



2024 BUDGET HIGHLIGHTS

Overview of
Tax Changes



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INTRODUCTION

I have the pleasure of presenting a summary of the amendments to tax legislation and other pertinent information to our valued taxpayers and stakeholders following the National Budget Address by the Minister of Finance and National Planning, Honourable Dr. Situmbeko Musokotwane, MP, for the fiscal year 1st January, 2024 to 31st December, 2024.

This publication offers an overview of the measures announced in the Budget that are proposed to take effect through various Bills, Statutory Instruments, and Commissioner General's Rules. For comprehensive details, please refer to the published legislation. It is worth noting that some of the measures outlined in this pamphlet will require approval from Parliament, while others will take effect based on the Minister's pronouncement.

For additional details on matters highlighted in this publication and other useful tax information, please visit the ZRA website at (www.zra.org.zm). You may also contact our Call Centre on 4111.



Dingani Banda

COMMISSIONER GENERAL

1.0 DIRECT TAXES MEASURES

1.1 REVENUE CONCESSION MEASURES

- 1.1.1 Increase the exempt threshold to K5,100 per month from K4,800 and reduce the top rate to 37 percent from 37.5 percent. The following is the proposed Pay As You Earn regime:**

Current Regime		Proposed Regime	
Income Band (K, per month)	Tax Rate	Income Band (K, per month)	Tax Rate
K0 – K4,800	0%	K0 – K5,100	0%
K4,801 – K6,800	20%	K5,101 – K7,100	20%
K6,801 – K8,900	30%	K7,101 – K9,200	30%
Above K8,900	37.5%	Above K9,200	37%

This measure is intended to provide relief to workers and increase their disposable income.

- 1.1.2 Extend the 2 percent local content allowance on income earned from value addition to sorghum and millet.**

This measure is intended to encourage the uptake of local raw materials and thereby promote domestic value addition by allowing businesses to deduct a percentage of the cost of acquiring sorghum and millet that is used in production. The local content allowance currently applies to tomato, cassava, mango, and pineapple.

- 1.1.3 Increase the tax concession for businesses in a rural area to 20% from 14.2% of the applicable Corporate Income Tax rate for the first five years in operation and extend to all sectors, except mining.**

This measure is intended to encourage investment in rural areas across various sectors of the economy. Currently, only businesses in manufacturing, hotels, motels and lodges that are operating in rural areas are entitled to a 14.2 percent reduction of their payable Income Tax, for the first 5 years in operation.

- 1.1.4 Introduce accelerated depreciation of up to 100 percent in respect of any new implement, plant or machinery for developers of Multi-Facility Economic Zones.**

The measure is intended to extend relief to developers of Multi-Facility Economic Zones (MFEZ) and thereby incentivise additional investment in the Zones. Currently, accelerated depreciation is only applicable to the investor and

not the developer.

1.1.5 Provide tax holidays to the cotton value chain as follows:

- a) 5-year tax holiday on profit for local producers of cotton seed;*
- b) 5-year tax holiday on profit from ginning of cotton; and*
- c) 10-year tax holiday on profit made from spinning of cotton and weaving of thread.*

These measures are intended to revitalise the cotton industry value chain. This will support the growth of the manufacturing sector and promote the sector's backward and forward linkages.

1.2 HOUSEKEEPING MEASURES

1.2.1 Provide for the appointment of Mineral Royalty Withholding Agents.

The measure is intended to introduce a specific provision under the Mines and Minerals Development Act, empowering the Commissioner General to appoint agents for the collection of Mineral Royalty. This will complement the current appointments of Mineral Royalty Agents under the Income Tax Act, which relate to Agents for payment of tax. The measure is intended to improve compliance for Mineral Royalty among the artisanal and small-scale mines.

1.2.2 Replace the definition of electronic fiscal devices (EFDs) with electronic invoicing system (EIS) and provide for the use of electronic invoicing system.

The measure seeks to widen the scope of fiscalisation to all modes and systems that will be prescribed by the Commissioner General. The current definition of EFDs restricts the scope of fiscalisation to the use of physical devices.

1.2.3 Provide for exemption from the mandatory use of electronic invoicing systems.

The measure seeks to provide exemption to certain persons that may not be required to use the electronic invoicing system because of the nature of their business or special circumstances as may be determined by the Commissioner General.

