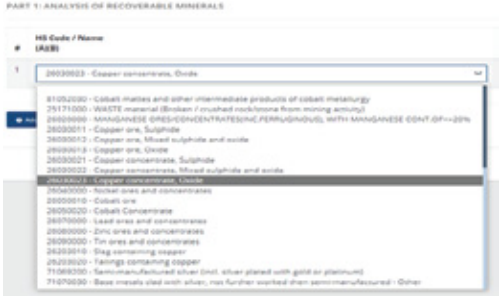
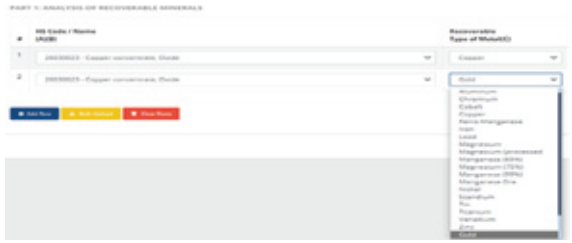
Part 1: Analysis of recoverable Minerals
The following are the headings under Part 1.

HS Code / Name (A)(B)	Recoverable Type of Metal (C)	Quantity (tonnes/ Troy Oz) (D)	Recoverable Rate (D%) (E)	Quantity Recoverable (tonnes/ Troy Oz) (F)=(D * E)

HS Code / Name (A)(B) – This is where you select the HS code and the name of the material which has been sold. e.g. Ores, Concentrates or slimes. See the screen shot below:



Recoverable Type of Metal (C) -The type of metal or metals recovered in the type of material sold. e.g. For copper concentrates, the recoverable product is copper and any other valuable element present. See the screen shot below:



Quantity (tonnes/ Troy Oz) (D) - The total quantity of the material specified under (A)(B) sold.

- Where the Recoverable Type of Metal is a base metal, the total amount of material should be expressed in tonnes. The following conversion factor may be useful;
  1 tonne = 1000 Kilogram
  1 Kilogram = 0.001 tonnes

- Where the recoverable type of metal is a Precious Metal, the total amount of material should be expressed in Troy Oz. The following conversion factors may be useful;
  1 Kilogram (Kg) = 32. 1507 Troy Oz
  1 tonne = 3215.7 Troy Oz

Recoverable Rate (E) - The percentage of the metal recovered in (C). The recoverable rate is obtained by multiplying the grade of the concentrates by the smelter recovery rate. For ores, the grade is multiplied by the production recovery.

- Example 1: Concentrate with grade = 25% at a Smelter Recovery Rate of 96.5%
  Recoverable Rate (E) = 25% X 96.5% = 24.13 %
- Example 2: Ore with grade 14.5% at a production recovery of 68%
  Recoverable Rate (E) = 14.5% X 68% = 9.52 %

Step 2.
Having completed part 1, the next parts 2 and 3 will auto populate depending on the information imputed into Part1. Part 2 and 3 will be for base metals and precious metals respectively.

Step 3
PARTS 4,5 and 6
Parts 4, 5 and 6 must be completed when making mineral royalty declarations for Industrial, Gemstones and Energy Minerals respectively. When completing each of these parts, the taxpayer will be required to provide the quantities sold and the they will be required to enter the price either per ton or gram of minerals sold. The units for the quantities should be metric tons for Industrial and Energy Minerals and grams for gemstones.

Step 4
PARTS 7A AND 7B
Parts 7 A and 7B: Adjustments for Quantity Finalization for Base metals and Precious Metals respectively.

The two parts are used when adjusting for quantities of base metals and precious metals. When completing these parts, one will be required to provide the following information;

- Charge year- This is the year in which the provisional invoice was issued
- Month of provisional invoice- Month of sale
- HS Code / Name (A) – This is the type of material which was sold.
- Type of Metal-Either Base and precious metal (can be an ore, concentrate, blister etc.)
- Quantity Estimated Provisional invoice (tonnes)
- Finalized Quantity Sold- This is the actual tone or troy ounce sold or recovered

The two parts are to be completed for finalization of concentrates as well as slimes.

