

penalty at a rate of 5% per month or part thereof on the principal amount plus interest at the BOZ discounted rate plus 2%

The penalty charge is the same for individuals and companies.

Note: A penalty unit is 40 ngwee

11. Which platforms can one use for return filing and payments?

1. Web based TaxOnline Platform
2. TaxOnApp
3. TaxOnPhone(*858#)

REGISTRATION AND OTHER PROCEDURES

Registration

Taxpayers are required to inform the Commissioner General within 30 days of commencement of business and apply for a Taxpayer Identification Number (TPIN) and register for the tax type.

Cessation of business

If a taxpayer closes down his or her business for any reasons, such as business failure, bankruptcy, winding up, etc., they are required to inform the Commissioner General immediately after such cessation.

Change in Annual Turnover

Where a taxpayer whose turnover is below the threshold discovers that his annual turnover will exceed K5,000, 000.00 during the course of the year, the taxpayer is required to notify the Commissioner General immediately. However, the taxpayer shall continue to pay Turnover Tax until the end of that particular year.

When a taxpayer who has been paying Provisional Income Tax discovers that his or annual turnover will not exceed K5,000,000, 000 during the year, the taxpayer shall notify the Commissioner General

immediately. However, the taxpayer shall continue to pay Provisional Income Tax until the end of that particular year and shall be assessed under the Income Tax system. At the end of the year, the taxpayer will be required to submit an Income Tax Return and a set of accounts with supporting documents covering the whole year.

Any change from Turnover Tax to Income Tax and vice versa shall take effect only at the beginning of a charge year. No change will be effected during the course of the charge year.

NOTE:

The notifications for registration, cessation and change of annual turnover are made through the ZRA Taxonline platform.

2. All notifications for the transactions done on ZRA Online systems are sent to the registered e-mail of the taxpayers. These include taxpayer registration notice, tax type registration notice, return filing notice, tax payments notice and other certificates.

For more information contact:

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



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TURNOVER TAX

Introduction

Turnover Tax (TOT) is a tax that is charged on gross sales/turnover (i.e. earnings, income, revenue, takings, yield and proceeds). A person conducting any business with annual sales of K5,000, 000.00 or less is required to register for turnover tax.

However, any person with annual sales of more than K5,000, 000.00 is required to register for income tax and any person whose business earnings are subject to withholding tax and it is not the final tax such as, commissions, interest earned by companies, royalties earned by residents, etc.

1. Who is not eligible to pay Turnover Tax?

- Any person carrying on a business with an annual turnover of more than K5,000, 000.00.
- Any individual or partnership carrying on business of public service vehicles for the carriage of persons.
- Partnerships carrying on any business irrespective of whether the annual turnover is K5,000, 000.00 or less.

Partners’ income from the partnership is also excluded from Turnover Tax. This is because it is the partnership that carries on business and not the partners. Partners are distinct from the firm (partnership) as stipulated by Section 4 of the Partnership Act.

Consultancy fees are not part of Turnover Tax as per Amendment to the Income Tax Act No. 1 of 2005.

Any person who is involved in mining operations as provided for under the Mines and Minerals Development Act. Except for artisanal miners.

Any person whose business earnings are subject to withholding tax and it is the final tax, such as:-

- Bank interest for individuals

- Dividends
- Interest on Government Bonds
- Interest earned on Treasury Bills for Charitable Institutions and other exempt persons.
- Management and Consultancy fees.
- Payments made to non – resident contractors.
- Public Entertainment Fees paid to non - residents.
- Royalties paid to non – residents, etc.

3. At what rate is Turnover Tax calculated?

The turnover tax rate has been increased to 5% from 4% on annual Turnover of K12,000 up to K5,000,000. However the threshold of K12,000 per annum shall be taxed at 0%

Turnover Tax Per Annum Rate	Tax
K 12,000 or less	0%
Above K 12,000 upto K 5,000,000	5%

Example 1: Computation of Tax on Turnover of K6, 000.

AZ limited carries on business as a retailer. In the month of February, 20XX the business made the following sales:

Cash sales	K4,000
Credit sales	K2,000
Total sales	K6,000

Tax payable will be calculated as follows:

Total sales	K6,000
Amount taxed at 0%	K1,000
Chargeable Amount	K5,000
Turnover tax @ 5%	K250

4. How is Farming Income of turnover below K 5,000,000.00 taxed?

For farming businesses whose turnover is below K 5,000,000.00 per annum, income earned will be taxed

under turnover tax regime at 5%.

5. When is the due date for the Turnover Tax return?

Turnover Tax Returns are to be submitted electronically by the 14th of the month following the month in which the transactions occurred and manually by the 5th of the following month to which the return relates .

6. When is the payment for Turnover Tax due?

Payment for Turnover Tax is due by the 14th of the month following the month in which the sales are made. e.g for sales made in the month January 20XX the payment must be made by 14th February 20XX.

7. For how long are taxpayers expected to keep business records?

Taxpayers will be required to keep all business records pertaining to turnover for a period of up to 6 years. They are also encouraged to keep other business records for purposes of determining their tax liabilities in case they exceed the turnover threshold of K5,000, 000.00.

8. Is a taxpayer who is under Turnover Tax required to submit provisional tax returns?

No. Provisional tax returns are only required for taxpayers who are registered for income tax.

9. Is there any penalty charged on late submission of a Turnover Tax Return?

Yes. Any late submission of a Turnover Tax Return will attract a penalty at the rate of 250 penalty units (K100.00) per month or part of the month thereof.

10. Is there any penalty charged on late payment of turnover tax?

Yes. Any late payment of turnover tax will attract a