1.2.4 Align specific penalties for offences in respect of omission or understatement of income arising from acts of negligence, wilful default or fraud in the artisanal and small-scale mining tax regime with those for Turnover Tax.

The measure seeks to align the penalties applicable to the artisanal and small-scale mining sector with those for Turnover Tax. The current applicable penalty regime is punitive to artisanal and small-scale miners relative similar business in other sectors.

1.2.5 Revise the definition of *approved pension fund* to clarify that approval is to be granted by the Pensions and Insurance Authority (PIA) and not the Commissioner General.

This measure seeks to update the definition of approved pension fund following the repeal of the Fourth Schedule pursuant to Income Tax (Amendment) Act, 2022, which required approval by the Commissioner General.

1.2.6 Remove the mandatory provision for taxpayers to write a notice to the Commissioner General within 30 days when they are in receipt of their first income.

The measure seeks to clarify that businesses or individuals need to obtain a Taxpayer Identification Number (TPIN) and ultimately register for the appropriate tax types when the business commences and not wait until actual income is received. Currently, businesses that register with the Patents and Companies Registration Agency (PACRA) are automatically assigned a TPIN at the time of registration and, thereafter register for applicable tax types.

1.2.7 Clarify on date of assessment in Section 97A (11A) of the Income Tax Act to include that for cases under litigation, the date of determination or the final ruling shall be considered as the date of assessment.

The measure seeks to clarify that for cases under litigation, the date of determination or the final ruling shall be considered as the date of assessment. Currently, the Act provides that a corresponding adjustment may be claimed within a period not exceeding twelve months from the date of assessment but does not provide for cases that are under litigation.

1.2.8 Remove the statutory limitation of not assessing a taxpayer after the prescribed six years for transfer pricing tax audits that are delayed due to exchange of information between the taxpayer and the Authority.

The measure seeks to safeguard tax revenue that may not be subject to assessment on account of the statutory limitation of six years following undue delay in the conclusion of a tax audit.

2.0 TRANSFER PRICING REGULATIONS

2.1 HOUSEKEEPING MEASURES

- 2.1.1** Mandate taxpayers to seek permission from the Commissioner General for the use of a pricing method that is not among the transfer pricing methods recommended by the Organisation for Economic Co-operation and Development (OECD) for pricing transactions between related entities.

The measure intends to make it mandatory for taxpayers to obtain approval from the Commissioner General prior to using a pricing method that is not among the transfer pricing methods recommended by the OECD when pricing transactions between related entities.

- 2.1.2** Amend definitions of “Surrogate Parent Entity”, “Reporting Entity” and “Reporting Fiscal Year” to align them with the OECD Transfer Pricing guidelines.

The measure seeks to align the definitions in the Transfer Pricing Regulations to replace the word “state” with “jurisdiction” wherever it appears in line with the OECD model legislation.

3.0 VALUE ADDED TAX MEASURES

3.1 REVENUE CONCESSION MEASURES

3.1.1 Increase the period in which a business can claim a refund on VAT incurred on eligible goods before the commencement of commercial operations to 7 years from the current 4 years, for hydroelectricity generation.

The measure is meant to extend the period in which businesses can be refunded VAT incurred on eligible inputs before commencement of operations to 7 years from the current 4 years. The extension to 7 years considers the average gestation period of hydro power projects.

3.2 HOUSEKEEPING MEASURES

3.2.1 Introduce the definitions of the following in the VAT law:

- a) “cross border electronic services”;
- b) “electronic services”;
- c) “prescribed invoicing system”;
- d) “imported service”;
- e) “electronic invoicing system”;
- f) “certified invoicing system”; and
- g) “sales data controller”.

The measure is intended to introduce definitions to support the taxation of local and international electronic services and the implementation of the electronic invoicing system. The definitions for the above terms are not currently provided in the VAT law.

3.2.2 Replace the reference to the words “electronic fiscal devices” under Sections 7 and 51(2)(h) of the VAT Act, and Sections 2 and 4(3) of the Insurance Premium Levy Act with the words “prescribed invoicing system”.

This measure seeks to replace the words “electronic fiscal device” with the words “prescribed invoicing system” to support the implementation of the electronic invoicing system.