PART 8: SUMMARY
This is simply a summary of the mineral royalty payable.

7. Due Date for Payment

Mineral Royalty is due and payable within Fourteen (14) days after the end of the month in which the sale of minerals is done.

Any person not being a holder of a mining licence and found in possession of minerals extracted in the Republic on which mineral royalty has not been paid shall pay the mineral royalty at the rates as in the tables above.

Failure or late payment of mineral royalty attracts penalties and interest.

8. Deductibility of Mineral Royalty

Mineral Royalty payable or paid is deductible when computing company income tax when arriving at the gains and profits of a person carrying on mining operations.

NOTE: The Kwacha / US dollar exchange rate used to convert the US dollar norm value into Kwacha norm value is the monthly average Bank of Zambia mid-rate.

For purposes of calculating the norm value, the metal price and monthly average Bank of Zambia mid-rate can be obtained from the Large Taxpayer office or the nearest Zambia Revenue Authority (ZRA) Office.

For more information contact:

Call Centre: 4111
Email: advice@zra.org.zm
Website: www.zra.org.zm

ZAMBIA REVENUE AUTHORITY

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MINERAL ROYALTY

1. What is Mineral Royalty?

Mineral Royalty is a payment received as consideration for the extraction of minerals from the Republic of Zambia.

2. Who is liable for Mineral Royalty?

The following are liable to Mineral Royalty:

a) Holders of the following mining rights and licenses are liable to mineral royalty on minerals produced under their respective licenses:
- Large -scale mining license;
- Large -scale gemstone license;
- Small-scale mining license;
- Small-scale gemstone license;
- Artisan's mining right; and
- Mineral trading permit.

b) Any person without a mining right but in possession of minerals extracted from the Republic on which mineral royalty has not been paid by the supplier of the minerals.

c) All persons carrying out quarrying of industrial minerals; this includes the quarrying of gravel, clay and sand.

d) All persons that mine minerals for use as inputs or raw materials in their manufacturing process e.g. cement and lime manufacturers.

3. How are minerals classified for tax purposes?

Minerals are classified in five categories as follows:

a) Base metals – means a non-precious metal that is either common or more chemically active, or both common and chemically active and includes iron, copper, nickel, aluminum, lead, zinc, tin, magnesium, cobalt, manganese, titanium, scandium, vanadium and chromium.

b) Energy Minerals - means a naturally occurring substance in the earth's crust used as a source of energy and includes coal, uranium and any other minerals used to generate energy but does not include petroleum.

c) Gemstones – these are non-metallic substances used in jewellery and they include amethyst, aquamarine, beryl, corundum, diamond, emerald, garnet, ruby, sapphire, topaz, tourmaline and any other non - metallic substance, being a substance used in the manufacture of jewellery that the Minister by statutory instrument declares to be a gemstone.

d) Industrial Minerals – these are rocks or minerals other than gemstones, base metals, energy minerals or precious metals used in their natural state or after physical or chemical transformation and includes but is not limited to barites, dolomite, feldspar, fluorspar, graphite, gypsum, ironstone, when used as a fluxing agent kyanite, limestone, phyllite, magnesite, mica, nitrate, phosphate, pyrophyllite, salt, sands, clay, talc, laterite, gravel and any other mineral classified as an industrial mineral by statutory order.

e) Precious Metals – these are not defined in the Act but are high value metals and include gold, platinum, silver, palladium and selenium.

Types of metals and mineral

Industrial minerals	Limestone, sand, gravel, gypsum, talc, etc.
Energy minerals	Coal, uranium, etc.
Precious metals	Gold, silver, platinum, etc.
Gemstones	Diamond, emerald, aquamarine, etc.
Base metals other than copper	Iron, nickel, lead, zinc, cobalt, titanium, tin, aluminum etc.

