs port for export of various goods specified in the Seventh Schedule. This will support Government policies of encouraging exports and facilitating trade.

**5.3.12 Amend Regulation 51 (1) (c) by removing the wording that allows for purchase of goods from duty free shops by arriving passengers.**

The measure intends to restrict the provision of duty-free purchases to goods that will not be consumed within Zambia in line with international good practice and curb abuse of the facility.

**5.3.13 Amend the Customs and Excise Act to include a provision that authorises the Government of the Republic of Zambia to enter into an agreement with the Government of any other country or territory for the exchange of information**



**on customs matters or for mutual assistance in customs matters with the objective of rendering reciprocal assistance.**

The measure is intended to create the necessary legal framework that provides for entering into Customs Mutual Assistance Agreements (CMAAs) between Zambia and any other country.

## **6 CROSS-CUTTING MEASURES**

### **6.1 INTRODUCE TAX AMNESTY ON PENALTIES AND INTEREST**

The program intends to accord taxpayers an opportunity to normalize their tax records and ensure that they are tax compliant. The Amnesty covers liabilities for all tax types, accrued up to 30th September 2022, and will run from 1st October 2022 to 31st March 2023 (see Amnesty Guidelines for details).



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