ZAMBIA REVENUE AUTHORITY

My Tax Your Tax Our Destiny

PRACTICE NOTE NO. 1/2026

Introduces a Betting Levy
Increases the tax-exempt threshold for Turnover Tax and Rental Income Tax
Introduces incentives for special purpose vehicles in the railway sector
Increases the deductible amount for employing a person with a disability
Zero-rates the supply of mains water and sewerage services

Our Mission

To optimise and sustain revenue collection and administration for a prosperous Zambia.

Our Vision

A world class model of excellence in revenue administration and trade facilitation.

Tag Line

My Tax, Your Tax, Our Destiny

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PART II: COMMENTARY ON AMENDMENTS

1.0 FOREWORD

This **Practice Note** describes the various changes introduced by the:

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2. Income Tax (Amendment) Act No. 17 of 2025
3. The Income Tax (Advance Income Tax) Regulations Statutory Instrument No. 90 of 2025
4. The Income Tax (Local Content Allowance) (Amendment) Regulations, 2025 Statutory Instrument No. 87 of 2025
5. The Income Tax (Tax Agent) (Terms and Conditions) (Amendment) Regulations, 2025 Statutory Instrument No. 88 of 2025
6. The Income Tax (Electronic Invoicing System) Regulations, 2025 Statutory Instrument No. 84 of 2025
7. Property Transfer Tax (Amendment) Act No. 21 of 2025
8. Value Added Tax (Amendment) Act No. 19 of 2025
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14. Customs and Excise (Amendment) Act No. 18 of 2025
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16. Mobile Money Transaction Levy (Amendment) Act No. 22 of 2025
17. The Betting Levy Act No. 27 of 2025

The commentary in this Practice Note is for general guidance only and is not to be taken as a legal authority in any proceedings. The information provided is not exhaustive and does not affect any person's right of appeal on any point concerning a person's liability to tax, nor does it preclude any discretionary treatment which may be allowed under the law.

Note that regarding Excise Duty, only matters relating to domestic Excise Duty have been included in this Practice Note.

Any enquiries regarding the content of this document may be made through the Zambia Revenue Authority (ZRA) National Call Centre, your nearest Customer Experience Centre or any ZRA Office.

Dingani Banda
COMMISSIONER-GENERAL

PART I: **SUMMARY OF AMENDMENTS**

2.0 THE INCOME TAX (AMENDMENT) ACT NO. 10 OF 2025

Section	**Subject**
1	Title and commencement
2	Introduces the definition of minimum alternative tax.
14A	(i) Introduces the minimum alternative tax that will be calculated on the gross turnover of a person or partnership. (ii) Provides that the minimum alternative tax shall be charged at a rate specified in the Charging Schedule. (iii) Provides for the use of the amount of the minimum alternative tax paid as a tax credit. (iv) Limits the carry forward period for minimum alternative tax credits to 5 charge years. (v) Exempts from minimum alternative tax, persons and partnerships registered for presumptive taxes. (vi) Empowers the Minister to make minimum alternative tax regulations.
Charging Schedule Para 7(ix)	Increases the withholding tax rate to 20% from 15% on interest payments from Treasury Bills and Government bonds to non- residents.
Charging Schedule Para 7(xi)	Increases the withholding tax rate to 20% from 15% on interest payments from Treasury Bills and Government bonds to residents.
Charging Schedule Para 7 (xii)	Renumbers items (xi) and (xii) as items (xii) and (xiii), respectively.
Charging Schedule Para 8	Prescribes the rate of the minimum alternative tax as 1%.

Charging Schedule Para 9	Renumbers paragraph 8 as paragraph 9

3.0	**THE INCOME TAX (AMENDMENT) ACT NO. 17 OF 2025**
Section	**Subject**
1	Title and commencement
14A	Extends the minimum alternative tax exemption to a special purpose vehicle in the railway sector.
29(1C)	Introduces a 70% interest expense deductibility for a special purpose vehicle operating in the railway sector.
29 (4)	Removes the time limitation that restricts businesses from carrying forward disallowed interest expenses.
30 (1A)	Increases the deductibility of losses to a maximum of 70% in a charge year for a special purpose vehicle in the railway sector.
30 (2A)	Provides for a SPV in the railway sector to carry forward losses in excess of the allowable 70% to the next charge year.
30(3A)	Limits the carry forward period of losses of the SPV in the railway sector to a maximum of 12 charge years.
43D	Increases allowable deduction to K2,500 from K2,000 per annum for employers of persons with disabilities.
55 (4)	Extends the option to keep books of account in United States Dollars to persons engaged in mineral processing.
64(1A)	Excludes income earned from operating a public service vehicle with a seating capacity of 50 or more from presumptive tax.
64A (2)	Excludes voluntary Value Added Tax (VAT) registered taxpayers from mandatory registration of income tax.
64A (2A)(b)	Increases the annual turnover threshold to K5,000,000 from K800,000 for a holder of a mining licence carrying out artisanal mining or small-scale mining.

74(2)	Provides that information obtained from another country or territory should be kept confidential.
74 (2A)	Allows disclosure of information to be made according to the specific conditions of each agreement.
78 (2A)	Reduces the penalty for late payment of turnover tax to 0.5% from 5%
81AA (2A)	Introduces an Anti-Fragmentation Rule
81C (1A)(c)	Extends Advance Income Tax (AIT) on remittances to all platforms where a taxpayer does not have a valid tax clearance certificate.
82A (1)	Removes the payment of withholding tax on winnings from gaming, lotteries and betting.
84 (7)	Corrects the drafting error and clarifies that agents who fail to remit on time will be liable to a penalty of 1% of the amount due
91A	Introduces a waiver of penalties for taxpayers who voluntarily disclose before discovery by the Commissioner – General.
Second Schedule Para 5(l)	Separates the exemption treatment of an approved collective investment scheme and that of a private fund.
Second Schedule Para 5(m)	Exempts the income of a private fund.
Second Schedule Para 5(l)	Renumbers items (m) and (n) as items (n) and (o) following the insertion of the new item (m).
Ninth Schedule (Part I)	Removes public service vehicles with a seating capacity of 50 or more from the presumptive tax schedule.

Ninth Schedule (Part II)	Increases the turnover tax exemption threshold to K30,000 from K12,000
Ninth Schedule (Part III)	Removes the payment of presumptive tax on online casino live games, online casino machine games, online lottery winnings and online betting.
Charging Schedule Para 5(e)	Increases the rental tax exemption threshold to K30,000 from K12,000 per annum
Charging Schedule Para 5(m)	Reduces the corporate income tax rate for an SPV in the railway sector during the operation period.
Charging Schedule Para 5	Renumbers items (m) and (n) as items (n) and (o) following the insertion of the new item (m)

4.0 THE INCOME TAX (ADVANCE INCOME TAX) (AMENDMENT) REGULATIONS STATUTORY INSTRUMENT NO. 90 OF 2025

Regulation	**Subject**
1	Title and Commencement
	i. introduces the definition of the terms "Commissioner-General" and "remittance service provider."
3	Mandates a remittance service provider to deduct advance income tax when a person or partnership without a valid tax clearance certificate is transmitting funds outside the Republic.
4(1)	Mandates a remittance service provider to submit a return and pay the advance income tax on remittances
5	Repeals the Income Tax (Advance Income Tax) Regulations, Statutory Instrument No. 96 of 2024

5.0	**THE INCOME TAX (LOCAL CONTENT ALLOWANCE) (AMENDMENT) REGULATIONS STATUTORY INSTRUMENT NO. 87 OF 2025**
Regulation	**Subject**
1	Title and commencement
Schedule	Extends the local content allowance to fresh milk, raw hides and skins

6.0	**THE INCOME TAX (TAX AGENT) (TERMS AND CONDITIONS) (AMENDMENT) REGULATIONS STATUTORY INSTRUMENT NO. 88 OF 2025**
Regulation	**Subject**
1	Title and commencement
3	Provides for the appointment of tax agents beyond the previous four-year limit

7.0	**THE INCOME TAX (ELECTRONIC INVOICING SYSTEM) REGULATIONS, 2025** **STATUTORY INSTRUMENT NO. 84 OF 2025**
Regulation	**Subject**
1	Title and Commencement
2	Defines the expressions used in the Electronic Invoicing System Regulations
3	Provides that the Commissioner-General shall operate an electronic invoicing system.
4	Obligates a person or partnership carrying on a business to issue invoices using an electronic invoicing system.

5	Provides for the issuance of manual invoices where the use of the electronic invoicing system is disrupted
6	Obligates a person or partnership carrying on a business to display a notice relating to the use of an electronic invoicing system.
7	Empowers the Commissioner-General to exempt a person or partnership from the use of an electronic invoicing system.
8	Provides for the reporting of faults to the Commissioner-General
9	Obligates a person or partnership carrying on a business to keep and maintain an issue log book for each approved invoicing system.
10	Mandates a person or partnership carrying on a business to submit a written request to the Commissioner-General to deactivate the approved invoicing system on cessation of business.
11	Empowers the Commissioner-General to permit a person or partnership carrying on business to integrate the accounting software with the electronic invoicing system.
12	Prohibits the transfer of approved invoicing system to another.
13	Provides for offences and penalties under the electronic invoicing system regulations.

8.0 PROPERTY TRANSFER TAX (AMENDMENT) ACT NO. 21 OF 2025

Section	**Subject**
1	Title and commencement
5	Removes the condition for a Zambian company's shareholding to remain unchanged in a group reorganization, for determining nil realized value for PTT purposes.
6	Provides that an exemption from property transfer tax for surrender or forfeiture of shares shall only apply where the Commissioner-General is satisfied that there is no intention to avoid tax.

9.0 THE VALUE ADDED TAX (AMENDMENT) ACT NO. 19 OF 2025

Section	**Subject**
1	Title and Commencement
19 (1A)	Extends the conditions under which the Minister may remit unpaid tax debts, fines, and interest.
19 (1B)	Empowers the Commissioner – General to request for any documentary evidence necessary to support the remission of unpaid tax debts, fines and interests by the Minister of Finance.

10.0 THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 61 OF 2025

Paragraph	**Subject**
1	Title and Commencement
Group 12	Standard rates the supply of specified information and communication technology equipment.

11.0 THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 95 OF 2025

Paragraph	**Subject**
1	Title and Commencement
2	Amends the definition of “donor funding”
Group 12	Zero rates supply of mains water and sewerage services

12.0 THE VALUE ADDED TAX (GENERAL) (AMENDMENT) REGULATIONS STATUTORY INSTRUMENT NO. 93 OF 2025

Regulation	**Subject**
1	Title and Commencement
12	Insertion of the word “taxable” immediately before the word “supplier”
13	Extends the intending trader period to ten years for hydroelectricity generation

13.0 THE VALUE ADDED TAX (EXEMPTION) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 94 OF 2025

Paragraph	**Subject**
1	Title and Commencement
Schedule	Removes the supply of mains water and sewerage services from exemption order

14.0 THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 11 OF 2025

Section	**Subject**
1	Title and commencement
139A	(i) Extends the definition of “rendering a service’’ and “service provider” to include betting service and provider of betting services. (ii) Introduces the definition of “betting”.
139D (1) (a)	Obligates a provider of betting services to maintain records of bets or free bets received and payouts made.
139D (1) (b)	Obligates a provider of betting services to submit a return.
139D (3)	Replaces the words “service provider” with “electronic communication service provider”.

139D (6)	Reduces the timeframe for payment of an estimated excise duty assessment for services to 3 days.
139I (1) (a)	Extends the requirement to file a final return to providers of betting services
139I (1) (b)	Extends the requirement to file a final return to providers of betting services
Second Schedule Heading 1	Increases the excise duty rate on specified non-alcoholic beverages to K2.00
Second Schedule Heading 3	Increases the excise duty rate on specified non-alcoholic beverages to K2.00
Second Schedule Heading 4	Reduces the excise duty rate on clear beer to 50%.
Second Schedule Heading 5	Increases the excise duty rate on alcoholic wines to 80%.
Second Schedule Heading 6	Increases the excise duty rate on spirits to 80%.
Second Schedule Heading 7	(i) Increases the specific excise duty rate on manufactured tobacco and tobacco refuse to K750 per kg. (ii) Increases the specific excise duty rate on cigars, cheroots, cigarillos and cigarettes of tobacco or tobacco substitutes to K750 per mille. (iii) Increases the specific excise duty rates on water pipe tobacco, cutrag and other manufactured tobacco and manufactured tobacco substitutes, homogenised or reconstituted tobacco, tobacco extracts and essences to K750 per kg.
Seventh Schedule Para 3 (1) & Para 3 (2)	(i) Provides for the valuation of betting services for excise duty purposes. (ii) Defines the amount wagered or staked in valuing bets for excise duty purposes.

Eighth Schedule heading 2	Prescribes the excise duty rate of 10% for betting services.

15.0 THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 18 OF 2025

Section	**Subject**
1	Title and Commencement
2	Defines a “tax clearance certificate”.
88E	Provides the procedure and the 30 days period for appealing a Domestic Excise tax assessment.
89(4)	Mandates a taxpayer to present a valid tax clearance certificate in order to access any suspension of duty, refund, rebate, or remission.
92	Empowers the Commissioner-General to suspend or withhold any tax refund due to an applicant under investigation.
Second Schedule-Heading 4	Reduces the excise duty on beer classified under HS code 2203.00.90 to 40 % from 50%.
Second Schedule-Heading 12	Increases the excise duty on single use plastics to 100 % from 30%.

16.0 THE CUSTOMS AND EXCISE (SUSPENSION) (BETTING SERVICES) REGULATIONS STATUTORY INSTRUMENT NO. 1 OF 2026

Regulation	**Subject**
1	Title
2	Suspends the duty rate on betting services to zero percent

17.0 THE MOBILE MONEY TRANSACTION LEVY ACT NO. 22 OF 2025

Section	**Subject**
1	Title and Commencement
2	i. Defines the term “betting”. ii. Clarifies that electronic money transactions from one account to another owned by the same person are subject to mobile money transaction levy.
Schedule	Increases the mobile money transaction levy.

18.0 THE BETTING LEVY ACT NO. 27 OF 2025

Section	**Subject**
1	Title and Commencement
2	Provides definitions in the Betting Levy Act
3	Provides that the Betting Levy Act shall be administered by the Zambia Revenue Authority
4	Empowers the Commissioner-General to administer the Betting Levy Act.
5	i. Imposes a levy on all deposits made to a customer’s gaming account and on all withdrawals from a customer’s gaming account. ii. Provides the due date for the submission of returns and remittance of the levies collected; iii. Empowers the Commissioner-General to appoint agents for the collection of the levy; and iv. Provides for penalties for non-compliance.
6	Exempts brick and mortar betting companies from payment of the levy and also empowers the minister to exempt any other person.

7	Obligates betting companies to keep and maintain records and provides penalties for non-compliance.
8	Empowers the Commissioner-General to access any premises without giving prior notice.
9	Empowers the Commissioner-General to issue administrative rules.
10	Empowers the Minister to issue Regulations.

PART II: COMMENTARY ON AMENDMENTS

19.0 THE INCOME TAX (AMENDMENT) ACT NO. 10 OF 2025

In this part of the Practice Note, we have included commentary relating to amendments that were made during the course of the year 2025 but could not be covered in the 2025 Practice Note.

19.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 19^{th} August, 2025.

19.2 SECTION 2: INTERPRETATION

Section 2 of the principal Act is amended by the insertion of the following new definition in the appropriate place:

"minimum alternative tax" means the tax payable by a person or partnership under section 14A;

This amendment introduces the definition of minimum alternative tax.

19.3 SECTION 14A: MINIMUM ALTERNATIVE TAX

The principal Act is amended by the insertion of the following new section immediately after section 14:

14A. (1) Despite the other provisions of this Act, a person or partnership shall, in addition to the maximum rate of tax on income received by a person or partnership, be liable to pay minimum alternative tax to be calculated on the total turnover of the person or partnership.

(2) The minimum alternative tax referred to under subsection (1) shall be charged at a rate specified in the Charging Schedule.

(3) Subject to the other provisions of this Act, the amount of tax which would be charged in respect of income received by a person or partnership in a charge year shall be reduced by the amount of the minimum alternative tax paid, as a credit.

(4) The credit referred to in subsection (3) shall not be carried forward beyond five subsequent charge years after the charge year in which the credit is accrued.

(5) This section shall not apply to a person or partnership that is liable to pay presumptive tax or turnover tax under this Act.

(6) The Minister shall make regulations for the administration, assessment, collection and recovery of minimum alternative tax under this section.