4. How does one compute Mineral Royalty?

Calculation of Mineral Royalty is based on either the norm or gross value of the minerals as follows:

a) Gross Value

Gross value is applicable to the following minerals:
i. Industrial Minerals
ii. Energy Minerals
iii. Gemstones

Under this method of calculation, Mineral Royalty is calculated based on the Gross Value of the minerals sold. For purposes of computing Mineral Royalty, 'gross value' is defined as "the realised price for sale Free on Board at the point of export in Zambia or point of delivery within Zambia"

b) Norm Value

Norm value is applicable to the following:
i. Base metals (including copper)
ii. Precious metals

For purposes of computing Mineral Royalty, 'Norm Value' means –

(a) the monthly average London Metal Exchange cash price per tonne multiplied by the quantity of the metal or recoverable metal sold;

(b) the monthly average Fastmarkets MB cash price per tonne multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; or

(c) the monthly average cash price per tonne, at any other exchange market approved by the Commissioner – General, multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or in the Fastmarkets MB

5. Mineral Royalty Rates

The Mineral Royalty rates are as follows:

(a) 5% of the norm value of the base metals sold or recoverable under the licence, except when the base metal is copper, cobalt and vanadium;

(b) 5% of the gross value of the energy and industrial minerals sold or recoverable under the licence;

c) 6% of the gross value of the gemstones sold or recoverable under the licence;

d) 6% of the norm value of precious metals sold or recoverable under the licence; and

e) 8% of the norm value of cobalt and vanadium sold or recoverable under the licence.

The following is a table of the mineral royalty rates:

Description	Mineral Royalty Rate
Base Metals (Other than Copper, cobalt and vanadium)	5% of norm value
Energy and Industrial Minerals	5% of gross value
Gemstones	6% of gross value
Precious Metals	6 % of norm value
Cobalt and Vanadium	8% of norm value

Where the base metal sold or recoverable under the licence is copper, the mineral royalty rate payable is:

(a) 4% of the norm value when the norm price of copper is less than four thousand United States dollars per tonne;

(b) 6.5% of the norm value when the norm price of copper is four thousand United States dollars or higher per tonne but less than five thousand United States dollars per tonne;

(c) 8.5% of the norm value when the norm price of copper is five thousand United States dollars or higher per tonne but less than seven thousand United States dollars per tonne; and

(d) 10% of the norm value when the norm price of copper is seven thousand United States dollars or higher per tonne.

The following is the summary for the Mineral Royalty rates for copper based on norm value:

Norm Price Range (per tonne)	Mineral Royalty Rate	Taxable Amount
Less than US$4,000	4.0%	The first US$3,999
US$4,000 but less than US$4,999	6.5%	The next US$1,000
US$5,000 but less than US$6,999	8.5%	The next US$2,000
US$7,000 and above	10%	Balance

6. Mineral Royalty Returns

Every holder of large-scale mining license, small-scale mining license, gemstone license, Mineral trading permit or artisan mining right is required to submit a monthly mineral royalty return within Fourteen days after the end of the month in which the sale of the minerals is done.

Where the mining license holder has not sold any minerals, they are still required to submit a nil return, failure to which estimated assessments will be issued.

Failure to submit or late submission of the monthly mineral royalty return attracts penalties as follows:

(a) In the case of an individual - one thousand penalty units (or K300.00) per month or part thereof;

(b) In the case of a company - two thousand penalty units (or K600.00) per month or part thereof.

6.1 Guidance on how to file a Mineral Royalty Return

The Mineral royalty return has the following schedules.

S/N	Schedule Name
1	Part 1 – Analysis of recoverable Minerals
2	Part 2: Base Metals
3	Part 3: Precious Metals
4	Part 4: Industrial Minerals
5	Part 5: Gemstones
6	Part 6: Energy Minerals
7	Part 7A: Adjustments for Quantity Finalization – Base Metals
8	Part 7B: Adjustments for Quantity Finalization – Precious Metals
9	Part 8: Summary

The steps to follow when completing a Mineral Royalty Return are as follows;

Step 1.

The first step is to select the material type in part 1 of the return. Part 1 should only be completed if the declaration includes Base metals and precious metals. For industrial, energy and Gemstones minerals, one does not need to complete Part 1.