3.2.3 Delete Section 8A of the VAT Act on the supply and accounting of an electronic service.

This measure seeks to support the taxation of electronic services in Zambia by

removing the requirement for non-resident taxpayers to appoint a tax agent to account for VAT on electronic services. This will support voluntary compliance amongst non-resident providers of electronic services.

3.2.4 Introduce a provision under Section 18(3) that allows taxpayers to use prescribed invoicing system to issue an invoice for the purpose of VAT input credit or deductions.

This measure seeks to introduce tax invoices issued from a prescribed invoicing system for the deduction, credit or claiming of input tax by a registered VAT supplier. This means that in addition to the documents that have been provided for, a taxable supplier may be required to be in possession of an invoice issued from a prescribed invoicing system for purposes of claiming input tax. This is to align the Act with the implementation of the electronic invoicing system.

3.2.5 Introduce a requirement in the VAT Regulations for provision of third-party information in the format prescribed by the Commissioner General.

This measure seeks to improve the efficiency of tax administration and promote tax compliance. The measure will also align the VAT Act with the provisions of Section 48 of the Income Tax Act.

3.2.6 Allow mining companies to keep their books of accounts in United States dollar if their gross income is not less than 75 percent in form of foreign exchange earned outside the Republic.

The measure seeks to introduce the requirement for taxable suppliers carrying on mining operations where not less than 75 percent of the gross income from mining operation is earned in United States Dollars to keep the books of accounts in United States Dollars. This measure will also align the VAT Act with Section 55 (4) of the Income Tax Act. Currently, taxpayers are only allowed to keep their books of accounts in Zambia Kwacha for VAT purposes.

3.2.7 Introduce the provision for the conversion rate of the Kwacha against the United States Dollar to be used for purposes of translating the books of accounts for VAT purposes referred to under Section 44(3) as the spot rate prevailing on the date of transaction.

The measure will align the conversion rates for dollar tax invoices to be used

for both income tax and VAT returns, thereby minimizing exchange differences.

3.2.8 Introduce a threshold of up to K200 on outstanding liabilities/refunds for deregistration purposes of dormant taxpayers.

This measure is intended to introduce a provision that empowers the Commissioner General to deregister dormant taxpayers with outstanding tax liabilities or refunds of up to K200 from the VAT register. Currently, there is no threshold for VAT deregistration for dormant taxpayers.

3.2.9 Reinstate the exemption status on the supply of mains water and sewerage services.

The measure seeks to reinstate the exemption status on mains water and sewerage services. Currently, the supply of mains water and sewerage services is standard rated in accordance with Statutory Instrument No. 87 of 2022.

4.0 TOURISM LEVY

4.1 HOUSEKEEPING MEASURES

4.1.1 Introduce a provision in the Tourism Levy Act under Regulation 4 to allow a tourism enterprise or tourism facility use a prescribed invoicing system to record all transactions relating to Tourism Levy and issue an invoice.

This measure seeks to introduce a requirement for taxpayers in the tourism and hospitality sector who are registered for Tourism Levy to use the electronic invoicing system to issue tax invoices.

5.0 CUSTOMS AND EXCISE MEASURES

5.1 REVENUE CONCESSION MEASURES

5.1.1 **Remove Customs Duty on selected machinery and equipment used in the exploration of oil and gas.**

The measure is meant to attract investment and support exploration for oil and gas in Zambia.

5.1.2 **Remove Customs Duty on machinery, equipment and other goods designed for geothermal energy activities.**

The measure seeks to support exploration and investments to promote renewable energy sources.

5.1.3 **Suspend Customs Duty on selected media, film and music equipment for a period of 3 years to promote growth in the media and film industry.**

This measure is intended to promote investment and the growth of the media, film and music industry.

5.1.4 **Remove Customs Duty on importation of motorcycles and tricycles imported in complete knock down form for companies that assemble and source at least 5 percent inputs locally.**

The measure is intended to encourage investment in the local assembly of motorcycles and tricycles, support employment creation in the sub-sector, and reduce the cost of transportation in rural areas.