This amendment introduces a minimum alternative tax that will be calculated on the total turnover of the person or partnership. This tax will be calculated at a rate of 1 percent of the turnover declared by the person or partnership during the charge year.

The minimum alternative tax paid in a particular charge year will be utilised against the annual income tax payable and the excess carried forward as a tax credit for five subsequent charge years after the charge year in which the credit is accrued.

However, a person or partnership that is liable to the following taxes is exempted from paying minimum alternative tax:

(i) Presumptive tax on public service vehicles;
(ii) Turnover tax;
(iii) Rental income tax;
(iv) Presumptive tax on betting and gaming;
(v) Presumptive tax on artisanal and small-scale mining.

Further, the minister responsible for finance is empowered to make regulations for the administration, assessment, collection and recovery of minimum alternative tax.

Example 1: When a profit-making entity's income tax payable is higher than Minimum Alternative Tax per annum

ABC Limited is a manufacturing company that records a steady monthly turnover of K1,000,000 in the charge year 2025, giving it an annual turnover of K12,000,000. In the same charge year, the company paid a K1,000,000 in provisional tax. At the end of the year, ABC Limited makes a taxable profit (income less deductions) of K4,000,000. The income tax rate is at 30% and minimum alternative tax (MAT) rate is 1%.

Note:
Total MAT paid in a year (1% of Turnover): 1% x K12,000,000 = K120,000.

Table 1: Computation of tax payable

Description	Amount (ZMW)
Income Tax (30% of K4,000,000)	K1,200,000
Less: MAT Paid	(K120,000)
Final Tax Due	K1,080,000
Less: Provisional Income Tax Paid	(K1,000,000)
Balance of Tax Payable	K80,000

Since the company already paid an annual provision tax of K1,000,000, the computed annual income tax of K1,200,000 will be reduced by the minimum alternative tax paid of K120,000 (credit against tax liability) and there will be a balance of K1,080,000 tax payable. Further, the K1,080,000 will be reduced by the provisional income tax paid of K1,000,000 leaving a final tax payable of K80,000. Therefore, the taxpayer is expected to pay K80,000.

Example 2: When a profit-making entity's income tax payable is less than Minimum Alternative Tax per annum

In the charge year 2025, XYB Mining Limited had a steady monthly turnover of K1,000,000 (K12,000,000 annually) but recorded a modest taxable profit (income less deductions) of K300,000.

Note:
Total MAT paid in year (1% of Turnover): 1% x K12,000,00 = K120,000.

Table 2: Computation of tax payable

Description	Amount (ZMW)
Income Tax (30% of K300,000)	K90,000
Less: MAT Paid	(K120,000)
Final Tax Due (credit to be carried over)	(K30,000)

Since the income tax payable (K90,000) is less than the minimum alternative tax paid (K120,000), only K90,000 of the minimum alternative tax is credited. The excess K30,000 minimum alternative tax will be carried forward as a tax credit for five subsequent charge years.

Example 3: When an entity makes a loss in a charge year

In the charge year 2025, Tutu Breweries Limited incurred a net loss of K500,000. Despite not having any taxable profit, the company still maintained a consistent monthly turnover of K1,000,000 (K12,00,000 annual) and the company paid minimum alternative tax for the charge year amounting to K120,000.

As there was no income tax payable, the MAT paid cannot be credited or refunded immediately. Therefore, although the company was in a loss position, it was still liable to pay the K120,000 minimum alternative tax. This amount is **not refundable** but may be carried forward and offset against future income tax liability for five subsequent charge years.

Special Note:

The implementation of the Minimum Alternative Tax has not yet commmenced, as it remains subject to the issuance of Regulations by the Minister of Finance. The Regulations are expected to provide detailed guidance on the collection, assessment and recovery of the tax.

19.4 CHARGING SCHEDULE:

19.4.1 The Charging Schedule to the Principal Act is amended in paragraph 7 by the deletion of item (ix) and the substitution therefor of the following:

> *(ix) tax required to be deducted from the payment of interest to a non resident, shall be at the rate of twenty percent.*

This amendment increases the Withholding Tax (WHT) rate to 20% on interest payments from Treasury Bills and Government bonds to a non-resident investor. Prior to this amendment the WHT rate on interest payments from Treasury Bills and Government bonds was at 15%.

19.4.2 The Charging Schedule to the Principal Act is amended in paragraph 7 by the insertion of the following new item immediately after item (x):

> *(xi) tax required to be deducted from the payment of interest on Treasury Bills and Government bonds shall be at the rate of twenty percent;*

This amendment increases the Withholding Tax (WHT) rate to 20% on interest payments from Treasury Bills and Government bonds to an investor resident in Zambia. Prior to this amendment the WHT rate on interest payments from Treasury Bills and Government bonds was at 15%.

Note:
The new rate of 20% also applies to Treasury Bills and Government bonds that were purchased prior to the amendment.

19.4.3 The Charging Schedule to the Principal Act is amended in paragraph 7 by re-numbering of items (xi) and (xii) as items (xii) and (xiii), respectively.

This amendment re-numbers items (xi) and (xii) as items (xii) and (xiii) due to the insertion of the new item (xi).

19.4.4 The Charging Schedule to the Principal Act is amended by the insertion of the following new paragraph immediately after paragraph 7:

> *8. The maximum rate of tax chargeable under section 14A shall be one percent per annum.;*

This amendment prescribes the rate of minimum alternative tax as 1%.

19.4.5 The Charging Schedule to the Principal Act is amended by the re numbering of paragraph 8 as paragraph 9.

This amendment re-numbers paragraph 8 as paragraph 9, due to the insertion of the new paragraph 8.

20.0 THE INCOME TAX (AMENDMENT) ACT NO. 17 OF 2025

20.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January, 2026.

20.2 SECTION 14A: MININUM ALTERNATIVE TAX

Section 14A of the principal Act is amended by the deletion of subsection (5) and the substitution therefor of the following:

(*5) This section shall not apply to a—*
(a) person or partnership that is liable to pay presumptive tax or turnover tax under this Act; or

(b) special purpose vehicle in the railway sector for the first twelve years of operation of a public-private partnership project.

This amendment exempts a special purpose vehicle in the railway sector from minimum alternative tax for the first twelve charge years of operations.

20.3 SECTION 29: DEDUCTIONS GENERALLY

20.3.1 Section 29 of the principal Act is amended by the insertion of the following new subsection immediately after subsection (1B):

(1C) Despite subsection (1B), in ascertaining business gains or profits of a special purpose vehicle in the railway sector in a charge year, a deduction shall not be allowed on gross interest expense that exceeds seventy percent of the tax earnings before interest, tax, depreciation and amortisation.

The amendment introduces a 70% limitation on tax earnings before interest, tax, depreciation and amortization (EBITDA) that a special purpose vehicle operating in the railway sector may claim as an allowable deduction of interest expense.

However, all other persons or partnerships remain restricted to deducting only up to 30% of their tax EBITDA.

Example 4: Interest Limitation – Ordinary Sector (30%) vs Railway SPV (70%)

In the same financial year, two companies operating in different sectors faced similar profitability levels, each recording tax EBITDA of K1,000,000.

- Company A (Retail sector) incurred interest expense of K800,000.
- Company B (Railway SPV) incurred interest expense of K800,000.

Table 3: Interest limitation illustration

Category	Allowable %	Computation	Allowable Interest (K)	Interest Carried Forward (K)	Narration
Retail Sectors	30%	30% × 1,000,000	300,000	500,000	Under the 30% limitation, only K300,000 of the K800,000 interest incurred is deductible. The excess K500,000 is carried forward.
Railway Sector SPV	70%	70% × 1,000,000	700,000	100,000	Under the 70% limitation, only K700,000 of the K800,000 interest incurred is deductible. The excess K100,000 is carried forward.

20.3.2 Section 29 of the principal Act is amended by the deletion of subsection (4) and the substitution therefor of the following:

(4) Interest on which a deduction is not allowed under this section may be treated as incurred during the next charge year and carried forward.

This amendment removes the time limit on carrying forward disallowed interest expenses. Therefore, disallowed interest may be carried forward until fully utilised. Previously, businesses in the mining and electricity generation sectors were restricted to a 10 year carry forward period, while all other sectors were limited to 5 years.

Note:
The interest deduction limitation does not apply to an institution registered under the Banking and Financial Services Act, 2017, the Pension Scheme Regulation Act, or the Insurance Act, 1997.

20.4 SECTION 30: LOSSES

Section 30 of the principal Act is amended by the insertion of the following new subsections 1A, 2A and 3A:

(1A) Despite subsection (1), a loss incurred by a special purpose vehicle in the railway sector in a charge year from a source shall be deducted from seventy percent of the income of that special purpose vehicle from the same source on which the loss was incurred.

(2A) Where a loss referred to under subsection (1A) exceeds seventy percent on income of a special purpose vehicle in the railway sector from a charge year, the excess shall, as far as possible, be deducted from seventy percent of the income of that special purpose vehicle from the same source on which the loss was incurred in the following charge year.

(3A) Despite subsections (1A), (2A) and (3)(b), a loss incurred by a special purpose vehicle in the railway sector shall not be carried forward beyond twelve subsequent charge years after the charge year in which the loss was incurred.

Subsection 1A increases the deductibility of carried forward losses to a maximum of 70% of the taxable profits in a charge year for a special purpose vehicle in the railway sector from the same source on which the loss was incurred.

However, all other persons remain restricted to deducting losses to a maximum of 50% of the taxable profits in a charge year.

Subsection 2A provides that where a special purpose vehicle in the railway sector has a tax loss greater than 70% of its taxable profits in a charge year, the excess can be deducted from 70% of its taxable profits from the same source in the next charge year.

Subsection 3A limits the carry forward period for losses incurred by a special purpose vehicle in the railway sector to a maximum of 12 charge years following the year in which the loss was incurred.

Example 5: Railway Sector SPV

A railway special purpose vehicle, Njanji Yatu Limited, made a loss of K3,000,000 in the charge year 2025. The taxable income declared for the subsequent years are as follows:

- 2026: K400,000
- 2027: K200,000
- 2028: K1,000,000

Year	Loss Brought Forward (K) *(A)*	Taxable Income (K) *(B)*	70% of Income Utilized Against Losses (K) *(C) =(Bx70%)*	Loss Carried Forward (K) *(A-C)*	Taxable Amount (K) *(B-C)*
2026	3,000,000	400,000	280,000	2,720,000	120,000
2027	2,720,000	200,000	140,000	2,580,000	60,000
2028	2,580,000	1,000,000	700,000	1,880,000	300,000

In 2026, K120,000, which is not offset against the loss, will be taxed. Similarly, in 2027, K60,000 will be taxed, and in 2028, K300,000 will be taxed. Therefore, the tax payable will be as follows:

- 2026: CIT Rate (30%) × Taxable Amount (K120,000) = K36,000
- 2027: CIT Rate (30%) × Taxable Amount (K60,000) = K18,000
- 2028: CIT Rate (30%) × Taxable Amount (K300,000) = K90,000

The remaining loss of K1,880,000 continues to be carried forward, but must be fully utilised within 12 years (by 2037).

20.5 SECTION 43D: DEDUCTION FOR EMPLOYING A PERSON WITH DISABILITY

Section 43D of the principal Act is amended by the deletion of subsection (2) and the substitution therefor of the following:

(2) The amount of the deduction referred to under subsection (1) shall be two thousand five hundred Kwacha.

This amendment increases the amount allowable as a deduction to K2,500 from K2,000 per person per annum, to an employer for employing a person with a disability.

20.6 SECTION 55: ACCOUNTS AND RECORDS

Section 55 of the principal Act is amended by the deletion of subsection (4) and the substitution therefor of the following:

(4) Despite subsection (1A), a person carrying out mining operations or mineral processing may keep books of account in United States Dollars of all transactions relating to, connected with, or incidental to the mining operations or mineral processing if the Commissioner-General is satisfied that not less than seventy-five per centum of that

person's gross income from the mining operations or mineral processing is earned in the form of foreign exchange from outside the Republic.

The amendment extends the option to keep books of account in United States Dollars to persons engaged in mineral processing, provided that at least 75% of their gross income is earned in foreign currency from outside the Republic. Prior to this amendment, this option only applied to persons carrying out mining operations.

Persons engaged in mineral processing that wish to keep books of accounts in United States Dollars are required to submit a written application letter for approval to the Director - Specialised Taxpayer Office - Mining.

20.7 SECTION 64A: STANDARD ASSESSMENT

20.7.1 Section 64A of the principal Act is amended by the insertion of the following new subsection immediately after subsection (1):

(1A) Subsection (1) shall not apply to income earned from a public service vehicle for the carriage of persons with a seating capacity of fifty seats and above.

This amendment excludes income earned from operating a public service vehicle with a seating capacity of fifty or more from presumptive tax for public service vehicles. Such income will now be subject to income tax or turnover tax depending on the threshold. Prior to this amendment, income earned from operating a public service vehicle with a seating capacity of fifty or more was subject to presumptive tax if operated by an individual or partnership.

20.7.2 Section 64A of the principal Act is amended by the deletion of subsection (2) and the substitution therefor of the following:

(2) The Commissioner General may make a standard assessment requiring a person carrying on a business, other than the business referred to under subsection (1), with an annual turnover of five million Kwacha or less, to pay tax on turnover at the rate set out in Part II of the Ninth Schedule, except that this subsection shall not apply to income earned by a business from the provision of consultancy services or from mining operations.

The amendment removes the requirement for businesses on voluntary Value Added Tax (VAT) to register for income tax. Prior to this amendment, businesses on voluntary Value Added Tax (VAT) were not allowed to register for turnover tax.

20.7.3 Section 64A of the principal Act is amended in subsection (2A), by the deletion of paragraph (b) and the substitution therefor of the following:

(b) a holder of a mining licence carrying out artisanal mining or small-scale mining, with an annual turnover of five million kwacha or less, to pay tax on turnover as set out in Part IV of the Ninth Schedule.

The amendment increases the annual turnover threshold to K5,000,000 from K800,000 for a holder of an artisanal mining or small-scale mining licence. Therefore, persons within the revised threshold will be taxed at the 4% presumptive tax rate on gross turnover less mineral royalty paid.

Note:
This does not apply to holders of large-scale mining licences.

20.8 SECTION 74: DOUBLE TAXATION AGREEMENTS AND MUTUAL ASSISTANCE IN TAX MATTERS

20.8.1 Section 74 of the principal Act is amended by the deletion of subsection (2) and the substitution therefor of the following:

(2) Any information obtained by the Republic from another country or territory under an agreement entered into under subsection (1) shall be kept confidential and be protected in the same manner as information obtained under the domestic law of that country or territory.

The amendment provides that information received from another country or territory be kept confidential, just as information obtained under that country's domestic law.

20.8.2 Section 74 of the principal Act is amended by the insertion of the following new subsection (2A) immediately after subsection 2:

(2A) Despite subsection (2), the information referred to under that subsection shall only be disclosed in accordance with the terms and conditions specified in the agreement referred to under subsection (1).

The amendment restricts the disclosure of information in accordance with the provisions of each agreement.

20.9 SECTION 78: PENALTY FOR NON-PAYMENT OF TAX

Section 78 of the principal Act is amended by the insertion of the following new subsection immediately after subsection 2:

(2A) Despite subsections (1) and (2), a person who fails to pay tax in accordance with section 77 (4) on or before the date on which the tax is due or within a period of a notice of assessment during which the tax assessed is due, shall be liable to pay, in respect of each month or part of the month during which the tax or part of the tax remains unpaid, an amount equal to zero point five percent of the tax or part of the tax which remains unpaid during that month or part of the month.

The amendment reduces the penalty for late payment of Commissioner-General's assessments (Audit and Standard Assessments) to 0.5% from 5% of the tax due.

20.10 SECTION 81AA: DEFINITION OF PERMANENT ESTABLISHMENT

Section 81AA of the principal Act is amended by the insertion of the following new subsection immediately after subsection 2:

(2A) For purposes of subsection (2)(e) and (f), a fixed place of business shall not be considered to be of a preparatory or auxiliary character if —

> *(a) an enterprise, or another enterprise related to that enterprise, carries on business activities at the same fixed place of business or at another fixed place of business in the Republic; and*
>
> *(b) the overall activity resulting from a combination of business activities of the related enterprise referred to under paragraph (a), is not of a preparatory or auxiliary character.*

This amendment introduces an anti-fragmentation rule, which provides that all related business activities conducted by an entity at one or more fixed locations in Zambia are treated as a permanent establishment where the combined functions of the related businesses go beyond activities that are merely preparatory or auxiliary in nature. This is to prevent the avoidance of permanent establishment status.

