



**ZAMBIA REVENUE  
AUTHORITY**

# **DOMESTIC TAXES DIVISION Tax Business Policy & Support**



# **TAXPAYER GUIDE ON VOLUNTARY DISCLOSURES**

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## 1. Introduction

The Zambia Revenue Authority (ZRA) encourages taxpayers to meet their tax obligations through voluntary compliance. Taxpayers' obligations include; timely registration of appropriate tax types, filing of returns and making payments on time, as well as making correct declarations of their taxes.

In recognition that errors, omissions or mistakes relating to an assessment may sometimes occur, **Section 91A of the Income Tax Act, Chapter 323 of the Laws of Zambia** provides that "A penalty shall not be imposed on a person or partnership where that person or partnership voluntarily discloses to the Commissioner-General an omission, error or mistake in relation to an assessment and the disclosure is made by that person or partnership prior to the Commissioner-General finding the omission, error or mistake through an audit or in any other manner."

These guidelines are therefore issued to assist taxpayers clearly understand what voluntary disclosure entails, who qualifies for the penalty waiver, and the procedure for making such disclosures.

## 2. Scope of Application

- These guidelines apply to all disclosures made by Taxpayers before detection by (ZRA) through an audit or in any other manner.
- Secondly, it covers all disclosures involving any relevant tax types administered under the Income Tax Act. These include:
  - i. Corporate Income tax
  - ii. Turnover Tax
  - iii. Pay As you Earn
  - iv. Withholding tax
  - v. Mineral royalty
  - vi. Rental Tax
  - vii. Advance Income tax

## 3. What is a Voluntary Disclosure?

A Voluntary Disclosure (VD) occurs when a Taxpayer voluntarily and proactively reports previously:

- i. Undisclosed;
- ii. Under-declared;
- iii. or Incorrectly reported tax liability; or
- iv. Incomplete information in the return submitted.

Note that a Voluntary Disclosure shall be done before ZRA initiates or detects non-compliance through any compliance, enforcement action or by any other means.



#### 4. Benefits of a Voluntary Disclosure

Below are the benefits of Voluntary Disclosure to both the taxpayer and Zambia Revenue Authority;

##### To the Taxpayer;

- i. Penalties are waived for qualifying disclosures
- ii. Avoids enforcement action
- iii. Strengthens the compliance record
- iv. Early disclosures minimizes interest accumulation
- v. Full as well as honest disclosure facilitates faster resolution
- vi. Flexible payment arrangements

##### To ZRA

- i. Enhanced Taxpayer compliance
- ii. Increased revenue collection
- iii. Reduced Administrative and Enforcement Costs
- iv. Enhanced Accuracy of Tax Records

#### 5. When a Disclosure Ceases to Be Voluntary

A disclosure shall not be considered voluntary where ZRA has already:

- i. Issued a notification of audit, investigation, compliance check or any other means of notification of the tax liability;
- ii. Requested information specifically relating to the undisclosed liability;
- iii. Detected the non-compliance through internal systems, third-party data, or any external sources; and
- iv. Where the taxpayer withholds information that is material for the purpose of making a valid Voluntary Disclosure, the penalty reliefs granted shall be withdrawn, as the disclosure will be deemed not to have been made in full.

Multiple Period or Repeated Disclosures- Where a disclosure covers multiple tax periods, all periods must be disclosed simultaneously. Repeated disclosures for the same type of non-compliance may be subject to further review through additional checks and audits. Penalty relief shall continue to apply where the Authority is satisfied that the repeated disclosure arises



from genuine error or reasonable cause and that the taxpayer has taken corrective measures to prevent recurrence.

## 6. Key Policy Change

In line with section 91A of the Income Tax Act “Penalties shall not be applied to taxpayers who make a valid voluntary disclosure.” However, Interest remains payable, unless exempted in the Income Tax Act.

