

What is Insurance Premium Levy?

The Insurance Premium Levy (IPL) is a levy imposed on all insurance premiums for all classes of insurance business excluding re-insurance. There is no IPL imposed on commissions earned on brokerage because commissions are not classified as insurance business.

Insurance Premium Levy is charged at the rate of 5%. This is in accordance with the Insurance Premium Levy (Amendment) Act No. 47 of 2021. The collection of the levy commenced on 1st January 2016, pursuant to the IPL Act No. 21 of 2015.

Collecting and Remitting Insurance Premium Levy

It is the responsibility of the Insurer, Insurance Agent or Broker to collect and remit the levy to the Zambia Revenue Authority (ZRA).

Return Filing and Payment Due Date

The return filing and payment due date for the levy is the 18th day of the month following the month for which the insurance transactions were made.



Laws applied in the recovery of Insurance Premium Levy

The Value Added Tax (VAT) Act will apply in the enforcement and administration of the Premium Levy for the following:

- (a) Recovery of the levy;
- (b) Filing of returns;
- (c) Assessments;
- (d) Keeping of records;
- (e) Furnishing of information and production of documents;
- (f) Delegation of authority;
- (g) The appointment of authorised officers;
- (h) Penalties and sanctions;
- (i) Reviews and appeals; and
- (j) The priority of tax debts in bankruptcy.

This means that the penalties applicable for the late submission of VAT returns of 1,000



penalty units per day or 0.5% of the tax due, whichever is greater, will also apply to the late submission of the IPL return.

Penalty Rates

No	Penalty Type	Penalty rate
1	Late submissions of return	1,000 penalty units per day or 0.5% of the tax due.
2	Late payment	0.5% of the tax due.
3	Interest on late payment	Bank of Zambia discount rate plus 2%.

Note: A penalty Unit is K0.40



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