Example 6: Application of the Anti-Fragmentation Rule

ABC Group, engaged in supplying and maintaining earthmoving equipment, operates in Zambia through three related activities:

1. A warehouse in Lusaka for receiving and storing goods.
2. On-site delivery and assembly of equipment.
3. A contact centre in Ndola that processes customer orders and coordinates deliveries.

Prior Position (before amendment):
Each activity was assessed in isolation. The warehouse was viewed as storage (auxiliary), the contact centre as administrative support (auxiliary), and the delivery/assembly as incidental to sales. Individually, none of these activities met the definition of a permanent establishment (PE).

Application of the Anti-Fragmentation Rule (After amendment)

The warehouse, contact centre, and delivery/assembly sites when combined constitute the core business operations of supplying and maintaining earthmoving equipment, not merely preparatory or auxiliary functions. Therefore, ABC Group is deemed to have a permanent establishment in Zambia. Thus, business profits attributable to this PE are taxable in Zambia.

The rule prevents an enterprise or a group of closely related enterprise from splitting or fragmenting a cohesive business operations into several small operations in order to argue that each is merely engaged in preparatory or auxiliary activities. Therefore, all three operations will be considered as a permanent establishment.

20.11 SECTION 81C: ADVANCE TAX ON INCOME IN RESPECT OF IMPORTED GOODS

Section 81C (1A) of the principal Act is amended by the deletion of paragraph (b) and the substitution therefor of the following:

(c) remitting a transaction above two thousand United States Dollars or Kwacha equivalent.

This amendment extends Advance Income Tax (AIT) on remittances outside the Republic for transactions above $2,000 or kwacha equivalent to all platforms where a taxpayer does not have a valid tax clearance certificate. Prior to this amendment, the charging of AIT was limited to remittances made through commercial banks.

20.12 SECTION 82A: DEDUCTION OF TAX FROM CERTAIN PAYMENTS

Section 82A (1) of the principal Act is amended by the deletion of paragraph (g).

This amendment removes the payment of withholding tax on winnings from gaming, lotteries and betting.

20.13 SECTION 84: AGENT FOR PAYMENT OF TAX

Section 84(7) of the principal Act is amended by the deletion of the words “subsection (7)” and the substitution therefor of the words “subsection (6)”.

This amendment corrects the drafting error and clarifies that agents who fail to remit on time will be liable to a penalty of 1% of the amount due.

20.14 SECTION 91A

The principal Act is amended by the insertion of the following new section immediately after section 91:

91A. 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.

This amendment provides that penalties will not be charged in cases where a taxpayer makes a voluntary disclosure of return errors, omissions or mistakes before discovery by the Commissioner-General through an audit or in any other manner. In a case where penalties are charged, such penalties shall be waived in full.

20.15 SECOND SCHEDULE: EXEMPTIONS

Paragraph (5) of the Second Schedule to the principal Act is amended as follows:

20.15.1 Deletion of item (l) and the substitution therefor of the following:

(l) approved collective investment scheme to the extent to which the income is distributed to participants in the collective investment scheme;

20.15.2 Insertion of the following new item immediately after item (l)

(m) private fund;

The amendment provides that income of a private fund is exempt from tax.

20.15.3 Paragraph (5)(1) of the Second Schedule to the principal Act is amended by the renumbering of items (m) and (n) as items (n) and (o), respectively.

The amendment renumbers items (m) and (n) as items (n) and (o) following the insertion of the new item (m)

20.16 NINTH SCHEDULE: PRESUMPTIVE TAX

20.16.1 The Ninth Schedule to the principal Act is amended by the deletion of Part I and the substitution therefor of the following:

PART I
TAX ON MOTOR VEHICLES FOR THE CARRIAGE OF PERSONS

Type of vehicle (sitting capacity)	*Amount of tax per motor vehicle (per annum)*
36 – 49 seater	*K10,368.00*
22 – 35 seater	*K7,776.00*
18 – 21 seater	*K5,184.00*
12 – 17 seater	*K2,592.00*
Below 12 seater (including taxis)	*K1,296.00;*

This amendment removes public service vehicles with a seating capacity of fifty (50) or more from presumptive tax schedule.

20.16.2 The Ninth Schedule to the principal Act is amended by the deletion of Part II and the substitution therefor of the following:

PART II
TAX ON TURNOVER

Turnover per annum	*Tax Rate*
K30,000 or less	0 percent
Above K30,000 up to K5,000,000	5 percent;

This amendment increases the turnover tax exemption threshold to K30,000 from K12,000 per annum and adjusts the band on which the 5% rate applies to above K30,000 up to K5,000,000. Prior to this amendment, the 5% rate applied to annual turnover of above K12,000 up to K5,000,000.

20.16.3 The Ninth Schedule to the principal Act is amended by the deletion of Part III and the substitution therefor of the following:

PART III
TAX ON BETTING AND GAMING

Type of Game	Monthly Tax Rate or Monthly tax Amount
1. Casino Games (Brick and Mortar)	K5,000 per table
2. Lottery Winning (Brick and Mortar)	15 percent of net proceeds
3. Betting (Brick and Mortar)	15 percent of gross takings
4 Gaming Machines	K500 per machine

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

This amendment removes the payment of presumptive tax on online casino live games, online casino machine games, online lotteries and online betting.

20.17 CHARGING SCHEDULE:

20.17.1 The Charging Schedule to the principal Act is amended in paragraph 5 by the deletion of item (e) and the substitution therefor of the following:

(e) the maximum rate of tax for the turnover received by a person or partnership from the letting of property shall be—

(i) zero percent per annum on turnover that does not exceed thirty thousand Kwacha;
(ii) four percent per annum on turnover between thirty thousand Kwacha and eight hundred thousand Kwacha; or

(iii) sixteen percent per annum on turnover that exceeds eight hundred thousand Kwacha;

This amendment increases the rental income taxable at 0% to K30,000 from K12,000 per annum.

Further, the amendment adjusts the income band on which the 4% rental tax rate applies to above K30,000 up to K800,000. Prior to this amendment, the 4% rate applied to income of above K12,000 up to K800,000.

Rental Income Tax

2025		**2026**	
Turnover per annum	**Tax rate**	**Turnover per annum**	**Tax rate**
K12,000 or less	0%	K30,000 or less	0%
Above K12,000 up to K800,000	4%	Above K30,000 up to K800,000	4%
Above K800, 000	16%	Above K800, 000	16%

20.17.2 The Charging Schedule to the principal Act is amended in paragraph 5 by the insertion of the following new item immediately after item (l):

(m) despite paragraph (l), the maximum rate of tax charged on the income received by a special
purpose vehicle in the railway sector shall be—

(i) zero percent for the first five charge years commencing from the first year of operation of a public-private partnership project;
(ii) ten percent from the sixth to the fifteenth charge year of operation of a public-private partnership project;
(iii) twelve percent from the sixteenth to the twenty-fifth charge year of operation of a public-private partnership project; and
(iv) thirty percent per annum or the income tax rate specified under paragraph 3(1)(b), whichever is lower, from the twenty-sixth to the twenty-eighth charge year of operation of a public - private partnership project.

This amendment reduces the corporate income tax rate for a Special Purpose Vehicle (SPV) in the railway sector during the operation period as follows:

Table 4- Corporate Income Tax Rate for SPV (Railway sector)

Period	**Corporate Income Tax Rate**
Years 1–5	0%
Years 6–15	10%
Years 16–25	12%

Years 26–28	30% (or prevailing rate, whichever is lower)

20.17.3 The Charging Schedule to the principal Act is amended in paragraph 5 by the renumbering of items (m) and (n) as items (n) and (o), respectively.

The amendment renumbers items (m) and (n) as items (n) and (o) following the insertion of the
new item (m).

21.0 THE INCOME TAX (ADVANCE INCOME TAX) REGULATION, 2025 STATUTORY INSTRUMENT NO. 90 OF 2025

21.1 REGULATION 1: TITLE AND COMMENCEMENT

These Regulations shall come into operation on 1st January 2026.

21.2 REGULATION 2: INTERPRETATION

In these Regulations, unless the context otherwise requires –

"Commissioner-General" means the Commissioner-General appointed under the Zambia Revenue Authority Act; and

"remittance service provider" includes a bank, mobile money operator, financial technology application provider, digital wallet provider, money transfer operator or any other provider of a similar service used for the purposes of remitting funds.

The regulation introduces the definition of the terms "Commissioner-General" and "remittance service provider."

21.3 REGULATION 3: DEDUCTION OF ADVANCE INCOME TAX BY REMITTANCE SERVICE PROVIDER ON REMITTANCES UNDER SECTION 81C OF THE ACT

A remittance service provider shall, where that remittance service provider is transmitting funds outside the Republic of a transaction made by a person or partnership without a tax clearance certificate and of a threshold specified under section 81C(1A)(b) of the Act, deduct advance income tax on that transaction.

This regulation mandates a remittance service provider to deduct advance income tax when a person or partnership without a valid tax clearance certificate is transmitting funds, outside the Republic, of a value above USD2,000 or its equivalent.

21.4 REGULATION 4: SUBMISSION OF RETURN AND PAYMENT OF TAX

(1) A remittance service provider referred to under regulation 3 shall, within fourteen days after the end of the month in which the transaction was made, submit to the Commissioner-General a return with respect to the deduction of the advance income tax as the Commissioner-General may determine.

(2) The tax on the return referred to under subregulation (1) shall be payable within fourteen days after the end of the month in which the transaction was made.

This regulation mandates a remittance service provider to submit a return and pay the advance income tax on remittances within fourteen days after the end of the month in which the transaction was made.

21.5 REGULATION 5: REPEAL OF SI NO. 96 OF 2024

The Income Tax (Advance Income Tax) Regulations, 2024 are repealed.

This regulation repeals the Income Tax (Advance Income Tax) Regulations, Statutory Instrument No. 96 of 2024.

22.0 THE INCOME TAX (LOCAL CONTENT ALLOWANCE) (AMENDMENT) REGULATIONS, 2025 STATUTORY INSTRUMENT NO. 87 OF 2025

22.1 REGULATION 1: TITLE AND COMMENCEMENT

These Regulations shall come into operation on 1st January 2026.

22.2 SCHEDULE: AGRICULTURAL PRODUCTS ALLOWED FOR LOCAL CONTENT ALLOWANCE

The Schedule to the principal Regulations is amended by the insertion of the following new items immediately after item 6:

7. Fresh milk
8. Raw hides and skins

This amendment extends a Local Content Allowance at the rate of 2% for manufacturers or agro-processors that utilise fresh milk, Raw hides and skins. The local content allowance will be based on the cost of the prescribed agricultural products. The taxpayers may claim the allowance: -

(a) If they are carrying on agro-processing or manufacturing business;
(b) If the prescribed agricultural products are grown in Zambia or the taxpayer purchased the products grown in Zambia;
(c) within a charge year and can only be claimed for a maximum of 3 years; and
(d) based on the revenue expenditure incurred.

Prior to this amendment, the local content allowance was only limited to cassava, pineapple, mango, tomato, sorghum and millet.

23.0 THE INCOME TAX (TAX AGENT) (TERMS AND CONDITIONS) (AMENDMENT) REGULATIONS, 2025 STATUTORY INSTRUMENT NO. 88 OF 2025

23.1 REGULATION 1: TITLE AND COMMENCEMENT

These Regulations shall come into operation on 1st January 2026.

23.2 REGULATION 3: VALIDITY OF APPOINTMENT OF TAX AGENT

The principal Regulations are amended by the revocation of regulation 3 and the substitution therefor of the following:

The appointment of a Tax Agent under the Act is valid for a period of two years and may be renewed for subsequent periods of two years.

The amendment provides for the appointment of tax agents beyond the previous four-year limit, removing the restriction that confined such contracts to two consecutive terms of two years each.

24.0 THE INCOME TAX (ELECTRONIC INVOICING SYSTEM) REGULATIONS, 2025 STATUTORY INSTRUMENT NO. 84 OF 2025

24.1 REGULATION 1: TITLE

These Regulations come into operation on 19th December 2025.

24.2 REGULATION 2: INTERPRETATION

In these Regulations, unless the context otherwise requires—

"approved invoicing system" means a device or equipment approved by the Commissioner-General in accordance with section 55B(2) of the Act for the purposes of recording a sale or transaction for income tax purposes;

"Authority" has the meaning assigned to the word in the Act;

"Commissioner-General" has the meaning assigned to the words in the Act;"electronic invoicing system" has the meaning assigned to the words in the Value Added Tax Act;

"issue log book" means a record in a physical or electronic format where faults and notifications under regulation 9 are recorded; and

"State institution" has the meaning assigned to the words in the Constitution.

This regulation introduces the preceding definitions.

The word "Authority" refers to Zambia Revenue Authority.

The term "State Institution" is defined in Article 266 of the Constitution, Chapter 1 of the Laws of Zambia, as follows:

"State institution" includes a ministry or department of the Government, a public office, agency, institution, statutory body, commission or company in which the Government or local authority has a controlling interest, other than a State organ.

24.3 REGULATION 3: ELECTRONIC INVOICING SYSTEM

The Commissioner-General shall operate an electronic invoicing system.

This regulation mandates the Commissioner-General to administer an electronic invoicing system (Smart Invoice).

24.4 REGULATION 4: ISSUANCE OF TAX INVOICES BY A PERSON OR PARTNERSHIP

(1) A person or partnership carrying on a business shall issue an invoice using an electronic invoicing system to a customer for an amount paid or payable by that customer for every transaction,to record sales for income tax purposes.

(2) Where a customer is a business or a State institution, an invoice issued under subregulation (1) shall specify the name, address and taxpayer identification number of the customer.

(3) Despite subregulation (2), an invoice issued by a person or partnership carrying on a business on winnings from gaming, lotteries or betting shall specify the amount staked, potential winnings, gross takings and the withholding tax on winnings.

(4) Subregulation (1) applies whether or not a customer is present at the time of the transaction or the customer fails or refuses to take the invoice.

(5) A customer shall report a person or partnership carrying on a business to the Authority where the —

(a) person or partnership carrying on a business does not issue that customer with an invoice in respect of a transaction; or

(b) customer has been issued with an invoice that does not contain accurate information relating to the transaction.

This regulation –

i. makes it mandatory for a business to use an electronic invoicing system (Smart Invoice) to issue an invoice to a customer in respect of every transaction for which an amount is paid or payable, in order to record sales for income tax purposes;

ii. provides that where a transaction is business-to-business or business-to-government, the invoice issued from the electronic invoicing system must include the name, address and taxpayer identification number (TPIN) of the customer;

iii. provides that in respect of invoices issued on winnings from gaming, lotteries or betting, the invoice must include the amount staked, potential winnings, gross takings and withholding tax on winnings, regardless of whether the customer details under business-to-business or business-to-government transactions are required;

iv. makes it mandatory to issue an invoice for a transaction whether or not the customer is present and whether or not the customer fails or refuses to take the invoice; and

v. requires a customer to report to the Zambia Revenue Authority, a person or partnership carrying on a business that –
(a) does not issue an invoice in respect of a transaction; or

(b) issues an invoice that contains inaccurate information relating to the transaction.

NOTE:
The invoice issued to a customer may either be sent digitally or printed from the electronic invoicing system.

24.5 REGULATION 5: USE OF MANUAL ELECTRONIC INVOICING SYSTEM

(1) A person or partnership carrying on a business shall use a manual invoice or an approved invoicing system where the use of the electronic invoicing system is disrupted.

(2) Subject to regulation 8, a person or partnership carrying on a business shall, where that person or partnership's use of an electronic invoicing system is disrupted for a continuous period of twenty-four hours, notify the Commissioner-General.

(3) A person or partnership carrying on a business shall ensure that all transactions recorded using a manual invoice under subregulation (1) are uploaded to the electronic invoicing system within seventy-two hours of the system being restored.

This regulation –

i. provides that where the use of the electronic invoicing system (Smart Invoice) is disrupted, a business shall continue issuing invoices by using a manual invoice or an approved invoicing system, as an alternative to the electronic invoicing system;

ii. requires a business to notify the Commissioner-General where the disruption in the use of the electronic invoicing system continues for a continuous period of twenty-four (24) hours, subject to regulation 8 which specifies the information that must be reported; and

iii. requires a business to ensure that all transactions recorded using a manual invoice during the disruption are uploaded to the electronic invoicing system within seventy-two (72) hours after the system has been restored.

