Smart INVOICE

Invoice the Smart Way

FREQUENTLY ASKED QUESTIONS

ZAMBIA REVENUE AUTHORITY

My Tax Your Tax Our Destiny

1. Introduction

Following the pronouncement made during the 2024 National Budget address by the Minister of Finance and National Planning to implement electronic invoicing, taxpayers are required to use the **Smart Invoice** to record all sales transactions.

2. What is Electronic Invoicing?

Electronic Invoicing, also known as e-invoicing, refers to the process of generating, sending, receiving and processing invoices electronically.

In order to achieve this, the Zambia Revenue Authority (ZRA) has implemented Smart Invoice, which transmits invoice data to ZRA in real-time. Each invoice transaction has a special mark called a fiscal signature to authenticate the invoice.

3. What is Smart Invoice?

Smart Invoice is a software-based electronic invoicing solution that taxpayers use to manage invoices and stock data transmitted to ZRA.

4. What are the benefits of using Smart Invoice?

Smart Invoice offers several benefits, including cost savings, reduced accounting errors, faster invoice processing, reduced tax evasion, improved compliance, reliability of invoice information, ability to pre-fill tax returns, stock management and environmental sustainability.

5. What are the cost savings associated with Smart Invoice?

Smart Invoice leads to cost savings through reduction of paper used for printing, thereby eliminating physical storage costs. In addition, Smart Invoice reduces the likelihood of data entry errors which in turn reduces the risk of incurring penalties and interest due to inaccurate declarations.

6. What is the difference between the Electronic Fiscal Devices (EFDs) and the Smart Invoice?

The implementation of EFDs was mainly based on physical gadgets (devices) while Smart Invoice is software based. Additionally, the EFD implementation only covered Value Added Tax (VAT) and Insurance Premium Levy (IPL) while the Smart Invoice covers more tax types and duties such as VAT, Turnover Tax (TOT), Income Tax, Rental Income tax and Local Excise Duty on Coal and Electricity. Further, it covers levies such as Insurance Premium Levy (IPL) and Tourism Levy. The Smart Invoice also has a component that provides for stock management.

7. Does the Smart Invoice cater for the needs of all taxpayers?

The Smart Invoice caters for different categories of taxpayers using the following invoicing solutions:

i. ***The Mobile App*** – it is suitable for taxpayers on Turnover Tax and Rental Tax only. It is not suitable for those registered for Value Added Tax.

This type of solution is a software application that can be installed on Android based devices. Therefore, the mobile application can be installed on a smartphone or Personal Digital Assistant (PDA) to create and manage transactions. The Mobile App can be downloaded from the taxpayers Smart Invoice profile.
Taxpayers are not restricted to using the mobile application as the only invoicing option. They can choose to use any of the other available invoicing solutions.

ii. ***Online invoicing*** – The online invoicing platform can be accessed using a web browser and is suitable for taxpayers in the service industry e.g. construction and lawyers.

iii. ***Desktop Application*** – This invoicing package is suitable for all taxpayers except those with accounting packages. It is a software application that is installed on a desktop computer or laptop. It enables users to create, customize, and manage transactions locally on their own devices.

iv. ***Approved Invoicing Systems*** – 'Approved Invoicing System' refers to systems that have met the integration requirements of the Smart Invoice and have been approved by ZRA

This category applies to taxpayers whose invoicing systems require integration with Smart Invoice.

8. How can taxpayers access the Smart Invoice?

To access Smart Invoice, taxpayers can visit the ZRA website www.zra.org.zm, navigate the Smart Invoice section, sign up and apply for the invoicing solution that best suits their needs.

9. Are taxpayers required to pay to install the Smart Invoice?

ZRA offers Mobile Applications, Desktop Applications and Online Invoicing packages to taxpayers for free. However, taxpayers using accounting packages that require integration with Smart Invoice will be responsible for the associated integration costs.

10. Is there a monetary threshold for a business to qualify to register for the Smart Invoice?

There is no monetary threshold or turnover required to register for Smart Invoice. To be eligible, a business must be registered for any of the following; Value Added Tax (VAT), Turnover Tax (TOT), Insurance Premium Levy (IPL), Tourism Levy (TL), Excise (coal and electricity), Rental Tax or Income Tax.