5.1.5 Remove the 5 percent Selected Goods Surtax applicable on the following products which are not locally produced:

No.	Product	HS Code	Uses
1.	High Carbon Ferro Chrome	7202.41.00	Raw material used in the manufacturing of cast mill balls.
2.	Mild Steel (MS) Lancing Pipe	7306.90.00	Used in the Ferro Alloy industry.
3.	Carbon Paste	3801.30.00	Raw material used as input in the manufacture of electrodes
4.	Whey Powder	0404.10.00	Used in the dairy industry.
5.	Float Glass	7005.21.00	Used in housing and construction
		7005.30.00	
6.	Flanges of stainless steel	7307.21.00	Used in the steel manufacturing subsector
7.	Wire of iron or non-alloy steel - plated or coated with zinc	7217.20.00	Raw material used as input in the manufacture of steel wires
8.	Bars and rods, hot-rolled, in irregularly wound coils, of iron or steel of circular cross-section measuring <14mm in diameter	7213.91.00	Used as concrete reinforcement of concrete in the manufacture of concrete street lighting poles
9.	Flat-rolled products of other alloy steel of a width of grain-oriented silicon-electrical steel	7226.11.00	Used as an input in the manufacture of transformers
10	(IV bags) Other articles for the packing of goods, of plastics	3923.90.90	Used to administer fluids and medications intravenously. They are typically made of plastic and have a number of features that make them suitable for this purpose, such as a port for the infusion of fluids and medications, and a valve to prevent backflow.

The measure is intended to reduce the cost of these critical inputs used in industrial processes, thereby promoting the growth of the manufacturing sector in Zambia.

5.1.6 Suspend the Excise Duty rate by 50 percent on locally produced clear beer, for a period of 3 years for small and medium manufacturers that produce less than 500,000 litres per annum.

This measure is meant to support growth of small-scale breweries which is expected to result in increased investment, employment creation and the promotion of backward and forward linkages with out-grower schemes for inputs such as sorghum and millet.

5.1.7 Reduce Excise Duty on alcohol of HS code 2207.20.90 (Ethyl alcohol and other spirits, denatured, of alcoholic strength of less than 80%) from 125% to 60%.

Currently, ethyl alcohol and other spirits, denatured, of an alcoholic strength of less than 80% of HS Code 2207.20.90 attract Excise Duty at the rate of 125%, while all other types of alcohol listed in the Excise Schedule attract the rate of 60%. The measure intends to harmonise the rate with similar alcohol to avoid misclassification.

5.1.8 Remove 10 percent Customs Duty on the importation of rolling stock, including wagons and locomotives.

The measure is intended to attract investment in the railway subsector and enable Government to accomplish its goal of shifting the transportation of 30 percent of heavy and bulk cargo to rail from road, in line with Statutory Instrument Number 7 of 2018. Currently, rolling stock, including wagons and locomotives attract 10 percent Customs Duty.

5.1.9 Remove Customs Duty on the following:

- a) electric motor vehicles designed for the transport of persons;*
- b) electric buses (HS code 8702.40.90) and electric trucks (HS code 8704.60.90); and*
- c) accessories of electric motor vehicle or cycles such as charging systems.*

This measure is intended to encourage the use of clean energy systems and reduce the use of fossil fuels.

5.1.10 Reduce Excise Duty to 25 percent from 30 percent on hybrid vehicles of HS Code 8703.40.90; 8703.50.90; 8703.60.90 and 8703.70.90 designed for the transport of persons.

This measure is meant to encourage uptake of environmentally friendly hybrid vehicles.

5.1.11 Provide for the extension of the validity period for the Customs Duty incentives accessible by the developer of a Multi-Facility Economic Zone up to 15 years from 5 years, upon fulfilment of the conditions as may be prescribed.

The measure intends to extend the validity period of Customs Duty incentives in cases where the developer is unable to complete the development within the initial 5-year period. The provision will empower the Commissioner General to extend the period when the developer has fulfilled prescribed conditions.

5.2 COMPENSATING MEASURES

5.2.1 Introduce and/or increase Selected Goods Surtax (SGS) on the following products which are locally manufactured:

No.	Item	HS Code	Current Rate	Proposed Rate
1.	Tiles	6904.90.10	5%	30%
		6907	20%	
2.	Mattresses	9404.21.00	5%	20%
3.	Laminated panels for building and cold storage insulation	9406.10.10	0%	5%
4.	Glass	7005.10.00; 7005.29.00; 7003.19.00; 7003.30.00; 7004.90.00.	0%	5%
5.	Baby diapers	4818.40.10	0%	5%

This measure is aimed at promoting the growth of the local manufacturing sector and supporting employment creation. The measure also intends to harmonise the rates for Selected Goods Surtax on similar products to prevent misclassification.