24.6 REGULATION 6: DISPLAY OF NOTICE OF USE OF ELECTRONIC INVOICING SYSTEM

(1) A person or partnership carrying on a business shall display in a conspicuous place, a notice relating to the use of an electronic invoicing system.

(2) A person or partnership that contravenes subregulation (1) commits an offence and is liable, on conviction, to a fine not exceeding thirty thousand penalty units.

This regulation makes it mandatory for a business to display a notice relating to the use of an electronic invoicing system (Smart Invoice) at a prominent location in the business premises. Further, a taxable supplier who fails to display the notice commits an offence and is liable to a fine, upon conviction.

24.7 REGULATION 7: EXEMPTION FROM USE OF ELECTRONIC INVOICING SYSTEM

(1) The Commissioner-General may exempt a person or partnership carrying on a business from the use of an electronic invoicing system in accordance with section 55B(2A) of the Act.

(2) The Commissioner-General shall issue a notice to a person or partnership exempted under subregulation (1).

(3) A person or partnership carrying on a business shall display in a conspicuous place at the person or partnership's business, a notice referred to under subregulation (2) as the Commissioner- General may specify.

(4) A person or partnership that contravenes subregulation (3) commits an offence and is liable, on conviction, to a fine not exceeding thirty thousand penalty units.

This regulation empowers the Commissioner-General to grant an exemption to a business from the requirement to use an electronic invoicing system (Smart Invoice). Where such an exemption is granted, the Commissioner-General is required to issue a formal notice to the exempted person or partnership to confirm and communicate the exemption.

Further, the regulation requires a business that has been exempted to display the exemption notice prominently at the business premises, in the manner specified by the Commissioner-General. Failure to display the notice is treated as a compliance offence, and a business that contravenes this requirement is liable, upon conviction, to a fine of up to 30,000 penalty units.

24.8 REGULATION 8: REPORTING OF FAULTS BY PERSON OR PARTNERSHIP

A person or partnership carrying on a business shall, where an electronic invoicing system or approved invoicing system has a fault, notify the Commissioner-General providing the following information:

(a) the description and time of the fault;
(b) period for which the approved invoicing system was not in use and when use was restored;
(c) reasons for an unreported fault, if any; and
(d) any other information relating to the fault as may be required by the Commissioner- General.

This regulation requires a business to notify the Commissioner General when the electronic invoicing system (Smart Invoice) or any approved invoicing system has a fault.

24.9 REGULATION 9: ISSUE LOG BOOK

A person or partnership carrying on a business shall keep and maintain an issue log book for each approved invoicing system.

This regulation obligates a business to keep and maintain an issue log book for each approved invoicing system in use.

24.10 REGULATION 10: DEACTIVATION OF APPROVED INVOICING SYSTEM

(1) A person or partnership carrying on a business shall, on cessation of business, submit a written request to the Commissioner-General to deactivate the approved invoicing system,within thirty days of discontinuing the use of the approved invoicing system.

(2) A person or partnership shall keep and maintain records and accounts generated from the approved invoicing system that has been deactivated under subregulation (1) for the period that the person or partnership is required to keep and maintain the accounts and records under section 55 of the Act.

(3) A person or partnership carrying on business that contravenes subregulation (1) commits an offence and is liable, on conviction, to a fine not exceeding thirty thousand penalty units.

This regulation prescribes the obligations of a business in relation to an approved invoicing system when the business ceases operations. It requires a business to submit a written request to the Commissioner-General to deactivate the approved invoicing system, within thirty (30) days of discontinuing its use.

Further, the regulation clarifies that deactivation does not remove record-keeping obligations. A business must keep and maintain records and accounts generated from the deactivated invoicing system for the period required under section 55 of the Income Tax Act, which generally requires retention of business records for six years from the date of the last entry, unless otherwise authorised by the Commissioner-General.

24.11 REGULATION 11: USE OF ACCOUNTING SOFTWARE

The Commissioner-General shall permit a person or partnership carrying on business to use a person or partnership's accounting software if it is integrated with the electronic invoicing system.

This regulation allows a business to continue using their own accounting software, provided that the software is integrated with the electronic invoicing system (Smart Invoice). This means businesses are not required to abandon their existing accounting packages, as long as the system can transmit invoice data to the electronic invoicing system in the prescribed manner.

24.12 REGULATION 12: PROHIBITION OF TRANSFER OF APPROVED INVOICING SYSTEM

A person or partnership carrying on business shall not transfer an approved invoicing system which is integrated with an electronic invoicing system for use by the person or partnership to a third party.

This regulation prohibits a business from transferring or sharing an approved invoicing system that is integrated with the electronic invoicing system (Smart Invoice) for use by a third party. The system is authorised for a specific taxpayer and must not be sold, lent, or reassigned to another business.

24.13 REGULATION 13: PENALTIES AND OFFENCES

(1) A person or partnership carrying on a business commits an offence if that person or partnership—

(a) modifies or attempts to modify an approved invoicing system without authorisation from the Commissioner- General;

(b) enters false data on the approved invoicing system; or

(c) tampers with, alters or falsifies data recorded, analysed, formatted or stored by the approved invoicing system.

(2) A person or partnership convicted of an offence under subregulation (1) is liable, on conviction, in the case of a—

(a) first offence, to a fine not exceeding thirty thousand penalty units;

(b) second offence, to a fine not exceeding sixty thousand penalty units; and

(c) third or subsequent offence, to a fine not exceeding ninety thousand penalty units, or to imprisonment for a term not exceeding three years, or to both.

This regulation provides that:

- modifying or attempting to modify the approved invoicing system (Smart Invoice) without authorization,
- the entry of false data into the approved invoicing system and
- the tampering of the data formatted or stored on the approved invoicing system, by a taxable supplier is an offence and prescribes penalties for the offence.

Further, the regulation provides for graduated penalties for the prescribed offences upon conviction.

NOTE:
A penalty unit is K0.40

25.0 PROPERTY TRANSFER TAX (AMENDMENT) ACT NO. 21 OF 2025

25.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January, 2026.

25.2 SECTION 5: REALISED VALUE

Section 5 of the principal Act is amended by the deletion of subsection (2B) and the substitution therefor of the following:

(2B) Despite subsection (2A), where the Commissioner- General is satisfied that a transfer of shares is made for the purposes of a group reorganisation, the Commissioner-General may determine a nil value for that transfer, except that this subsection shall only apply where the company transferring the shares and the company receiving the shares has been part of the group of companies, which is subject of the group reorganisation, for three years or more preceding the transfer.

This amendment removes the condition which provided that a Zambian company's shareholding must remain unchanged in a group reorganisation, for determining nil realised value for PTT purposes. As a result of this amendment, a nil realised value may be determined when the following two conditions are met:

(a) The transfer is made for Group reorganisation

(b) Both the transferor and transferee should have been part of the group for at least three years before the transfer.

Prior to this amendment, the following three conditions had to be met.

(a) The transfer is made for Group reorganisation

(b) There was no change in shareholding with respect to the company resident in Zambia; and

(c) The companies involved in the transfer have been part of the group for three years or more preceding the transfer.

25.3 SECTION 6: EXEMPTIONS

Section 6(1) of the principal Act is amended by the deletion of paragraph (h) and the substitution therefor of the following:

(h) the surrender or forfeiture of shares for no consideration where the Commissioner-General is satisfied that the surrender or forfeiture is not intended to avoid property transfer tax, except that a subsequent transfer to a different person shall be liable to property transfer tax.

This amendment provides that an exemption from property transfer tax for surrender or forfeiture of shares shall only apply where the Commissioner-General is satisfied that there is no intention to avoid tax. As a result of this amendment, the person surrendering or forfeiting the shares is required to submit a return.

Prior to this amendment, there was no specific requirement for the Commissioner-General to ascertain whether the transaction was meant to avoid tax, in order for the exemption to be granted.

26.0 THE VALUE ADDED TAX (AMENDMENT) ACT NO. 19 OF 2025

26.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January 2026.

26.2 SECTION 19: PAYMENT OF TAX OR CREDIT

26.2.1 Section 19 of the principal Act is amended by the deletion of subsection (1A) and the substitution therefor of the following:

(1A) The Minister may, on the recommendation of the Commissioner-General, by statutory instrument remit the whole, or part of any, tax, fine or interest due and which is not recoverable under this Act where the liabilities meet the following conditions:

(a) the taxable supplier is deceased and the estate is insufficient to meet the tax debt;
(b) the tax account of the taxable supplier is inactive for a period of ten years;
(c) the taxable supplier is insolvent;
(d) in the case of a privatised company, the debt was incurred before privatisation, unless the contract of sale stipulates that the company's liabilities are to be carried over by the new owners; or
(e) where—
(i) a tax debt is outstanding for a period of ten years;
(ii) the cost of collection of that tax debt is higher than the amount to be collected; and
(iii) the tax debt is less than two hundred kwacha.

This amendment extends the conditions under which the Minister in charge of Finance, may remit tax, fines and interest to include the following:

- Where a taxable supplier is deceased and the estate is insufficient to settle the tax debt
- The supplier is insolvent. Prior to this amendment, a person had to be declared bankrupt or in the case of a company, wound up by the high court
- The taxpayer's tax account has been inactive for ten years
- The debt is less than K200, has been outstanding for at least ten years and the cost of its collection is greater than the amount of the debt itself. Prior to this amendment debt qualified for remission if it remained outstanding for a minimum of five years.

26.2.2 Section 19 of the principal Act is amended by the insertion of the following new subsection immediately after subsection (1A):

(1B) The Commissioner- General may, for purposes of subsection (1A), request for documentary evidence as the Commissioner-General may determine.

The amendment clarifies that the Commissioner–General may request for any documentary evidence necessary to support the recommendation for the remission of unpaid tax, fines and interests by the Minister responsible for Finance.

27.0 THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER, 2025 STATUTORY INSTRUMENT NO. 61 OF 2025

27.1 TITLE AND COMMENCEMENT

This Order shall come into operation on 19th August 2025.

27.2 GROUP 12: INFORMATION AND COMMUNICATION TECHNOLOGY EQUIPMENT

The Schedule to the principle Order is amended by the deletion of Group 12.

This amendment standard rates the supply of Information and Communication Technology equipment for VAT purposes.

28.0 THE VALUE ADDED TAX (ZERO-RATING) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 95 OF 2025

28.1 TITLE AND COMMENCEMENT

This Order shall come into operation on 1st January, 2026

28.2 PARAGRAPH 2

Paragraph 2 of the principal Order is amended by thedeletion of the definition of "donor funding" and the substitution therefor of the following:

"donor funding" means funding provided by a donor and includes funding provided in the form of a loan to the Government;.

This amendment extends zero-rating of donor funded projects to include Government projects funded through loans.

28.3 SCHEDULE: GROUP 12-WATER SUPPLY SERVICES

The Schedule to the principal Order is amended by the insertion of the following new group immediately after group 11

The supply of mains water and sewerage services, excluding sewerage pump out services.

This amendment zero rates the supply of mains water and sewerage services. However, sewerage pump out services are standard rated.

29.0 THE VALUE ADDED TAX (GENERAL) (AMENDMENT) REGULATIONS STATUTORY INSTRUMENT NO. 93 OF 2025

29.1 TITLE AND COMMENCEMENT

These Regulations shall come into operation on 1st January, 2026

29.2 REGULATION 12: INPUT TAX NOT ALLOWED FOR LATE REGISTRATION

Regulation 12 of the principal Regulations is amended be the insertion of the word "taxable" immediately before the word "supplier"

This amendment corrects a drafting error which omitted the word "taxable" before "supplier".

29.3 REGULATION 13: TAX PAID PRIOR TO REGISTRATION

Regulation 13 of the principal Regulations is amended in subregulation (1) as follows;

i. Deletion of paragraph (b) and the substitution therefor of the following:

(b) ten years from the date of registration as an intending trader for mining, petroleum, gas exploration or hydroelectricity generation;

This amendment extends the intending trader period to 10 years from 7 years for businesses under the hydro-electricity sector. Eligible businesses will be allowed to claim VAT on inputs for up to 10 years.

ii. Deletion of paragraph (c) and renumbering of paragraph (d) as paragraph (c)

30.0 THE VALUE ADDED TAX (EXEMPTION) (AMENDMENT) ORDER STATUTORY INSTRUMENT NO. 94 OF 2025

30.1 TITLE AND COMMENCEMENT

This Order shall come into operation on 1st January, 2026

30.2 SCHEDULE: ITEM 17 - WATER SUPPLY SERVICES

The Schedule to the principal Order is amended by the deletion of item 17.

This amendment removes the supply of mains water and sewerage services from the exemption order.

31.0 THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 11 OF 2025

31.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 19th August, 2025.

31.2 SECTION 139A: MANAGEMENT OF EXCISE DUTY ON SERVICES

31.2.1 Section 139A of the principal Act is amended by the deletion of the definitions of "rendering a service" and "service provider" and the substitution therefor of the following:

"rendering a service" means providing an electronic communications service or betting service;

"service provider" means an electronic communications service provider licensed in accordance with the Information and Communication Technologies Act, 2009, or a provider of betting services;

This amendment extends the definition of "rendering a service'' and "service provider" to include betting service and provider of betting services, respectively. Prior to this amendment, the definition of "rendering a service" and "service provider" did not include betting service and provider of betting services.

31.2.2 Section 139A of the principal Act is amended by the insertion of the following new definition in the appropriate place in alphabetical order:

"betting" means wagering or staking any money or valuable thing by, or on behalf of, a person, or expressly promising or agreeing to wager or stake by or on behalf of a person, any money or valuable thing on a game, sport, lottery exercise or other event or contingency and includes online casino live games, online casino machine games, casino games brick and mortar, online lottery, lottery brick and mortar, online betting, betting brick and mortar and gaming machines and "bet" and "to bet" shall be construed accordingly;.

This amendment introduces the definition of "betting".

31.3 SECTION 139D: DUTIES OF SERVICE PROVIDER

31.3.1 Section 139D of the principal Act is amended by the deletion of subsection (1) and the substitution therefor of the following:

(1) A service provider shall—

(a) maintain in a manner and form as may be required by, or under, this Act, a record of, where applicable

(i) airtime sold;

(ii) air time consumed, lost or otherwise disposed of, during any process of rendering the service;
(iii) bets or free bets received and payouts made; and
(iv) excise duty paid or payable;

This amendment introduces obligations for the provider of betting services to maintain records of bets or free bets received and payouts made.

31.3.2 Section 139D of the principal Act is amended by the deletion of subsection (1) and the substitution therefor of the following:

(b) submit in a manner and form that the Commissioner General may determine, where applicable, a return of airtime consumed, lost or otherwise disposed of or of bets, or free bets, made in the preceding month and duly completed entry in the prescribed form accounting for airtime disposed of or bets, or free bets, received and payouts made during that month.;

This amendment introduces the obligation for the provider of betting services to submit a return.

31.3.3 Section 139D of the principal Act is amended in subsection (3), by the deletion of the words "service provider" and the substitution therefor of the words "electronic communication service provider".

The new subsection (3) reads as follows:

(3) A electronic communication service provider may make a claim for a deduction in a return submitted under this section that excise duty has been paid on airtime that is sold and the Commissioner-General may allow the duty paid to be deducted from the duty due in that return if the Commissioner-General is satisfied that the claim is correctly made and supported by auditable management processes and records.

This amendment replaces the words "service provider" with "electronic communication service provider". This is aimed at limiting the claims of input excise duty on airtime to providers of electronic communication services.

31.3.4 Section 139D of the principal Act is amended in subsection (6), by the deletion of the word "five" and the substitution therefor of the word "three".

The new subsection (6) reads as follows:

(6) An assessment made by the Commissioner-General under subsection (5) shall be deemed to be the correct assessment for the purposes of section one hundred

and thirty nine E and shall be due and payable within three days following the issue of the notice of assessment thereof.

This amendment reduces the timeframe for payment of an estimated excise duty assessment for services, to three days from five days.

31.4 SECTION 139I (1): MANAGEMENT OF EXCISE DUTY ON SERVICES

31.4.1 Section 139I(1) of the principal Act is amended in paragraph (a) by the insertion of the words "or bets or free bets received" immediately after the words "disposed of".

The new section 139I(1) (a) reads as follows:

(a) Within twenty days from the date of ceasing to provide the service, lodge with the Commissioner-General a true and complete return of all airtime disposed of or bets or free bets received in whatever manner and business activity since the last monthly return;

This amendment obligates betting service providers to file a final return within 20 days of ceasing operations.