11. How will taxpayers using Electronic Fiscal Devices (EFDs) migrate to Smart Invoice?

All taxpayers using EFDs are mandated to transition to Smart Invoice in compliance with the legal requirement to use Smart Invoice. After the migration to Smart Invoice, taxpayers are required to return the Electronic Fiscal Devices to ZRA for deregistration from the Tax Invoice Management System.

12. Are Accounting packages and Enterprise Resource Planning Systems (ERPs) previously approved for invoicing allowed for issuing invoices after the rollout of Smart Invoice?

Taxpayers using Accounting packages and ERPs previously approved for invoicing are required to integrate their systems with Smart Invoice to meet the legal requirements to use Smart Invoice.

13. What are the options for integrating with Smart Invoice?

There are two main options for integrating with Smart Invoice:

i. ***In-House Development***
This involves the integration process being carried out entirely by in-house technical staff.

ii. ***Vendor Development***
This involves the integration process being undertaken by a software vendor.

14. Is integration documentation available for Smart Invoice?

Yes, all the necessary integration documentation is provided on our ZRA website www.zra.org.zm under the Smart Invoice Tab.

15. Can a cloud – based software be integrated with Smart Invoice?

Yes, cloud – based software can be integrated with Smart Invoice.

16. What are the security considerations for Smart Invoice?

Security is crucial in e-invoicing to protect sensitive financial data. Encryption, secure transmission methods, authentication and data access controls have been put in place to ensure the security of taxpayer information.

17. How can one verify that an invoice is genuine?

Each invoice generated by the Smart Invoice has a Quick Response (QR) code enabling Taxpayers to verify the authenticity of the invoice using a mobile application.

18. Are taxpayers allowed to issue manual tax invoices to customers?

All taxpayers are required to use Smart Invoice to issue electronic invoices from any of the available invoicing solutions.

19. Can Smart Invoice be used without internet connectivity?

Yes, Smart Invoice can be used to generate invoices offline. Invoices issued offline must still be uploaded to the system within 3 days of issuance to ensure timely and accurate transaction recording. However, issuing invoices through the Online solution requires continuous internet connectivity.

20. What is stock management on Smart Invoice?

Stock management on Smart Invoice is a feature which allows users to efficiently manage their inventory and stock movements

within the business and across the entire supply chain.

21. What are the benefits of the stock management feature on Smart Invoice?

i. Real-time monitoring of stock levels by taxpayers, thus ensuring up-to-date information on their inventory.
ii. Automated updates on stock movements ensuring improved efficiency and accuracy.
iii. Seamless transfer of imports from ZRA customs system – Asycuda World, to the taxpayer's invoicing solution.
iv. Automated transfer of stock items between buyer and seller for local sales transactions if both are using Smart Invoice.

22. Does Smart Invoice allow me to upload multiple stock items at once?

Yes, a Bulk Upload template is available on the website which allows taxpayers with multiple stock items to upload stock on to the system at once. However, this option is only available to those using the Desktop Application and should only be used for items that have never been captured before.

23. Is it possible to make an adjustment to stock on Smart Invoice in case of damaged or expired stock items?

Smart Invoice allows quantity adjustments of stock under the Stock Management Module. However, a reason for the adjustment must be provided.

24. How does accurate stock tracking and management benefit businesses?

Accurate stock tracking and management helps businesses in preventing overstocking or stockouts and ensures the maintenance of optimal levels of stock to meet demand.

25. What is the advantage of tracking and real-time monitoring of stock levels?

Real-time monitoring of stock levels allows businesses to have instant visibility of their inventory, making it easier to manage supply chain operations and respond quickly to changes in demand.

26. Can a taxpayer with multiple devices linked to a single store add stock on one device and have the updated stock levels automatically synchronised and reflect on all other connected devices?

Where a taxpayer has more than one device, the devices operate independent of each other. Stock can however be transferred from one device to another.