5.2.2 Increase of customs duty rate on all imported electrical panels (distribution boxes) of HS Code 8537.10.00 to 25 percent from 15 percent.

The measure is meant to promote the growth of the local manufacturing sector and support employment creation.

5.2.3 Prescribe for the allowance of losses of up to 1 percent of cutrag (shredded tobacco) in the production of cigarettes and deem any losses above 1 percent

to have been used in the production of cigarettes:

The measure is intended to mitigate the risk to revenue arising from excessive cutrag loss claims in the production of cigarettes. Currently, there is no limit for cutrag losses in the production of cigarettes, which has occasionally resulted in excessive loss declarations.

5.2.4 Increase the specific Excise Duty on non-alcoholic beverages (including UHT juices) to K0.60 (60 ngwee) per litre from K0.30 (30 ngwee).

The measure is meant to increase domestic resource mobilisation.

5.2.5 Increase the specific Excise Duty rates for tobacco and tobacco products to K400 per mille from K361 per mille.

The measure is intended to discourage consumption of tobacco and its products, which are harmful to human health.

5.2.6 Introduce Excise Duty at 5% on Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated of HS Code 2704.

The measure is aimed at harmonising Excise Duty rates at 5 percent on all types of coal and curbing misclassification.

5.2.7 Change the basis of excise valuation for spirits, liqueurs and other spirituous beverages to be determined on the basis of market price and not the value of the input at importation.

The measure is meant to curb undervaluation and under-declaration of locally and imported spirits, liqueurs and spirituous beverages as well as to reduce refund claims associated with exports.

5.3 HOUSEKEEPING MEASURES

5.3.1 Amend Section 2 of the Customs and Excise Act to change the name of the Division from the “Customs and Excise Division” wherever it appears in the Act to the “Customs Services Division”.

Currently, the Customs and Excise Act, CAP 322 refers to the Division responsible for administering functions in the Act as the “Customs Services Division” and the “Customs and Excise Division”. The measure is intended to harmonise the name of the Division to always read as the “Customs Services Division”.

5.3.2 Amend the Fourth Schedule (The Selected Good Surtax Schedule) to the Customs and Excise Act, CAP 322 by inserting the rate of “5 percent” against Malted millet or sorghum not roasted of HS Code 1107.10.30.

The measure intends to amend the Fourth Schedule to the Customs and Excise Act to clearly provide for a 5 percent surtax on malted millet or sorghum not roasted of HS Code 1107.10.30.

5.3.3 Amend the Fifth Schedule of the Customs and Excise Act by deleting the words ‘transaction value’ in Clause 3(1) and substituting it with the words ‘customs value’.

This measure is intended to align the text on adjustments as provided for in Clause 3 of the Fifth Schedule of the Customs and Excise Act with Article 8 of the World Trade Organisation Valuation Agreement. The current text erroneously reads “transaction value” instead of the “customs value”.

5.3.4 Amend the Customs and Excise Act to limit the period within which the payment for a Customs Agents License fee can be made to three months.

The measure is intended to ensure that the fees for Customs Agents’ License are paid within a prescribed period and to reduce the accumulation of unpaid license fees. Currently, there is no time limit within which a fee for a Customs Agent’s License should be paid following approval.

5.3.5 Amend the Customs and Excise Act to provide for a penalty for failure to make payment for a Customs Agents License fee within three months.

The measure is meant to encourage the timely payment of fees for a Customs Agents’ License. Currently, there is no penalty imposed for failure to make payment for a Customs Agents’ License.

5.3.6 Extend the working hours at Mokambo, Kipushi and Sakania to all hours of the day and night (24hrs) from 8 hours a day and designate the border posts as Customs Houses.

The measure is intended to enhance trade facilitation by extending the working hours at Mokambo, Kipushi and Sakania borders to facilitate trade.

In addition, the measure seeks to designate these borders as Customs Houses to enable the border posts process bills of entry. Currently, the functions of these border posts are limited to passenger processing and facilitating the reporting of imported goods to inland Customs Houses (ports).