31.4.2 Section 139 I(1) of the principal Act is amended in paragraph (b), by the insertion of the words "or bets or free bets received" immediately after the words "disposed of".

The new section 139 I(1) (b) reads as follows:

(b) Submit to the Commissioner-General an entry in the prescribed form accounting for all airtime disposed of or bets or free bets received on which excise duty has not been paid together with a payment for the amount of excise duty payable.

This amendment obligates betting service providers to include in the final return, details of bets or free bets on which excise duty has not yet been paid. The amendment also obligates betting service providers to pay the excise duty arising from the final return.

31.5 SECOND SCHEDULE: EXCISE TARIFF

31.5.1 The Second Schedule to the principal Act is amended in heading 1, in the Duty Rate Column opposite subheadings 2009.11.00, 2009.12.00, 2009.19.00, 2009.21.00, 2009.29.00, 2009.31.00, 2009.39.00, 2009.41.00, 2009.49.00, 2009.50.00, 2009.61.00, 2009.69.00, 2009.71.00, 2009.79.00, 2009.81.00, 2009.89.00 and 2009.90.00, by the deletion of the figure "K1.00" and the substitution therefor of the figure "K2.00".

This amendment increases the excise duty on specified non-alcoholic beverages to K2.00 per litre from K1.00 per litre. However, the tax payable for locally produced non-alcoholic beverages with the listed HS codes remains nil.

31.5.2 The Second Schedule to the principal Act is amended in heading 3, in the Duty Rate Column opposite subheadings 2202.10.20, 2202.91.00 and 2202.99.00, by the deletion of the figure "K1.00" and the substitution therefor of the figure "K2.00".

This amendment increases the excise duty on specified non-alcoholic beverages to K2.00 per litre from K1.00 per litre. However, the tax payable for locally produced non-alcoholic beverages with the listed HS codes is one tenth of the specific duty rate applicable to non-alcoholic beverages.

31.5.3 The Second Schedule to the principal Act is amended in heading 4, in the Duty Rate Column, opposite subheading 2203.00.90, by the deletion of the figure "60%" and the substitution therefor of the figure "50%".

This amendment reduces the excise duty rate on clear beer to 50% from 60%.

Note:

The 50% rate is applicable for the period 19th August 2025 to 31st December 2025.

31.5.4 The Second Schedule to the principal Act is amended in heading 5, in the Duty Rate Column opposite headings 22.04 and 22.05, by the deletion of the figure "60%" and the substitution therefor of the figure "80%".

This amendment increases the excise duty rate on Wines to 80% from 60%.

31.5.5 The Second Schedule to the principal Act is amended in heading 6, in the Duty Rate Column opposite subheadings 2207.10.00, 2207.20.10, 2207.20.90 and Ex.22.08, by the deletion of the figure "60%" and the substitution therefor of the figure "80%".

This amendment increases the excise duty rate on Spirits to 80% from 60%.

31.5.6 The Second Schedule to the principal Act is amended in heading 7, in the Duty Rate column opposite headings 24.01 and 24.02, by the deletion of the figure "K452" and the substitution therefor of the figure "K750"

This amendment increases the specific excise duty rates on unmanufactured tobacco and tobacco refuse to K750 per Kilogram from K452 per Kilogram. Further, the amendment increases the specific excise duty rates on cigars, cheroots, cigarillos and cigarettes, of tobacco or tobacco substitutes to K750 per mille from K452 per mille.

Note:
The amount due for locally produced cigarette tobacco, pipe tobacco, chewing tobacco, cigars and snuff tobacco, shall be a quarter of the specific rate set out in the Second Schedule.

31.5.7 The Second Schedule to the principal Act is amended in heading 7, in the Duty Rate column opposite subheadings 2403.11.00, 2403.19.10, 2403.19.90 2403.91.00 and 2403.99.00, by the deletion of the figure "K452" and the substitution therefor of the figure "K750".

This amendment increases the specific excise duty rates on water pipe tobacco, cutrag and other manufactured tobacco and manufactured tobacco substitutes, homogenised or reconstituted tobacco, tobacco extracts and essences to K750 per kilogram from K452 per kilogram.

Note:
The amount due for locally produced water pipe tobacco and other manufactured tobacco and manufactured tobacco substitutes and homogenised or reconstituted tobacco, shall be a quarter of the rate set out in the Second Schedule.

31.6 SEVENTH SCHEDULE: VALUATION OF SERVICES FOR THE PURPOSE OF ASSESSING EXCISE DUTY PAYABLE ON EXCISABLE SERVICES

The Seventh Schedule to the principal Act is amended by the insertion of the following new paragraph immediately after paragraph 2:

3. (1) The value of a bet for the purposes of section 76B shall be—
(a) exclusive of excise duty; and
(b) the amount wagered or staked.

(2) For the purposes of subparagraph (1), the amount wagered or staked shall be the amount of money, or value of a bet or free bet, or value of a thing placed by a person for an outcome in a betting transaction.

This amendment provides for the valuation of betting services for excise duty purposes and defines the meaning of amount wagered or staked in valuing bets for excise duty purposes.

31.7 EIGHTH SCHEDULE: SERVICES EXCISE TARIFF

The Eight Schedule to the principal Act is amended by the insertion of the following heading immediately after heading 1:

Heading No.	Description of Goods	Harmonised Commodity Description and Coding System Heading No.	Statistical Unit of Quantity	Duty Rate
2	Betting services	0000.20.00	Count	10%

This amendment introduces a heading for betting services and prescribes the excise duty rate of 10% for betting services.

Note:
The 10% rate is suspended to 0% in accordance with the Customs and Excise (Suspension) (Betting Services) Regulations, Statutory Instrument No. 1 of 2026.

32.0 THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 18 OF 2025

32.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January, 2026.

32.2 SECTION 2: INTERPRETATION

Section 2 of the principal Act is amended by the insertion of the following new definition:

"tax clearance certificate" has the meaning assigned to the words in the Income Tax Act

This amendment defines a "tax clearance certificate" as provided in the Income Tax Act. According to the said Act "tax clearance certificate" is defined as follows:

"tax clearance certificate" a certificate issued by the Commissioner-General, valid for such period as may be specified in the certificate, stating that the person or partnership to whom or to which the certificate is issued fulfilled all obligations imposed on that person or partnership by this Act and by any other Act for which the Commissioner-General is responsible or has made arrangements satisfactory to the Commissioner-General for issuing the certificate.

32.3 SECTION 88: APPEAL AGAINST ASSESSMENT

The principal Act is amended by the insertion of the following new sections immediately after section 88D:

88E. (1) Subject to this Act, a person who is dissatisfied with an assessment made by an officer under this Act, may lodge an appeal to the Commissioner-General within thirty days of being notified of the assessment.

(2) An appeal made under subsection (1) shall be in writing and clearly state the grounds on which the appeal is being made.

(3) Despite subsection (1), a person may, before the expiry of the period specified under that subsection, make a request to the Commissioner-General for an extension of time within which to lodge the appeal.

(4) The Commissioner-General shall, where the Commissioner-General is satisfied that there are reasonable grounds for the extension, extend the time for lodging the appeal and notify the applicant in writing.

(5) The Commissioner-General shall, where the Commissioner-General does not extend the time for lodging the appeal under subsection (4), notify the applicant in writing stating the reasons for the decision.

(6) The Commissioner-General shall, within sixty days of receiving an appeal under subsection (1), hear and determine the appeal.

(7) A person who is dissatisfied with the decision of the Commissioner-General under this section may appeal to the Tax Appeals Tribunal in accordance with section 190.

88F. Despite an appeal against an assessment made under this Act, the assessment shall be due and payable.

This amendment introduces the process for appealing a tax assessment, requiring taxpayers to file a written appeal within 30 days of the issuance of the notice of assessment and obligates the Commissioner-General to determine the outcome of the appeal within 60 days. Further, it provides that if the taxpayer is dissatisfied with the Commissioner-General's decision, they may further appeal to the Tax Appeals Tribunal.

32.4 SECTION 89: SUSPENSION AND REBATE OF CERTAIN DUTIES

Section 89 of the principal Act is amended by the insertion of the following new subsection immediately after subsection (3):

(4) Despite the provisions of this section, a person shall not qualify for, or continue to benefit from, a suspension of duty, drawback, refund, rebate or remission granted under this Act, unless the person produces a valid tax clearance certificate issued in accordance with the Income Tax Act.

This amendment requires taxpayers to present a valid tax clearance certificate to qualify for, or continue to access, any suspension of duty, refund, rebate, or remission under the Customs and Excise Act.

32.5 SECTION 92: REFUNDS GENERALLY

Section 92 of the principal Act is amended by the by the insertion of the following new subsections immediately after subsection (4):

(5) Despite the provisions of this section, the Commissioner- General may, by notice, suspend or withhold any tax refund that is due to an applicant who is under investigation under this Act or any other Act for which the Commissioner-General is responsible for until the investigation is concluded.

(6) The notice referred to under subsection (5) shall specify the period of suspension or withholding and that period shall not exceed nine months.

(7) Despite subsection (5), the Commissioner-General may, on the expiry of the period referred to under subsection (6) and on reasonable grounds, extend the period of the suspension or withholding.

This amendment empowers the Commissioner-General to suspend or withhold any tax refund due to an applicant under investigation, provided that written notice is issued. The suspension shall not exceed a period of nine months, although this period may be extended.

32.6 SECOND SCHEDULE: EXCISE TARIFF

32.6.1 The Second Schedule to the principal Act is amended in heading 4, in the Duty Rate Column opposite subheading 2203.00.90, by the deletion of the figure “50%” and the substitution therefor of the figure “40%”;

This amendment reduces the excise duty rate on beer classified under HS code 2203.00.90 to 40 % from 50%. This HS Code includes clear beer made from Malt, Cassava and Sorghum.

32.6.2 The Second Schedule to the principal Act is amended in heading 12, in the Duty Rate Column opposite subheadings 3923.21.91 and 3923.29.91, by the deletion of the figure “30%” and the substitution therefor of the figure “100%”;

This amendment increases the excise duty on plastic carrier bags for shopping with or without handles to 100 % from 30%.

33.0 THE CUSTOMS AND EXCISE (SUSPENSION) (BETTING SERVICES) REGULATIONS STATUTORY INSTRUMENT NO. 1 OF 2026

33.1 SECTION 1: TITLE AND COMMENCEMENT

These Regulations shall come into operation on 1st January, 2026

33.2 REGULATION 2: SUSPENSION OF DUTY

The duty rate on betting services of heading 0000.20.00 is suspended to zero.

This amendment suspends the excise duty rate betting services to 0% from 10%.

34.0 THE MOBILE MONEY TRANSACTION LEVY ACT NO. 22 OF 2025

34.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January, 2026.

34.2 SECTION 2: INTERPRETATION

34.2.1 Section 2 of the principal Act is amended by the deletion of the definition of "betting" and the substitution therefor of the following:

"betting" has the meaning assigned to the word in the Customs and Excise Act;

This amendment provides for the definition of betting as defined in the Customs and Excise Act. Prior to this amendment, the definition of betting was as provided in the Casino Act Chapter 157 of the Laws of Zambia. According to the Customs and Excise Act, betting is defined as follows:

> "*betting" means wagering or staking any money or valuable thing by, or on behalf of, a person, or expressly promising or agreeing to wager or stake by or on behalf of a person, any money or valuable thing on a game, sport, lottery exercise or other event or contingency and includes online casino live games, online casino machine games, casino games brick and mortar, online lottery, lottery brick and mortar, online betting, betting brick and mortar and gaming machines and "bet" and "to bet" shall be construed accordingly;.*

34.2.2 Section 2 of the principal Act is amended by the deletion of the definition of "person to person transfer" and the substitution therefor of the following:

"person to person transfer" means a transfer of electronic money from one person to another person or to that same person.

This amendment clarifies that transactions of electronic money made from one mobile money account to another owned by the same person are subject to mobile money transaction levy.

34.3 SCHEDULE

The principal Act is amended by the repeal of the Schedule and the substitution therefor of the Schedule set out in the Appendix.

(Section 5(1))

CHARGEABLE RATES

Amount range (ZMW)	*Levy (ZMW)*
From 0 to 150	*0.32*
Above 150 to 300	*0.40*
Above 300 to 500	*0.80*
Above 500 to 1000	*2.00*
Above 1000 to 3000	*4.00*
Above 3000 to 5000	*7.50*
Above 5000 to 10000	*8.00*
Above 10000	*10*

This amendment increases the mobile money transaction levy as follows:

Mobile Money Transaction Levy Rates

Amount range (ZMW)	2025 Levy (ZMW)	2026 Levy (ZMW)
From 0 to 150	0.16	0.32
Above 150 to 300	0.20	0.40
Above 300 to 500	0.40	0.80
Above 500 to 1,000	1.00	2.00
Above 1,000 to 3,000	1.60	4.00
Above 3,000 to 5,000	2.00	7.50
Above 5,000 to 10,000	3.00	8.00
Above 10,000	3.60	10.00

35.0 THE BETTING LEVY ACT NO. 27 OF 2025

35.1 SECTION 1: TITLE AND COMMENCEMENT

This Act shall come into operation on 1st January, 2026.

35.2 SECTION 2: INTERPRETATION

In this Act, unless the context otherwise requires—

"betting" has the meaning assigned to the word in the Customs and Excise Act;

"betting company" means a person licensed under the Betting Control Act or any other written law to provide betting services in the Republic;

"brick and mortar betting" means a betting activity conducted at a physical premise where a customer places a bet in person through cash, electronic means or any other payment method;

"Commissioner General" means the person appointed as Commissioner-General under the Zambia Revenue Authority Act;

"customer gaming account" means an account maintained by a betting company for a customer in which deposits, bets, winnings and withdrawals are recorded;

"deposits" means monies credited to a customer's gaming accountant for purposes of enabling that customer to place a bet or participate in a betting activity, through cash, electronic means or any other payments method, but does not include winnings credited from previous bets placed using funds already in the account;

"levy" means a betting levy charged under section 5;

"withdrawals" means monies paid out from a customer's gaming account, by a betting company, to the customer through electronic means or any other payment method; and

"Zambia Revenue Authority" means the Zambia Revenue Authority established under the Zambia Revenue Authority Act.

This section provides definitions of words and expressions used in the Betting Levy Act.

35.3 SECTION 3: ADMINISTRATION OF ACT

This Act shall be administered by the Zambia Revenue Authority

This section provides that the Betting Levy Act shall be administered by the Zambia Revenue Authority.

35.4 SECTION 4: POWERS OF COMMISSIONER GENERAL

The Commissioner-General shall, for the purposes of enforcing the provisions of this Act, have all the powers conferred on the Commissioner-General by the Zambia Revenue Authority Act and the Income Tax Act.

This section empowers the Commissioner-General to administer the Betting Levy Act.

35.5 SECTION 5: IMPOSITION OF A LEVY

(1) Subject to the provisions of this Act, a betting levy at the rate of 5 percent shall be charged, levied, collected and paid by a betting company.

(2) The levy shall be calculated on all deposits made to a customer's gaming account and on all withdrawals from a customer's gaming account.

(3) A betting company shall, within ten days after the end of each month—

(a) submit a return of the levy collected to the Commissioner General in the manner determined by the Commissioner-General; and
(b) remit the total levies collected for that month to the Commissioner-General.

(4) The Commissioner-General may appoint a person as an agent to withhold a levy before facilitating any payments to, or from, a betting company.

(5) A betting company that contravenes subsections (3) is liable to pay to the Commissioner-General a penalty of three hundred thousand penalty units for each month or part thereof during which that contravention continues.

(6) The Commissioner-General may waive the whole, or part, of the penalty due under subsection (5) of this section.

This section provides for a 5% betting levy to be charged on all deposits made into and all withdrawals from a gaming account on an online betting platform. For example, where a person deposits K1,000 into a gaming account on an online betting platform, a levy of K50 shall be charged on the deposit and paid to the Zambia Revenue Authority by the betting company. Similarly, where a person withdraws K1,000 from a gaming account, a levy of K50 shall be charged on the withdrawal and remitted to the Zambia Revenue Authority.

The section further requires betting companies to submit monthly levy returns and remit the total levies collected by the tenth day of the following month. It also empowers the

Commissioner-General to appoint withholding agents for purposes of levy collection. In addition, the Commissioner-General is vested with authority to impose penalties for non-compliance and where appropriate, grant waivers of such penalties.

35.6 SECTION 6: EXEMPTIONS FROM PAYMENT OF LEVY

(1) Brick and mortar betting companies are exempt from payment of a levy.