27. Can Smart Invoice handle export sales?

Yes, Smart Invoice has a feature that supports export sales transactions for purposes of zero-rating Value Added Tax (VAT) for VAT registered suppliers.

28. Will zero-rating Local Purchase Orders (LPOs) still be used after the implementation of Smart Invoice?

Client's with LPOs will still be required to provide the LPOs before the taxable suppliers of goods or services can issue an invoice without VAT.

29. Is it possible to make corrections to a transaction on Smart Invoice after a sale has been completed?

Yes. Once a sale has been completed, adjustments of transactions are possible using credit notes or debit notes.

30. Does Smart Invoice handle issuance of multiple credit notes?

Smart Invoice allows for the issuance of multiple credit notes and provides a means of managing adjustments to invoices when need arises.

31. When entering prices of goods on Smart Invoice, does the taxpayer enter the amount inclusive or exclusive of VAT?

All prices for standard-rated goods or services must be entered on Smart Invoice as tax inclusive amounts, unless the goods or services are either exempt or zero-rated.

32. Is it possible to reflect the mode of payment when using Smart Invoice?

Yes, Smart Invoice offers a selection of mode of payment on invoices using the 'pay mode' option for a selection of payment type, these include Cash, Cheque, Card or Electronic Fund Transfer.

33. Does Smart Invoice support invoicing in multiple currencies?

Smart Invoice supports the issuance of invoices in multiple currencies. Invoices can be issued in five other major currencies: United States Dollar, British Pound Sterling, Euro, Chinese Yuan and South African Rand. However, Zambian Kwacha is the default currency on Smart Invoice for prices in *"Item Management"*.
In order to use the foreign currency feature, the user will need to select the currency of choice and define the applicable exchange rate.

34. Can taxpayers switch to another invoicing solution later, after initially registering on one solution?

Taxpayers will be required to carefully decide which Smart Invoice solution meets their business needs and consistently use it for invoicing.

However, if they find that another solution better suits their business model, they can switch to a different invoicing solution

35. Is it possible for two different taxpayers, each with their own distinct TPINs, to install the ZRA Smart Invoice solutions on the same computer?

No, the ZRA Desktop, Tablet, Personal Digital Assistants solutions and mobile App can only have one installation of one TPIN per device.

36. How will ZRA provide communication on system updates and changes as most taxpayers do not regularly use the taxpayer portal to see "Notice Updates" posted there?

System update notifications will also reflect on a taxpayers mobile and desktop applications and prompt the user to update to the latest version.

37. How can I get the Smart Invoice Mobile App?

The Mobile App is available for Android devices. It can be downloaded from the website after applying and registering for the mobile application.

38. Do I still need to print invoices when using Smart Invoice?

Printing of an invoice is optional. Tax invoices issued to a customer can be printed or sent electronically using email, etc.

39. How do you save and print invoices on the Mobile Application Solution?

Invoices generated from the Mobile Application can be printed using a Bluetooth printer or sent to a customer using an SMS link.

40. Can a user change the defined price of a product entered in Item Management at the point of making a sale?

Yes, users can modify the defined price of a product during a sale when using custom templates such as:

i. Hospitality;
ii. Retail;
iii. Restaurant; and
iv. Specialty Store and Grocery.

However, this option is not available in the Management Module, where products are expected to be defined with distinct prices.

41. Are there penalties for not using Smart Invoice?

It is a legal requirement to use the Smart Invoice. Failure to issue electronic invoices attracts penalties as specified in the Value Added Tax Act.

Penalties for failure to comply with the requirement to use Smart Invoice according to the Value Added Tax Act Section 7A (3) are as follows:

1st Offence: Not exceeding K40,000

2nd Offence: Not exceeding K80,000

3rd or Subsequent offence: Not exceeding K120,000 or imprisonment for a term not exceeding 3 years, or both.

42. Where can I get more information about Smart Invoice?

For more information and guidance on the registration and integration process, please visit ZRA website at www.zra.org.zm. Navigate to the 'Smart Invoice' section on the website for detailed instructions and support materials.

You can also call 4111 or write to: smartinvoice@zra.org.zm or advice@zra.org.zm or visit any nearest ZRA office.