

8. When is the tax payment due?

The tax must be paid to the Zambia Revenue Authority on or before the Fourteenth (14th) day following the month of receipt of the rentals.

9. When is the return due?

The return must be submitted to the Zambia Revenue Authority on or before the Fourteenth (14th) day following the month of transaction.

10. What are the penalties for non-compliance?

Where a Landlord fails to submit the Rental Tax return or make payment to the Commissioner-General, the following penalties and interest shall be charged:

The penalty for late submission of return is 250 penalty units (K100.00) per month or part thereof during which such failure continues.

- ii. The Penalty for late Payment of tax that remains unpaid after the due date is at an amount equal to 5% of the outstanding tax.
- iii. Interest on late Payment of the tax that remains unpaid after the due date is at an amount equal to the discount rate published from time to time by the Bank of Zambia plus 2% per annum.
- iv. Penalty and Interest shall continue to accrue until the tax is paid in full.

Note: A penalty unit is forty ngwee (K0.40).



For more information contact:

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RENTAL INCOME TAX

1.What is rental income?

These are earnings received from letting out or leasing of any real property such as unfurnished and furnished apartments, boarding houses, commercial buildings, bare land such as car park facilities or farm, water bodies and boat houses, farm, shop or office building among others.

However, the following properties are not taxed under the rental income regime:

- Real property operating as lodges and have a license;
- Rental of other tangible assets other than real property such as hiring out of motor vehicles, haulage equipment, mining equipment e.t.c; and
- Rental of intangible assets such as good will, trademarks, intellectual property, logos, designs, franchise etc

With effect from 1st January 2022 rental income is taxed as a standalone tax paid by the landlord and therefore it has ceased to be withheld by the tenant and administered under withholding tax by the tenants.

2. What is rental income tax?

This is the cumulative taxation of rental income earned by individuals, partnerships and statutory bodies.

3. How is rental income taxed?

Rental income is taxed using turnover graduated tax bands as seen in the table below.

Table 1: Rental income

Turnover per annum	Tax rate
K12,000 or less	0%
Above K12,000 up to K800,000	4%
Above K800, 000	16%

Examples
What is the tax due on the rental income of K5,000 in January 2025?

	Tax due
Gross rental amount:	K5,000
Chargeable income:	K5,000

Taxed at 0%:	K1,000	K0
Tax @4%	(K4,000)	K160
Total tax payable (K0+K160)		K160
ii. What is the tax due on rental income of K70,000 received in January 2025?		
		Tax due
Gross rental amount:	K70,000	
Chargeable income:	K70,000	
Taxed at 0%:	K1,000	K0
Balance:	K69,000	
4% tax on second band	(K65,666.67) :	K2,626.67
Balance Tax @16% (3333.33):		K533.33
Total tax payable (K0+K2626.67+ K533.33):		K3,160

Annual Tax amounts as at 2025

Narration	Rental Income Taxable (ZMW)	Tax payable (ZMW)
Rental Income received per annum	1,000,000.00	
Tax at 0%	12,000.00	K0
Tax at 4% (K800,000.00 less than K12000.00	K788,000.00	K31,520.00
Tax at 16% (balance above K800,000.00	K200,000.00	K32,000.00
Total		K63,520

4. Who pays the Rental Tax between the tenant and the landlord?

All Landlords are liable for rental tax and must register and remit the tax to ZRA.

In some cases, the Commissioner General may appoint tenants to be Agents for the collection of Rental Tax.

Note: In the case of a Partnership, the Partnership, and not the individual partners, are liable to pay the tax on rental income.

5. Can a taxpayer registered for other taxes like PAYE, Turnover tax, Income tax, VAT etc. be liable for Rental tax?

Yes. Any person who is a landlord and they are registered for other tax types such as Income Tax, PAYE, Turnover Tax or other tax types must also register for Rental Tax.

6. The obligations of the Landlord

- Obtain a TPIN and register for rental income tax.
- Submit a Rental income tax return within 14 days following the month of receipt of the rentals.
- Pay the rental income tax within 14 days following the month of receipt of the rentals.

7. Is rental income also subject to Value Added Tax (VAT)?

Yes. Rental income derived from letting of commercial property is subject to VAT. However, income arising from letting/ leasing of property for domestic purposes is not subject to VAT. The following is an example of how rental tax and VAT can be calculated for rental income received.

Note:
The definition of commercial property is provided for in Section 2 of the VAT Act. It means a building that is used for commercial purposes, land designated or sold for commercial purposes and includes an office building, an industrial building, a health facility, hotel, shopping mall, retail shop, shopping center, warehouse, garage, recreation center, dwelling house used for commercial purposes and multifacility building.

EXAMPLE:	
With annual rental income above K800,000	
	Tax due
Gross rental amount:	K70,000
Chargeable income:	K70,000
Taxed @ 0% (K1,000):	K0
Tax @ 4%(K65,667.67):	K2,626.67
Tax @16%(K3,333.33):	K533.33
VAT@16%(K70,000)	K11,200

Total tax payable (K0 + K2,626.67 + K533.33 + K11,200) K14,360

Note: The Rental Tax and VAT is charged on the chargeable income or the gross rental income received.