(2) The Minister may, by statutory instrument, exempt a person from payment of a levy.

This section exempts brick and mortar betting companies from payment of the levy and also empowers the Minister responsible for Finance to exempt any other person.

35.7 SECTION 7: RECORD OF BETTING OPERATIONS

(1) A betting company shall keep and maintain a record of the betting company's operations for a period of six years.

(2) A betting company shall maintain electronic records of all deposits and withrawals, which shall include—
(a) a customer's gaming account number;
(b) date and time of a transation;
(c) transaction amounts; and
(d) the levy calculated and deducted.

(3) A betting company shall ensure that the system used for purpose of maintaing the electronic records referred to under subsection (2) is capable of intergration with the systems used by used by the Zambia Revenue Authority for automated reporting and verification purposes.

(4) Despite subsection (1), the Commissioner-General may, before the expiry of the period referred to under subsection (1),by notice in writing, extend the period of keeping and maintaining a record of operations by a betting company.

(5) A betting company that contravenes subsection (1) is liable to pay the Commissioner-General a penalty of three hundred thousand penalty units.

(6) The Commissioner-General may waive the whole, or part, of the penalty due under subsection (3).

This section obligates betting companies to keep and maintain electronic records of all deposits and withdraws for a period of six years. The Commissioner-General may extend this period by giving written notice before the six years expire.

The section further requires that the electronic record keeping system used by a betting company be capable of integration with the systems of the Zambia Revenue Authority to facilitate automated reporting and verification.

Non-compliance with the provisions of this section will result in penalties (300,000 penalty units). However, the Commissioner-General has the discretion to waive the penalties in whole or in part.

35.8 SECTION 8: INSPECTION OF BETTING OPERATIONS

(1) The Commissioner-General may, for the purposes of enforcing the provisions of this Act, at any reasonable time, without prior notice, enter any premises that the Commissioner-General has reasonable grounds to believe is used contrary to the provisions of this Act, and—

- *(a) inspect any records, article or document of a betting company that has a bearing on an inspection;*
- *(b) verify the returns submitted in accordance with section 5(3); or*
- *(c) require a betting company to submit any other information that the Commissioner-General may consider necessary.*

This section empowers the Commissioner-General to access any premises without giving prior notice if it is reasonably believed that the premises are being used in violation of the Betting Levy Act. In this regard, the Commissioner-General can inspect records, documents or items related to the betting company, verify submitted returns and request for any additional information needed to ensure compliance with the provisions of this Act.

35.9 SECTION 9: ADMINISTRATIVE RULES

The Commissioner-General may issue administrative Rules relating to—

- *(a) the keeping of books of account for betting operations;*
- *(b) the making of returns; and*
- *(c) any other matter necessary for the administration of this Act by the Commissioner-General.*

This section empowers the Commissioner-General to issue administrative rules to support the administration of the Betting Levy Act.

35.10 SECTION 10: REGULATIONS

The Minister may, by statutory instrument, make Regulations for the better carrying out of the provisions of this Act.

This section empowers the Minister responsible for Finance to issue Regulations to support the administration of the Betting Levy Act.

PART III: OTHER MATTERS

36.0 TAX TREATMENT OF EMPLOYMENT BENEFITS

Any payments made by the employer for the benefit of employees that cannot be converted into money or money's worth is non-deductible in the hands of the employer in accordance with section 44 (l). The tax treatment of employment benefit will depend on whether it is convertible into money or money's worth. If it is capable of being converted into money or money's worth it is subject to tax under PAYE whereas, if it is not convertible (not translated into actual money) then it will be non-deductible on the employer subject to section 44(l).

"Money or money's worth" is any expenditure that is of direct monetary value to a person and may relate to money, security, tangible property, intangible property, or services that can be reduced to money's value. Therefore, the monetary value may be applied whether or not it is convertible into money or money's worth.

Factors to consider for benefits that cannot be converted into money or money's worth are dealt with under (iii).

(i) Payment of employees' bills (benefits convertible into money's worth)

Where an employer discharges the liability of an employee by paying his or her private bills or expenses such as electricity, phone or water bills, rent, school fees, school association fees, club membership fees and similar payments, the employer is required to add such payments to the employee's emoluments and deduct tax under Pay As You Earn (PAYE). Such expenses will be an allowable deduction in the hands of the employer.

Rental of Accommodation Owned by the Employer

Where an employer pays a housing allowance to an employee and the employee in turn rents accommodation owned by that employer, the employee's allowance shall be subjected to PAYE while the payment of rent shall be liable to tax.

NOTE:
It is expected that the rent charged reflects the economic value of accommodation based on the type of structure and the location.

(ii) Benefits that cannot be converted into money or money's worth

Benefits which cannot be converted into money or money's worth are not taxable on employees. However, no deduction in respect of the cost of providing the benefit may be claimed by the employer [section 44(l) of the Income Tax Act].

Non-money fringe benefits are those benefits or advantages that cannot be converted into money or money's worth where any three or more of the following factors apply:

- Not capable of being converted into actual money by the employee
- Not capable of being converted into a pecuniary benefit by the employee
- Not capable of disposal or transfer by the employee
- Not owned by the employee
- Received with restrictive terms and conditions
- One can use it or forfeit.

Examples:

Free Housing:
Where an employer provides free housing to an employee, an employee can only live in the house and is not allowed to lease out. The employee cannot therefore convert the free housing benefit into cash or any other pecuniary benefit nor can they transfer or dispose of the benefit or advantage of free housing.

Airtime:
Where an employer buys airtime for an employee with a condition that the airtime so credited to the employee, is for the sole use of the employee, the benefit or advantage is not convertible into money or money's worth as the employee cannot convert the airtime into cash, or any other pecuniary benefit nor can the employee transfer or dispose of the airtime.

Free Fuel:
Where an employer provides fuel to an employee which may be bought through credit in a fuel card and the condition is that the amount can only be used on a specific fuel type and in some cases also on a specific car, the benefit or advantage in this case is not convertible into money or money's worth because the employee cannot exchange the fuel for anything nor can the fuel be transferred or disposed of.

(a) In the case of residential accommodation provided to an employee by the employer in a house owned by that employer, 37% of the taxable income paid to the employee shall be disallowed in the employer's tax computation, provided that where an independent and objective valuation is made for such accommodation, the cost to be disallowed shall be the value of that accommodation. For the purpose of verifying the rental value, the Commissioner-General may use assessments done by the Government Valuation Department or other registered valuation surveyors.

    Payments for utilities such as electricity, phone or water bills, security and similar payments are not included in the meaning of free housing.

NOTE:
Where the employee pays a below-market rate (peppercorn rent) to the employer, the cost to be disallowed in the employer's tax computation is 37% of the total taxable emoluments paid to the employee.

(b) In the case of housing leased by the employer and provided to an employee:

(i) Where housing is occupied by a single employee, the amount of rentals will be added to the employee's emoluments and taxed under PAYE.
(ii) Where housing is occupied by more than one employee, the total amount of the rentals will be disallowed in the employer's tax computation.

(c) Taxation of Fringe Benefits

1) Provision of Services below market price.

Where the employer provides services to their employees below the open market value, the benefit or advantage that the employee enjoys shall be treated as below:

- The difference between the open market value and the value at which the services are provided to the employee will be disallowed in the hands of the employer

2) Provision of Goods below market price

Where the employer provides goods to their employees below the open market value, the benefit is convertible to money or money's worth and shall be treated as below:

- The difference between the open market value and the value at which the goods are provided to the employee will be taxable under PAYE. The employer may thus gross up and account for the tax accordingly.

(d) In the case of the provision of motor vehicles to employees on a personal-to-holder basis, the benefit to be disallowed in the employer's tax computation is as follows:

Engine capacity of motor vehicle

- 2800cc and above - K57,600.00 per annum
- 1800cc and below 2800cc - K43,200.00 per annum
- Below 1800cc – K25,200.00 per annum

A personal-to-holder vehicle means a vehicle provided to an employee for both business and personal use and usually involves payment by the employer of all the expenses associated with the running and maintenance of the vehicle.

(iii) Cash benefits paid in the form of allowances.

All cash benefits paid in the form of allowances are taxable on the employee under PAYE.

Examples of such cash benefits are:

- Education allowance;
- Housing allowance;
- Transport/fuel allowance;
- Domestic utility allowances e.g. for electricity, phone and water;
- Commuted car allowance;
- Settling in allowance;
- Allowances paid in recognition of an employee's professional qualifications etc.

36.1 PAYMENTS THAT ARE NOT SUBJECT TO PAY AS YOU EARN (PAYE)

The following payments are exempt (not chargeable to income tax) and need not be included in the taxable emoluments.

(i) Ex-Gratia Payments:
A voluntary, non-contractual, non-obligatory payment made by an employer to the spouse, child or dependant of a deceased employee is exempt (Paragraph 7(t) of the Second Schedule to the Income Tax Act).

(ii) Medical Expenses:
Medical expenses paid or incurred by an employer on behalf of an employee or refunds of actual medical expenses incurred by an employee are exempt (Statutory Instrument No. 104 of 1996).

(iii) Funeral Expenses:
Funeral expenses paid or incurred by an employer on behalf of an employee are exempt (Statutory Instrument No. 104 of 1996).

(iv) Sitting Allowances for Councillors:
Payments by Local Authorities to Councillors as Sitting Allowances are exempt (Paragraph 7(s) of the Second Schedule to the Income Tax Act).

(v) Labour Day Awards:
Labour Day awards paid to employees either in cash or in kind are non-taxable.

(vi) Per Diem or Travel Allowances:

Per diem or subsistence allowances, including lunch allowances paid while working out of the office are not subject to PAYE as these are not emoluments. Emoluments are earned as a consequence of rendering a service to an employer or for holding office while per diem is paid for working away from home.

37.0 TAX TREATMENT OF CERTAIN EXPENSES

37.1 TAX TREATMENT OF EXPENSES INCURRED ON ENTERTAINMENT, HOSPITALITY AND GIFTS

Expenses incurred on entertainment, hospitality and gifts are not allowable, subject to the following exceptions:

a) where the business is one whose purpose is to provide entertainment or hospitality e.g. hotels, restaurants, cinemas and theatres, the cost of providing those services is allowable;

b) where entertainment is provided free of charge with the purpose of obtaining publicity from the general public e.g. free seats for critics at a cinema;

c) where an employer provides entertainment such as Christmas Party for employees or hospitality for employees in form of meals, accommodation etc. on business trips;

d) where a person gives gifts which bear an advertisement for the donor, e.g. calendars, pens, key holders, diaries and other such like items, as long as the cost of the gift(s) to any one person does not exceed K100 in a charge year. The cost of gifts in excess of K100 to the same person is disallowable.

NOTE:

(i) Employees receiving entertainment allowances will be taxed under PAYE and the amount would be disallowable to the employer.

(ii) Where an employer defrays entertainment expenses directly, the cost will be disallowable to the employer but there will be no charge on the employee unless the normal rules regarding benefits apply.

37.2 TAX TREATMENT OF CANTEEN EXPENSES, REFRESHMENTS AND FOOD RATIONS

Where the employer incurs expenditure on the provision of refreshments, canteen meals, food rations or any other meals (except on business trips) to employees, the benefit arises in the hands of the employees. As the benefit cannot be converted into money's worth, it is not taxable on the employee.

Under the provisions of Section 44(l) of the Income Tax Act, the whole expenditure on refreshments, canteen meals etc. is disallowable on the employer.

However, where an employer is obliged to provide meals to employees either under any other law or circumstances peculiar to the employer, the cost may be deductible.

Where the provision of such food is a legal obligation, the full cost of providing the food ration may be an allowable deduction.

38.0 PAYMENTS ON CESSATION OF EMPLOYMENT

The following payments may be made on cessation of employment by way of dismissal, resignation, end of contract term, redundancy/retrenchment, retirement or death:

(a) Pension
(b) Refund of employee's pension contributions
(c) Withdrawal of employer's pension contributions
(d) Gratuity
(e) Redundancy pay
(f) Severance pay or compensation for loss of office
(g) Salary in lieu of notice
(h) Repatriation allowance
(i) Service bonuses eligible for payment only at the end of employment
(j) Monthly salary
(k) Commutation of accrued leave days
(l) Accrued service bonuses

Following the amendment to the Constitution, with effect from 5th January 2016, the payments below are exempt from tax as they fall within the definition of pension benefit:

(a) Pension;
(b) Refund of employee's pension contributions;
(c) Withdrawal of employer's pension contributions;
(d) Gratuity;
(e) Redundancy pay;
(f) Severance pay or compensation for loss of office;
(g) Salary in lieu of notice;

(h) Repatriation allowance; and
(i) Service bonuses eligible for payment only at the end of employment.

On the other hand, the following payments are taxable under the applicable PAYE bands:

(j) Monthly salary;
(k) Commutation of accrued leave days; and
(l) Accrued service bonuses.

The monthly salary, commutation of accrued leave days and accrued service bonuses are taxable because they are emoluments that have been earned during the course of one's employment. Note that accrued service bonus is one which is linked to performance and is taxable in the period in which it accrues.

39.0 TAX TREATMENT OF PAYMENTS MADE ON MEDICAL DISCHARGE

Where the employer, on advice from a registered medical practitioner or medical institution, determines that an employee is permanently incapable of discharging his/her duties through infirmity of mind or body, the employer may terminate the services of such an employee.

A payment made to an employee on termination of employment on medical grounds is exempt from tax.

40.0 TAX TREATMENT OF ADVANCE AGAINST GRATUITY, PENSIONS AND EMPLOYEE PENSION WITHDRAWALS BY AN INDIVIDUAL CONTINUING IN EMPLOYMENT

Payments in the form of advances against gratuity, pensions and employee pension withdrawals are exempt from tax because they constitute pension benefits.

41.0 TAX TREATMENT OF SETTLING IN ALLOWANCES

Settling in allowances, by whatever name called, paid to new employees and employees on transfer constitute an individual's income and should be subjected to tax under the PAYE Scheme.

42.0 TAX INCENTIVES FOR A RURAL ENTERPRISE

An enterprise operating in a location classified as a rural area is entitled to tax incentives.

Paragraph 5(a) of the charging schedule provides that an enterprise operating in an area classified as a rural area is entitled to claim a reduction by one fifth of the tax which would be chargeable on its income for each of the first five charge years for which that business is carried on.

Section 2 of the Income Tax Act defines a "rural enterprise" as –

"rural enterprise" means an enterprise located in a rural area except an enterprise carrying on business of mining operations or mineral processing;

Furthermore, the Income Tax Act defines rural area as;

> *"any area which is not an area declared or deemed to have been declared an area of any city or municipality under the Local Government Act (Cap 281) but excluding the area declared to be the area of the Kafue township under the said Act";*

Example 7: Tax Payable by a Rural Enterprise

ABC Lodge commenced operations in 2025 and is located in a rural area. It has taxable income of K10,000 for the 2025 charge year.

In the first year, the calculation will be as follows:

Tax payable: 30% X 10,000 = 3,000
Rural enterprise incentive: 1/5 X 3,000 = 600
Final tax payable: 3,000 – 600 = 2,400

Therefore, ABC Lodge shall pay K2,400 which is less by 1/5 of the tax payable.

43.0 TREATMENT OF FORFEITURE AND SURRENDER OF SHARES

When a shareholder forfeits or surrenders a share to the company it will not attract Property Transfer Tax (PTT) since the forfeiture or surrender does not amount to a transfer.

If the share is subsequently transferred to another person by the company, PTT is payable and assessment of the tax is dependent on the value at which the share could have been sold on the market at the time of the transfer.

Furthermore, the shareholder whose shares have been forfeited or who has surrendered shares, will not be required to submit a provisional return. On the other hand, a company

selling previously surrendered or forfeited shares, is required to furnish a provisional return of tax and account for the PTT applicable.
In order for a transaction to qualify as a surrender or forfeiture of shares that is exempt from PTT, the Commissioner-General should be satisfied that there is no intention to avoid tax. The following conditions must be fulfilled under a surrender or forfeiture of shares:

(i) No consideration;
(ii) Shares were not paid up for;
(iii) There has been a call on the shares that have not been paid for; and
(iv) Any other condition as may be determined by the Commissioner - General

44.0 REFUND OF OVERPAID PAY AS YOU EARN

Tax paid as PAYE is non-refundable except where it has been overcharged in a charge year as in the following circumstances:

1. Errors
   The errors may include:
   - Payroll errors;
   - Use of wrong tax bands and rates;
   - Arithmetical errors in calculating tax; and
   - Taxation of exempt income e.g Taxation of pension benefits.
2. Unemployment
   A tax refund may arise upon cessation of employment, and the person remains unemployed until the end of the charge year.

