

i) Tax Treatment Of Certain Winnings Under Gaming And Betting

How to compute Net Proceeds where winnings are non-monetary e.g. A car given as a prize for a lottery.

Where prizes are awarded in the form of property or a benefit that is non-monetary, the net proceeds in this case will be calculated based on the value as determined by the Commissioner-General. The applicable presumptive Tax rate will be applied on the Net Proceeds in accordance with Section 64 and the Ninth Schedule to the Income Tax Act.

2. Whether one-time organisers of lotteries should also register and account for Presumptive Tax (PRT) considering that registrations for PRT and ITX are mutually exclusive.

Where a taxpayer whose business is not a lottery but organises a lottery for the purpose of promoting their business, they shall not be required to account for Presumptive Tax if the lottery entry requirement is such that one is supposed to purchase products of the business. However, where the taxpayer sells lottery tickets they shall be required to register for Presumptive Tax and account for it accordingly.

3. Who should account for PRT and WHT regarding slot route operations, the gaming machine owners or location owners?

A slot route operator is a business that owns and operates gaming machines in several locations. These locations are usually retail businesses run by other persons. For such gaming operations the absolute owner of the machines is required to account for the Presumptive Tax and Withholding Tax arising from the operation of the machines.

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**PRESUMPTIVE TAX
ON BETTING AND
GAMING LEAFLET -
2025**

(a) What is Presumptive Tax?

These are estimates of tax payable that are used in dealing with incomes or activities that are hard to tax, e.g. the informal sector.

(b) Presumptive Tax on Gaming and Betting Businesses

Persons carrying on gaming and betting business are no longer eligible to register for income tax or turnover tax.

It is mandatory for a gaming and betting business to notify the Commissioner-General of its establishment as provided below:

A person liable to pay presumptive tax under section 64 of the Act shall, within thirty days of establishing a business, notify the Commissioner-General of the establishment of the business.

(c) What is the due date for return submission and payment of presumptive tax?

The due date for return submission and payment of presumptive tax is the 14th day of the month following the month in which the transactions occurred.

(d) Is there any provision for tax refunds in case excess tax is paid?

Yes. A refund of excess tax will be paid in accordance with the Income Tax Act.

(e) What is the prescribed period for retention of records for presumptive tax?

The records should be retained in the English language, within the Republic and for a period of six years.

Examples of business records include, but not limited to:

- (i) record of initial deposits;
- (ii) record of cash payout;
- (iii) record of machine customer wins;
- (iv) machine and table reports (daily, weekly, monthly);
- (v) inventory of machines and tables;
- (vi) cash book;
- (vii) bank statements;

(f) When can a business cease to be liable to pay presumptive tax?

A business shall cease to be liable to pay presumptive tax under any of the following circumstances:
(i) if the person is adjudged bankrupt;
(ii) in the case of a sole proprietor, upon the death of the person;
(iii) upon the winding up of the person’s business; or
(iv) any other circumstances as may be determined by the Commissioner-General.

(g) What are the penalties for taxpayers who commit offences against the presumptive tax regulations?

Some of the offences and corresponding penalties are as indicated in the table below:

Table: Penalties

No.	Offence	Penalty Rate
1.	Late submission of return	1,000 penalty units per month or part thereof
2.	Late payment	5% of the amount that remains unpaid plus Interest at the Bank of Zambia Discount rate of 2%.
3.	Under-declaration of income	Negligence: 50% of the income omitted

		Willful default: 100% of the income omitted
		Fraud: 150%
4.	Tax evasion (fraudulent returns)	Fraud: 150% of the income omitted 300,000 penalty units or 3 years imprisonment, or both

(h) What specific tax rates and presumptive tax amounts apply to betting and gaming businesses?

Type of Game	Monthly Tax Rate or Monthly Tax Amount
Online Casino Live games	20% of gross takings
Online Casino Machine Games	35% of gross takings
Casino Games (Brick and Mortar)	K5,000 per table
Online Lottery Winnings	35% of net proceeds
Online Betting	25% of gross takings
lottery winnings (Brick and motor)	15% of net proceeds
Gaming Machines	K500 per machine
Betting	15% of gross takings

NOTES:
1. "Net proceeds" means the gross proceeds less sums paid out for the prizes.
2. "Gross takings" means the total amount staked by players less winnings payable.

NOTE:
The tax payable per month for the casino live games, casino machine games, lottery winnings and betting will be computed on the net income (total takings less pay outs). The tax payable for slot machines and gaming machines is a fixed amount per machine per month.