5.3.7 Amend the text on HS Code 2202.10.10 to include the words “other waters other than mineral waters” in the appropriate place.

The measure is intended to align the description of the HS Code 2202.10.10 in the National Tariff Book with the World Customs Organisation (WCO) HS 2022 version.

5.3.8 Amend PART XA of the Customs and Excise (General) Regulations to align some of its provisions to the Zambia Development Agency Act, 2022 and the Investment, Trade and Business Development Act, 2022 administered by the Zambia Development Agency.

The Zambia Revenue Authority implements tax incentives for investments provided under the Acts administered by the Zambia Development Agency (ZDA). Currently, Part XA of the Customs and Excise (General) Regulations refer to the repealed ZDA Act No. 11 of 2006. The measure is therefore meant to ensure that the provisions in Part XA refer to the Acts currently administered by ZDA.

5.3.9 Amend the Customs and Excise Act, CAP 322 of the Laws of Zambia to provide for the pilot in charge of an aircraft to submit a manifest cargo within the following stipulated times:

- i. At least two (2) hours before arrival for aircraft from Africa;**
- ii. At least four (4) hours before arrival for aircraft from other Continents; or**
- iii. As the Commissioner General may determine (With the exception of shorter flights).**

This measure seeks to expedite the processing of courier cargo upon arrival and enhance risk management of consignments based on advance electronic information. This in line with Article 7.8 (Expedited Shipments) of the Trade Facilitation Agreement (TFA). Currently, the Customs and Excise Act has no provision to make it mandatory for the pilot in charge of an aircraft to submit a manifest within a stipulated timeframe.

5.3.10 Amend Sections 32(4) and 33(1) of the Customs and Excise Act to reduce the time in which goods moved in bond are to be bonded or final cleared to 5 days from 15 days.

The measure is intended to reduce the period for which goods can be removed in bond from the port of entry into either consumption or bond to 5 days. This will ensure that the goods removed in bond are promptly accounted for, in order to reduce risk to revenue. This will also harmonise the number of days for goods removed in bond with the days for goods in transit through Zambia.

5.3.11 Amend Sections 144 and 145 of the Customs and Excise Act to provide for the following offences that will relate to the Electronic Cargo Tracking (ECT) System:

- a) parking in a designated area beyond the prescribed period;
- b) parking in an undesignated area;
- c) possession of an electronic seal without authority;
- d) failure by the transporter of goods, to disclose all the sealable points on the vessel; and
- e) tampering or manipulation of an electronic seal in order to evade payment of duty.

The measure intends to provide for offences that relate to the use of electronic cargo tracking devices. The devices are aimed at curbing transit fraud and facilitating the flow of legitimate cargo.

5.3.12 Amend the Customs and Excise Act to prescribe a penalty not exceeding fifty thousand fee units or imprisonment for a period not exceeding 1 year, or to both on offences relating to Electronic Cargo Tracking system.

The measure aims to provide penalties for offences relating to the abuse of electronic cargo tracking devices.

5.3.13 Amend Section 2 (b) of the Customs and Excise Act by the deletion of the definition of “Electronic Fiscal Device” and replace with the following new definition:

“prescribed invoicing system” refers to a system that transmits production, invoicing and stock data to the electronic invoicing system and includes software applications, web-based applications and invoicing systems approved by the Commissioner General.

This measure seeks to support the implementation of the electronic invoicing system. The Act currently refers to the use of Electronic Fiscal Devices (EFDs) as a means for issuing invoices for the charge of Excise Duty. However, the EFDs will be replaced by a cost-effective and software-based electronic invoicing system in 2024.

5.3.14 Amend Section 188A (1) of the Customs and Excise Act to replace the words “Electronic Fiscal Device” with the words “prescribed invoicing system”.

This measure intends to align the Act with the implementation of the electronic invoicing system, which will be used for issuing invoices for the charge of Excise Duty.

5.3.15 Amend Section 41(1) of the Customs and Excise Act to restrict the importation of alcohol with an alcoholic content of above 80% to licensed manufacturers of alcoholic spirits and other users approved by the Commissioner General.

This measure is intended to enhance the traceability of alcohol used for industrial purposes and to seal revenue leakages by restricting importation to licensed manufacturers and approved users. Currently, there is no restriction in place and this resulted in non-compliance by some taxpayers.