3. Eligible deductions such as professional subscriptions and donations to approved Public Benefit Organisations.

How overpaid Pay As You Earn is calculated

PAYE is paid in graduating bands with the lowest band taxed at 0% for the year e.g the lowest annual band for the 2024 charge year is K61,200. The tax bands are simplified into monthly bands because of the frequency of payments that employees receive with the first K5,100 taxed at 0%. At the end of the year, the tax calculated from monthly bands should be equal to the tax calculated using annual bands.

In a case where an employee did not work or receive an income for all the months in that charge year, the cumulative tax from the monthly calculations will not equal to the tax calculation from annual bands. In such an instance, one may apply to ZRA for an assessment of the tax payable based on the annual bands; at the end of the charge year, using the ZRA prescribed forms. Any resulting difference between the tax payable and the tax paid is either refundable to the employee or payable to ZRA.

Example 8: Calculation of Pay As You Earn Refund

An employee has been in employment and receives a monthly pay of K14,000 starting from January 2024. To assess the amount refundable to the employee, if he stops work in August and remains unemployed for the rest of the year, the tax refund shall be calculated as follows:

Table 5: Taxable amount in month 1 (January) K14,000

	Chargeable Income (K)	**Rate of Tax**	**Tax Due (K)**
First band	5,100	0%	-
Next band	2,000	20%	400
Next band	2,100	30%	630
	4,800	37%	1,776
Total	**14,000**		**2,806**

If the salary remains constant, the tax payable for each of the months the employee remains in employment will remain the same at K2,806.

Table 6: Total cumulative taxable amount in month 8 (August) for a monthly income of K14,000: K112,000

	Chargeable Income (K)	**Rate of Tax**	**Tax due**
First band	40,800	0%	-
Next band	16,000	20%	3,200
Next band	16,800	30%	5,040
	38,400	37%	14,208
	112,000		**22,448 (tax due)**

Table 7: Total cumulative taxable amount in month 12 (December): K112,000

	Chargeable Income (K)	**Rate of Tax**	**Tax Due (K)**
First band	61,200	0%	-
Next band	24,000	20%	4,800
Next band	25,200	30%	7,560
Balance	1,600	37%	592
	112,000		**12,952 (tax due)**
Tax paid (for 8 months)			**22,448**
Tax claimable (refund)			**(9,496)**

Since the employee left employment in month 8, the income earned as at month 8 will be taxed as though it was income earned up to month 12.

Subjecting the K112,000 to tax using month 12 tax tables results in tax due which is less than the cumulative tax due as at month 8. This is because as at month 12 the income taxed at 0% is K61,200 (K5,100 X 12) while as at month 8 the income taxed at 0% is K40,800 (K5,100 X 8). Therefore, this has pushed more of the employee's income into the first band since the tax-free band is applicable for the whole year regardless of whether an employee works for the whole year or not.

In addition, the income taxed at 37% in month 12 (K1,702) is far less than the income taxed in month 8 (K13,616) at that rate.

Tax component of donations to an approved public benefit organisation

At the end of a charge year, an individual can make claims for tax relief on the component of their income from employment which is given as contributions made to an approved public benefit organisation.

However, the allowable deduction on the contribution should not be more than 15% of the taxable income for the given charge year.

Example 9: Calculation of Tax Refund when a donation is made

An employee receives a gross pay of K150,000 for the 2024 charge year and makes a donation to an approved public benefit organisation of K25,000. Calculation of their tax refund will be as follows:

Table 8: Month 12 (December) tax computation before the donation

	Chargeable Income (K)	Rate of Tax	Tax Due (K)
First band	61,200	0%	-
Next band	24,000	20%	4,800
Next band	25,200	30%	7,560
Balance	39,600	37%	14,652
	150,000		**27,012**

Gross Amount for YTD:	K150,000
Deduction from gross emoluments (15% Gross pay):	(K22,500)
Taxable Amount:	K127,500

Although the amount donated in the year is K25,000, the allowable deduction should not exceed 15% of the taxable income.

The amount due for tax refund will be computed as shown in the table 9:

Table 9: Month 12 (December) tax computation

	Chargeable Income (K)	Rate of Tax	Tax Due (K)
First band	61,200	0%	-
Next band	24,000	20%	4,800
Next band	25,200	30%	7,560
Balance	17,100	37%	6,327
	127,500		**18,687**
Tax paid			**27,012**
Tax claimable			**(8,325)**

45.0 ADMINISTRATION OF THE DISABILITY CREDIT AND DEDUCTION FOR EMPLOYING PERSON WITH A DISABILITY

(i) Disability Credit

Any employee who is registered with the Zambia Agency for Persons with Disabilities is entitled to a credit. The credit is supposed to be granted by the employer as they compute the tax payable for the employee with a disability. Therefore, the employer when computing the tax to be paid by person with a disability should reduce the tax amount by the tax credit which is currently at K7,200 per annum (K600 per month).

Example 10: Computation of Tax credit for persons with disabilities

XY Limited has employed a person who has a disability and is registered with the Zambia Agency for Persons with Disabilities. The said employee gets a monthly salary of K12,000. The tax credit to be granted to the employee will be as follows:

Table 10: Tax credit computation by the employer in the month of January

	Chargeable Income (K)	**Rate of Tax**	**Tax Due (K)**
First band	5,100	0%	-
Next band	2000	20%	400
Next band	2,100	30%	630
	2,800	37%	1,036
Total	**12,000**		**2,066**
Tax credit			**600**
Tax payable			**1,466**

As shown in table 10, the employer will deduct and remit tax of K1,466 instead of K2,066.

NOTE:

Where an employee has not enjoyed the tax credit during the year, at the end of the charge year, such an employee shall only get a refund to the extent of the tax paid. For example, if the employee paid tax of K2,400 in a charge year, the difference between K7,200 (tax credit) and K2,400 (tax paid), which is a K4,800, is not what the employee will be refunded at the end of the year. Instead the K2400 is the tax which will be refunded.

(ii) Deduction for Employing a Person with a Disability

An employer is entitled to a deduction of K2,500 per annum in ascertaining the gains or profits of the business in respect of each person with a disability who has been employed on a full-time basis.

The person with a disability in respect of whom a deduction is claimed should be registered with the Zambia Agency for Persons with Disabilities.

Example 11: Allowable deduction for employers with employees with disabilities

Assuming XY Limited in the example above has business profits of K300, 000 in the charge year 2026 and has 3 employees with disabilities. XY Limited has also incurred expenses amounting to K30,000, that are wholly and exclusively for the purpose of the business.

The taxable income will be calculated as follows:

Table 11:

Income	K300,000
Business expenses	(K30,000)
Deduction for employing a person with disability (3 X K2,500)	(K7,500)
Taxable Income	**K262,500**

46.0 TAXATION OF PAYMENTS TO NON-RESIDENT CONTRACTORS FOR HAULAGE OPERATIONS

The tax treatment of payments made to non-resident contractors (foreign hauliers or importers) will depend on the facts of the case. Some of the common scenarios and tax treatment will be as follows:

Where a Zambian Taxpayer hires non-resident transporter to-

(i) Load goods from Zambia to Country A - the income is deemed to have its source in Zambia in accordance with Section 18 of the Income Tax Act and therefore the income due to the non-resident is liable to income tax computed in accordance with Section 28. However, withholding tax is still applicable on the respective payments to non-resident contractors in accordance with Section 81A of the Income Tax Act. The WHT in this case is not a final tax.

(ii) Transports goods from Country A to Country B – the source or deemed source in this case is not Zambia. Therefore, no withholding Tax is deductible by the Zambian payer and no income tax is payable in Zambia by the transporter.

(iii) Transports goods from Country C to Zambia - the source is not in Zambia and thus no withholding tax is deductible by the Zambian payer and no income tax is payable by the transporter.

(iv) Transports goods from Kitwe to Lusaka (within Zambia) – the source in this case is Zambia and withholding tax is deductible by the Zambian payer. No income tax is payable by the transporter. However, where the activities of the non-resident transporter create a Permanent Establishment (PE), the profits attributed to the PE become taxable in Zambia at 30% of taxable profits.

47.0 TAX TREATMENT OF EMPLOYMENT INCOME EARNED IN ZAMBIA FROM NON-RESIDENT EMPLOYERS

Zambia primarily taxes at source in line with section 14 of the Income Tax Act. Therefore, where the source of the employment income is Zambia, it is consequently subject to tax in Zambia at the applicable tax rates, irrespective of the period spent in Zambia. Furthermore, Section 18(1)(b) of the Income Tax Act deems income to be from a source within the Republic if the income is remuneration from employment or office held in Zambia or by virtual of any service rendered, or work, or labour done by a person in Zambia.

Therefore, an employee who is based in Zambia whether a Zambian resident or not will be liable to Pay As You Earn (PAYE) on the income earned from exercising employment in Zambia. This is irrespective of whether payment is made outside the Republic or by a non-resident.

48.0 MIGRATION FROM TURNOVER TAX TO INCOME TAX

A person who is on Turnover Tax (TOT) and exceeds the TOT threshold (i.e turnover above K5,000,000) during the course of the charge year is required to notify the Commissioner General immediately. However, the taxpayer will continue to pay TOT until the end of the charge year. At the beginning of the following charge year, they will be deregistered from Turnover Tax and migrated to Income Tax. The taxpayer will be required to file an annual Income Tax Return by 21st June, for the preceding charge year in which they were falling under TOT. ZRA will assess the migrated taxpayer under income tax and grant the tax credits in respect of the TOT that was already paid.

NOTE:

Regulation 6 of the TOT Regulations, SI No.47 of 2009 (Change from Income Tax to Turnover Tax or Vice Versa) allows the change to take place at the beginning of the year or at a date that may be determined by the Commissioner-General through a notice. However, Zambia Revenue Authority will only effect the change in the system at the beginning of the next charge year.

49.0 TAX TREATMENT OF CERTAIN WINNINGS UNDER GAMING AND BETTING

(i) 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.

The Net proceeds" means the gross proceeds less sums paid out for the prizes.

(ii) 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 must purchase or consume products or services of the business. However, where the taxpayer sells lottery tickets they shall be required to register for Presumptive Tax and account for it accordingly.

(iii)Who should account for Presumptive Tax 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 arising from operation of the machines.

50.0 HOW TO ACCESS TAX TREATY RELIEF

Double taxation relief is granted by applying a lower tax rate than what is provided in the charging schedule to the Income Tax Act. This is in accordance with Section 82 A(1) of the Income Tax Act which states as follows:

Subject to the provisions of this section, a person or partnership making the following payments, irrespective of whether the payment is made outside the Republic, shall, before making any other deduction, deduct tax from the following payments at the rates specified in the Charging Schedule or ***as the Commissioner-General may direct to give effect to the provisions of any agreement made under section 74*** *or the* provisions of the Second Schedule:…

In light of the above, the Commissioner-General issues a Limited Deduction Direction (LDD) to give effect to the rates agreed in the treaty in order to ensure that the conditions set out in the treaty are met.

How to apply for a Limited Deduction Direction (LDD)

An application should be made to the Assistant Director- International Tax Policy and Relations Unit, Domestic Taxes Division and accompanied with the following documents:

(a) A copy of any of the following applicable documents:

(i) the contract in respect of management and consultancy, royalties, haulage, construction, Director's fees, etc between the Zambian company and the foreign company; or
(ii) A loan agreement in respect of interest between the Zambian company and the foreign company; or
(iii)For dividends, a signed board resolution declaring the dividends;

(b) A duly completed Double Taxation Relief Claim Form (Form WHT 3) which can be accessed on our website using the following link:
Form-WHT-3-1.pdf (zra.org.zm); and

(c) A copy of a Tax Residence Certificate (TRC) of the foreign company from the revenue authority where the foreign company is resident or Part 11(eleven) of the Form WHT 3 can be certified by the foreign tax authority as proof of tax residence.

51.0 VALUE ADDED TAX TREATMENT OF VARIOUS SERVICES

51.1 HIRE OF EQUIPMENT FOR LOADING AND OFFLOADING OF PASSENGERS FROM AIRCRAFT

The service is not exempt from VAT and is not zero-rated as such should be subject to VAT at standard rated. It should be noted that this service is distinct from transportation of persons by air which is exempt.

51.2 LOADING OF CARGO FOR EXPORT FROM ZAMBIA

The service of loading cargo for export, including exports out of bond, is standard rated.

51.3 OFFLOADING OF CARGO FROM OUTSIDE ZAMBIA

The service of offloading imports into Zambia is standard rated.

51.4 ANCILLARY SERVICES RELATING TO GOODS TRANSITING THROUGH ZAMBIA

The law relating to freight transport services is provided in Group 1(b) of the Value Added Tax Zero-Rating Order and states as follows:

Group 1 - Export of Goods

(b) the supply of freight transport services-

(i) from or to the Republic; and

(ii) from outside the Republic to other places outside the Republic transiting through the Republic including transshipment.

Effective 1st January 2020, ancillary services provided in relation to transit of goods through Zambia from outside the Republic to destinations outside the Republic are standard rated with the exception of transshipment.

Therefore, services such as escort security services, clearing services and storage services are standard rated.

NOTE:

Transshipment is the moving of cargo that is in transit from one vessel of transportation to another under customs control.

In light of the definition above, it means that the services that are zero-rated under transshipment are charges for cranes, folk lifts and other services utilised in moving cargo from one vessel of transportation to another under customs control.

51.5 COLD CHAIN SERVICES

Services that are rendered to facilitate the exportation of perishables from Zambia to destinations outside Zambia are standard rated.

51.6 CLEARING AND FORWARDING SERVICES

Clearing and forwarding services are standard rated.

Table 12: Summary of Value Added Tax treatment of ramp services

TYPE OF SERVICE	TREATMENT PRIOR TO JANUARY 2014	CURRENT VAT TREATMENT
EQUIPMENT HIRE FOR EMBARKING AND DISEMBARKING PASSENGERS	STANDARD RATED	STANDARD RATED
LOADING OF CARGO FOR EXPORT	ZERO RATED	STANDARD RATED
OFFLOADING OF CARGO INTO ZAMBIA - IMPORTS	STANDARD RATED	STANDARD RATED
ANCILLIARY SERVICES RELATING TO GOODS TRANSITING THROUGH ZAMBIA (EXCEPT TRANSSHIPMENT)	ZERO RATED	STANDARD RATED

NOTE:

Transhipment is the process of moving cargo that is in transit from one vessel of transportation to another.

52.0 PARTIAL APPORTIONMENT FOR LEASING

A Finance Lease comprises the following:

(i) the principal (capital) which is standard rated; and
(ii) the interest that is exempt.

In accordance with Section 18 and Rule 10, a taxable supplier carrying on the business of finance leasing is required to apportion the input tax using methods provided in Second Schedule to the VAT Administrative Rules. Therefore, input tax on the asset and other expenses incurred for the purpose of rendering finance leasing should be apportioned.

53.0 VAT TREATMENT OF IMPORTED SERVICES (REVERSE VAT)

Where a person imports a service from a foreign supplier, the following tax treatment will apply.

1. An importation of an exempt service by a taxable supplier is not liable to reverse VAT;
2. An importation by a person not eligible to register based on nature of supplies (exempt supplies) or nature of person (privileged person) is outside the scope of reverse VAT; and
3. A supplier dealing in taxable supplies but not registered due to not meeting the registration conditions under Section 28 (taxable turnover below threshold), is outside the scope of reverse VAT administration.

NOTE:

1. One of the conditions that must be fulfilled in order for reverse VAT not to be chargeable on the recipient of a service is that the foreign provider of the service should have paid the tax in the country of exportation. The evidence required is payment receipt issued by the tax authority of the country of exportation.

54.0 RECOVERY OF VAT CHARGED ON EXEMPT SUPPLIES OR VAT CHARGED BY A NON-REGISTERED SUPPLIER

Where a registered supplier charges VAT on exempt supply of goods or services, and such tax is shown on an invoice as tax chargeable on such supplies, the tax charged is recoverable by the Government. In the same vein, where a non-registered supplier issues an invoice with an amount shown as tax chargeable on the supply of goods or services, such amount is recoverable as tax due.

55.0 INVOICES TO SUPPORT INPUT CLAIM

A registered supplier is required to have a valid tax invoice to support input claim at the point of filing a return. A valid tax invoice is the one that has mandatory features as prescribed in the Commissioner-General's Rules.