## 7. Eligibility Criteria for Penalty Waiver

A taxpayer shall qualify for penalty relief if all of the following conditions are met:

- i. Voluntariness:** The disclosure is initiated by the taxpayer without any prompting or enforcement action by ZRA.
- ii. Full and Accurate Disclosure:** All relevant facts, figures, and tax periods relating to the non-compliance have been fully disclosed.
- iii. Timeliness:** No audit notice, assessment, investigation, enforcement or any other action had been issued by ZRA for the same tax period prior to the disclosure.
- iv. Payment Commitment:** The taxpayer settles the principal tax liability in full or enters into an approved Time to Pay Agreement.
- v. Supporting Documentation:** Provide sufficient documentation to enable verification of the disclosed liability.

## 8. How to Apply for A Voluntary Disclosure

The steps below explain how a taxpayer shall apply for a Voluntary Disclosure;

### i. Identify the Error or Omission

The taxpayer shall review their tax records in order to identify any tax that was not declared, under-declared or incorrectly reported. This may relate to one or more tax periods or tax types.

### ii. Prepare a Voluntary Disclosure Application

The taxpayer shall prepare a written voluntary disclosure addressed to the Regional Director under the Domestic Taxes Division, by clearly explaining the nature of the error, affected tax types, and periods involved. The application shall be submitted in writing.

### iii. Attach Supporting Documents

The taxpayer shall attach all relevant documents necessary to substantiate the disclosure.

### iv. Provide Full and Accurate Information

The taxpayer shall ensure that the disclosure is complete, accurate, and covers all affected tax periods. Additionally, they shall respond promptly to any request for additional information from ZRA.

### v. Settle or Arrange for a Time to Payment Agreement (TPA) of Principal Tax

Once ZRA confirms the tax liability, the taxpayer shall pay the principal tax due in full or apply for a Time to Pay Agreement.

**Note** that Interest may still apply, but penalties will be waived for qualifying voluntary disclosures.

### vi. Receive Communication of Outcome from ZRA

The Zambia Revenue Authority will communicate the outcome of the Voluntary Disclosure application to the taxpayer within fourteen (14) working days where no additional information is requested. If a Voluntary Disclosure is approved, ZRA and the taxpayer will enter into a written Voluntary Disclosure Agreement. This agreement will confirm;

- a. The principal tax payable
- b. Interest due (if any)
- c. Confirmation of penalty waiver
- d. Payment instructions or reference to an approved Time to Pay Agreement (TPA).

## 9.0 Objections and Appeals Process

According to section 108 of the Income Tax Act, a taxpayer can make an objection to an assessment. The Act states that; within thirty days of the date of service of notice of assessment, the person assessed may make to the Commissioner-General a written statement of objection to the assessment setting out the grounds of objection, and the Commissioner General shall give that person written notice of his decision concerning that objection.

In light of this, the taxpayer can also appeal against the outcome of the Voluntary Disclosure by following the steps below.

- i. The taxpayer shall file the application appeal to the Regional Director in writing.
- ii. If the taxpayer is not satisfied with the decision of the Regional Director, they shall lodge an appeal with the Commissioner - Domestic Taxes

- iii. Where the taxpayer is dissatisfied with the decision of the Commissioner - Domestic Taxes, the taxpayer may escalate the appeal to the Commissioner- General.
- iv. If the taxpayer remains dissatisfied with the decision of the Commissioner- General, they may lodge an appeal with the Tax Appeals Tribunal (TAT).
- v. As a final recourse, the taxpayer may appeal against the decision of the Tax Appeals Tribunal to the Supreme Court of Zambia

Additionally, the Taxpayer is required to:

- i. Exhaust the dispute resolution process in the division/department/unit that made the determination being disputed.
- ii. Provide a written statement of the facts, reasons in support and the law relating to the decisions or directive under dispute.
- iii. Provide all relevant information requested by the Authority for timely resolution.
- iv. Lodge the appeal within the legally allowable timeframes.
- v. File the appeal online or physically.

## **10. Conclusion**

In conclusion, the voluntary disclosure of tax liabilities provides taxpayers with an opportunity to correct errors, omissions or mistakes in relation to an assessment in a transparent manner. The waiver of penalties for qualifying disclosures encourages honesty and strengthens compliance, while reinforcing trust between taxpayers and the Zambia Revenue Authority.