5.3.16 Amend Section 69 of the Customs and Excise Act/Regulation 47 Customs and Excise (General) Regulations 2000 to introduce security deposit or bond guarantee on all exports from a bonded warehouse.

This measure is aimed at curbing possible revenue leakages on goods that may be consumed in Zambia despite being declared as exports from bonded warehouses. Currently, goods removed from a bonded warehouse for export have no security/bond guarantee in place to safeguard against the potential revenue loss from non-compliance.

5.3.17 Amend Regulation 137 of the Customs and Excise General Regulations to provide for use of an Electronic Bond where systems for issuance of such bonds exist.

This measure is intended to provide for issuance of electronic bonds, which are meant to mitigate the risk arising from bond alteration and which may lead to revenue loss.

5.3.18 Amend Section 171B of the Customs and Excise Act to define irrecoverable debt and provide conditions that the Minister may consider for debt remission.

This measure seeks to provide a clear and concise guide on remission of irrecoverable debt in order to halt the accumulation of tax debt.

5.3.19 Amend Section 55(3) of the Customs and Excise Act to include the date by which submissions of applications for renewal of a bonded warehouse license can be made, to at least 90 days before the end of the financial year.

There is currently no prescribed date by which applications for the renewal of a bonded warehouse license should be submitted for approval. The amendment will grant sufficient time to conduct due diligence before licenses are issued for a prescribed period.

6.0 CROSS-CUTTING MEASURES

6.1 Introduce a levy of between 8 ngwee and K1.80 on the transaction value for person-to-person mobile money transfers. The following is the proposed fee structure:

Amount Range (K)	Proposed Levy (K)
Between 1 to 150	0.08
Above 150 to 300	0.10
Above 300 to 500	0.20
Above 500 to 1,000	0.50
Above 1,000 to 3,000	0.80
Above 3,000 to 5,000	1.00
Above 5,000 to 10,000	1.50
Above 10,000	1.80

The measure is intended to raise revenue to support the provision of public services.

6.2 TAX ADMINISTRATION MEASURES FOR EFFICIENCY GAINS

6.2.1 Amend the Zambia Revenue Authority Act to provide for the reward of Whistle-blowers.

This measure is intended to curb tax evasion and seal revenue leakages in line with international good practice.

6.2.2 Amend Section 48A of the Income Tax Act to empower the Commissioner General to request for information from regulators.

The measure seeks to extend the provision on secrecy or other restriction on the disclosure of information under Section 48A of the Income Tax Act to regulators in order to align with international good practice in taxation and anti-money laundering. Currently, if the Commissioner-General requires information for tax purposes, then any obligation as to secrecy or other restriction on the disclosure of information imposed under the Banking and Financial Services Act, the Evidence (Bankers Books) Act, the Accountants Act, 2008 and the Legal Practitioners Act will not apply.

6.2.3 Amend the Income Tax Act to provide for Large and Specialised taxpayers to submit audited financial statements as may be required by the Commissioner General.

This measure is intended to enhance compliance with respect to the accuracy of tax declarations made by taxpayers under the Large and Specialised taxpayer segment.

6.2.4 Exempt the Zambia Revenue Authority from the provisions of the Data Protection Act No. 3 of 2021.

This measure is meant to enable the Authority to access data from third parties in order to facilitate for system interfaces with third parties such as the Bank of Zambia and the Zambia Information and Communication Technology Authority with the aim of improving tax compliance.

6.2.5 Introduce a Unified Tax Administration Act by 2025.

The introduction of a Unified Tax Administration Act will reduce the cost of compliance for taxpayers, improve taxpayer experience, and enhance the efficiency of tax administration.

6.2.6 Implement the electronic invoicing system, which is a software based fiscalisation solution for VAT and other transactional tax types.

The implementation of the electronic invoicing system seeks to seal loopholes in the VAT system and other transactional tax types through enhanced taxpayer compliance and efficient tax administration systems.

6.2.7 Introduce a provision to compel the taxpayer to pay the tax liability after a fine has been imposed by the courts for the offence of tax evasion.

This measure seeks to clarify that in addition to the fine imposed by the courts, the taxpayer will also be required to pay evaded taxes upon conviction. Where there is a reason for goods to be forfeited, such goods should also be forfeited to the state.