56.0 VAT ZERO-RATING LOCAL PURCHASE ORDERS

A registered supplier is required to charge VAT on goods and services that are standard rated. However, a privileged person can purchase standard rated supplies with tax charged at the rate of zero per cent (0%) using VAT zero-rating Local Purchase Orders (VAT LPOs). In an event that a person who qualifies to obtain and issue an LPO does not avail an LPO to the supplier at the time of purchase, the supplier is mandated to charge VAT at the standard rate. Such VAT, as correctly charged in the absence of a VAT LPO, will not be refunded in a case where such a person subsequently avails an LPO to prompt the refund.

NOTE:

Supplies to privileged persons not supported with VAT LPOs will be regarded as standard rated supplies and will be assessed as such.

57.0 COMMISSION EARNED BY INSURANCE BROKERS

Where an insurance broker earns commission from insurance companies in the course of arranging insurance services (brokerage services), the commission earned is not subject to Insurance Premium Levy (IPL). This is because IPL is charged on insurance premiums and commission earned does not qualify to be considered an insurance premium.

58.0 CLEARING OF GOODS USING GOVERNMENT VOUCHERS

The Government in some cases provides relief wherein the Government pays for the applicable duties and taxes using Government vouchers. This type of relief is most commonly applied when clearing motor vehicles from bonded warehouses. Although the motor vehicles are physically in the country they have not yet been cleared for local consumption. Therefore, the clearance process is similar to the process for clearing goods which are being brought across the borders.

NOTE:

For goods supplied out of bond, VAT zero-rating Local Purchase Orders (VAT LPOs) are not applicable since the goods have not been final cleared.

59.0 PENALTY FOR UNDERDECLARING TOURISM LEVY

Example 12: Calculation of Penalty for Under declaration of Tourism Levy

SELF-ASSESSMENT BY TAXPAYER

A taxpayer declares tourism levy in their return as follows:

	K
(i) Accommodation for 2 nights at K750.00	1,500.00
(iii) Conference room	1,000.00
Total	**2,500.00**
Tourism levy at 1.5%	**37.50**

RECOMPUTED TOURISM LEVY

After an audit, it is discovered that the taxpayer had understated the amounts and the return should have been as follows:

	K
(i) Accommodation for 5 nights at K750.00	3,750.00
(ii) Conference room	1,500.00
Total	5,250.00
Tourism Levy due (1.5%)	78.75
Tourism Levy already declared	(37.50)
Tourism Levy underdeclared	**41.25**

COMPUTATION OF PENALTY

	K
(i) Accommodation amount omitted (3750 – 1500)	2,250.00
(ii) Conference room amount omitted (1500 – 1000)	500.00
Total amount omitted	2,750.00
Penalty (5% of K2,750)	137.50

TOTAL PAYABLE

Penalty due	137.50
Under declared	41.25
TOTAL	**178.75**

60.0 TAX RATES

(a) Personal Income Tax Rates:

Personal Income tax rates are as follows:

Table 13:

Income Bands	Rates
First K61,200	@ 0%
Above K61,200 up to K85,200	@ 20%
Above K85,200 up to K110,400	@ 30%
Above K110,400	@ 37%

(b) Turnover Tax Rates:

Table 14: Turnover Tax

Turnover per annum	Tax rate
K30,000 or less	0%
Above K30,000 up to K5,000,000	5%

Table 15: Rental income

Turnover per annum	Tax rate
K30,000 or less	0%
Above K30,000 up to K800,000	4%
Above K800, 000	16%

(c) Presumptive Tax:

Tax on motor vehicles for the carriage of persons is as follows:

Table 16: Presumptive Tax on motor vehicles for the carriage of persons

Type of vehicle (sitting capacity)	Amount of tax per vehicle vehicle (per annum)
36-49 seater	K10,368.00
22-35 seater	K7,776.00
18-21 seater	K5,184.00
12-17 seater	K2,592.00
Below 12 seater (including taxis)	K1,296.00

(d)Presumptive Tax: Artisanal mining or Small-scale mining

Table 17: Presumptive Tax rate on Artisanal mining or Small-scale mining

Tax rate	Tax base
4%	On gross turnover less mineral royalty paid

(e)Base Tax:

Table 18: Base Tax per annum

Base Tax per annum
K 365

(f)Other Income Tax Rates

Table 19: Other Income Tax Rates

Category	**Rate (%)**
Mineral processing	30
Mining	30
Manufacturing of products using copper cathodes	20
Electronic Communication business	35
Lapidary and Jewellery facilities (Value addition to gemstones)	25
Manufacturing & other companies	30
Approved Public Benefit Organisation (on income from business)	15
Agro-processing	10
Farming	10
Non-traditional exports – Agro-processing and Farming	10
Non-traditional exports – Others	20
Chemical manufacture of fertilizer	15
Organic manufacture of fertilizer	15
Trusts, deceased or bankrupt estates	30
Rural enterprises	Tax chargeable reduced by 1/5 (20%) for 5 years
Cotton seed production or Cotton Ginning	0% the first 5 years the business is carried on
Cotton Spinning and Weaving of Thread	0% for the first 10 years the business is carried on

Income received by a person providing accommodation and food services (for the charge years 2021 and 2022)	15
Income received by a person carrying on the business of manufacturing ceramic products (for the charge years 2022 and 2023)	0
Income earned from exports of a business enterprise approved by the Zambia Development Agency and carrying on manufacturing activities in a multi-facility economic zone or an industrial park (For ZDA licences obtained after 1st January 2022)	0% on income earned in the first 10 years from commencement of works Rate reduced by 50% of the applicable rate from year 11 up to year 13 Rate reduced by 25% of the applicable rate in the 14th and 15th years
Business enterprise operating in a priority sector declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained prior to 1st January 2013)	0% for the first 5 years, starting from the first year profits are returned
	Rate reduced by 50% from 6-8 years, after profits are returned
	Rate reduced by 25% from 9-10 years, after profits are returned
	No reduced rate after 10th year profits are returned.
Small and Micro Enterprises operating in an urban area under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained prior to 11th October 2013)	0% for the first 3 years
Small and Micro Enterprises operating in a rural area under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained prior to 11th October 2013)	0% for the first 5 years

Business enterprise operating in a priority sector, multi facility economic zone and industrial park declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained between 1st January 2013 and 10th October 2013)	0% for the first 5 years, starting from the year of commencement of operations of the approved investment
	Rate reduced by 50% from 6-8 years starting from the year of commencement of operations of the approved investment
	Rate reduced by 25% from 9-10 years starting from the year of commencement of operations of the approved investment
	No reduced rate after the 10th year starting from the year of commencement of operations of the approved investment
Rural Business, Business enterprise operating in a Multi Facility Economic Zone or Industrial Park declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained between 11th October 2013 to 31st December 2014)	0% for the first 5 years from commencement of operations of the approved investment
Business enterprise carrying on manufacturing activities in a rural area, Multi Facility Economic Zone or Industrial Park (For ZDA licence holders obtained between 1st January 2015 and 31st December 2016)	0% for the first 5 years from commencement of operations of the approved investment
Business enterprise carrying on manufacturing or electricity generation located in a rural area, Multi Facility Economic Zone or Industrial Park (For ZDA licence holders obtained between 1st January 2017 and 31st December 2017)	0 % for the first 5 years from commencement of operations of the approved investment.
Business Enterprises operating in a priority sector declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained on or after 1st January 2018)	Claim on a straight-line basis, wear and tear at an accelerated rate, not exceeding 100% in respect of any new implement, plant or

	machinery acquired and used by the business for the purposes of that business.
Agro-processing business carrying on manufacturing and processing of corn starch Businesses in a Multi-Facility Economic Zone or Industrial Park.	0% of the standard income tax rate from 2023 to 2032 charge years
	50% of the standard income tax rate from 2033 to 2035 charge years
	75% of the standard income tax rate from 2036 to 2037 charge years
Special purpose vehicle under a Public Private Partnership Project	15% on the first 5 years that a special purpose vehicle makes a profit from a project
Developers in a special economic zone.	Claim on a straight-line basis, wear and tear at an accelerated rate, not exceeding 100% in respect of any new implement, plant or machinery acquired and used by the business for the purposes of that business.

(g)Withholding Tax Rates

Table 20: Withholding Tax Rates

Category	Rate (%)
Distributed income of an income real estate investment trust (REIT)	15
Dividends (Resident)	15
Dividends (Non-Resident)	20
Dividends paid by a company carrying on mining operations	0

Dividends paid to an individual by a company listed on the Lusaka Securities Exchange (LUSE)	0
Dividends paid by a company engaged in the assembly of motor vehicles, motor cycles and bicycles	0 (First 5 years)
Dividends declared from farming income	0 (First 5 years)
Dividends paid by a company operating in a multi-facility economic zone or industrial park under the Zambia Development Agency Act, 2006, on profits made on exports (for licences obtained after 1st January 2022)	0 (First 10 years from commencement of works)
Dividends paid by a business enterprise operating in a priority sector declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained prior to 1st January 2013)	0% for the first 5 years from the year profits are declared
Dividends paid by a business enterprise operating in a priority sector, multi facility economic zone and industrial park declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained between 1st January 2013 and 10th October 2013)	0 % for the first 5 years from commencement of operations
Dividends paid by a rural business, business enterprise operating in a Multi Facility Economic Zone or Industrial Park declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained between 11th October 2013 to 31st December 2014)	0% for the first 5 years from commencement of operations of the approved investment
Dividends paid by a business enterprise carrying on manufacturing activities in a rural area, Multi Facility Economic Zone or Industrial Park (For ZDA licence holders obtained between 1st January 2015 and 31st December 2016)	0% for the first 5 years from commencement of operations of the approved investment
Dividends paid by a business enterprise carrying on manufacturing or electricity generation located in a rural area, Multi Facility Economic Zone or Industrial Park (For ZDA licence holders obtained between 1st January 2017 and 31st December 2017)	0 % for the first 5 years from commencement of operations of the approved investment
Dividends paid by Agro-processing business carrying on manufacturing and processing of corn starch Businesses in a Multi-Facility Economic Zone or Industrial Park	0% from 2023 to 2032 charge years
Interest on Treasury Bills, GRZ bonds and Corporate Bonds– Residents (Final Tax for Individuals and Exempt Organisations Only)	20
Interest on GRZ bonds and Treasury Bills – Non-Residents	20

Interest from green bonds listed on a securities exchange in Zambia with maturity of at least 3 years.	0
Interest for individuals (interest earned on all interest-earning accounts held by individuals with institutions registered under the Banking and Financial Services Act, 2017)	0
Interest (Residents)	15
Interest (Non-Residents)	20
Interest earned from a Life Insurance policy	0
Interest earned by individuals from loans advanced to members under the savings groups such as co-operatives and village banking	0
Royalties (Residents)	15
Royalties (Non-Residents)	20
Commissions (Residents)	15
Commissions paid to Non-Resident persons (Final Tax)	20
Public Entertainment Fees for Residents	Not applicable
Public Entertainment Fees for Non-Residents (Final Tax)	20
Management and Consultancy Fees to Residents	15
Management and Consultancy Fees to Non-Residents	20
Management or consultancy fees and interest paid to a non-resident contractor by a business enterprise operating in a priority sector declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained prior to 1st January 2013)	0% for the first 5 years from the first date that the payment was due.
Management or consultancy fees and interest paid to a non-resident contractor by a business enterprise operating in a priority sector, multi facility economic zone and industrial park declared under the Zambia Development Agency Act, 2006 (For ZDA licence holders obtained between 1st January 2013 and 10th October 2013)	0% for the first 5 years from commencement of operations of the approved investment
Payments to Non-Resident Contractors (Final Tax)	20
Payment for Distribution of Branch Profits	20
Commodity Royalty	15

NOTE:

(i) Interest includes that awarded by the Courts of Law.

(ii) The term "Royalty" includes income from leasing and therefore leasing income is subject to withholding tax. This determination is derived from the definition of royalty which recognises a payment for the use of or right to use commercial, industrial, or scientific equipment as a royalty. Payments for hiring of commercial, industrial, or scientific equipment attract royalties. Note that the application of withholding tax excludes a finance lease.

(h) VAT Rates

Table 21: VAT Rates

Category	Rate (%)
Standard Rate	16%
Zero-Rate	0%
Exempt	Not taxable

(i)Local Excise

Table 22: Local Excise Tariff

Excisable Product	Statistical Unit of Quantity	Rate
Tobacco Refuse	Kg	K750 per Kg or 145% whichever is higher
Cigars, cheroots, cigarillos and Cigarettes, of tobacco or tobacco substitutes	Mille	K750 per mille
Pipe Tobacco	Kg	K750 per Kg or 145% whichever is higher
Cutrag & Other tobacco products	Kg	K750 per Kg or 145% whichever is higher
Products containing tobacco, reconstituted tobacco, nicotine or nicotine products.	Kg	145%
Clear Beer Made from Malt.	Litre	40% 20% if manufactured by small and medium manufacturers or by a brewer in excess quantities as per SI 66 of 2023
Clear Beer Made from Cassava	Litre	40% 5% if manufactured by small and medium manufacturers or by a brewer in excess quantities (SI 66 of 2023)
Clear Beer Made from Sorghum	Litre	40%
Opaque Beer	Litre	K0.25

Coal, coke and semi coke of coal, of Lignite or peat, whether or not agglomerated; retort carbon	Tonne	5%
Diesel (Gas Oil)	Dekalitre	Fuel Levy K0.75 per litre
Petrol (Motor spirits)	Dekalitre	Excise K2.34 per litre
Heavy Fuel Oil	Kilogram	Excise K9.30 per 10Kg
Hydrocarbon Gases	Litre	Excise K0.54 per litre
Aviation Spirit	Dekalitre	K4.80 per dekalitre
Jet Fuel	Dekalitre	K4.80 per dekalitre
White Spirit	Dekalitre	15%
Kerosene	Dekalitre	K0.54 ltr
Other Light Oils	Dekalitre	15%
Other Fuel Oils	Dekalitre	K1.05 per litre
Ethyl Alcohol	Litre	80%
Methylated Spirits and Other Ethyl alcohol and other spirits, denatured,	Litre	80%
Wines	Litre	80%
Undenatured Ethyl Alcohol of an alcoholic strength by volume less than 80%	Litre	80%
Ciders	Litre	80% (Suspended to 40% by SI 2 of 2019)
Other Fermented Beverages	Litre	60%
Airtime	Minute for voice calls, Megabyte for data, Count for SMS and Count for Others.	17.5%
Cosmetics	Kg	30%
Plastic Carrier Bags for Shopping	Kg	100%
Floor coverings of plastics, whether or not self-adhesive, in rolls or in the form of tiles; wall or ceiling	Kg	15%

coverings of plastics, as defined in Note 9 to this Chapter		
Office or school supplies	Kg	15%
Articles and clothing accessories, not elsewhere specified, for use in the textile industry	Kg	15%
Fittings for furniture, coachwork of the like	Kg	15%
Statuettes and other ornamental	Kg	15%
Electric Energy	100kWh	3%
Cement	Tonne	K40 per tonne
Fruit Juices, Unflavoured and Unsweetened Waters, Flavoured or Sweetened Waters	Litre	K2 per litre
Packed mineral waters not aerated, and Aerated waters	Litre	K2 per litre
Mineral waters not aerated, Non-alcoholic beer, and Other non-alcoholic beverages	Litre	K2 per litre
Reconstituted or recombined milk of a fat content, by weight, of less than 1% up to a maximum of 10%.	Litre	K1.50/ltr
Electronic cigarettes and similar personal Electric vaporising devices	Kg	145%

(j)Property Transfer Tax Rates

Table 23: Property Transfer Tax Rates

Category	Rate (%)
Land (including buildings, structures or improvements there on)	8%
Shares	8%
Intellectual Property (including trademarks, patents, copyright or industrial design)	8%
Mining Right for a mining licence	10%
Mining Right for an exploration licence	8%
Mineral Processing Licence	10%

(k)Mineral Royalty

Table 24: Copper

Norm Price Range	Mineral Royalty Rate
Less than US$4,000	4.0%
US$4,000 but less than US$5,000	6.5%
US$5,000 but less than US$7,000	8.5%
US$7,000 and above	10%

Table 25: Other Minerals

Description	Mineral Royalty Rate
Base Metals (Other than Copper, Cobalt and Vanadium)	5% of norm value
Energy and Industrial Minerals	5% of gross value
Gemstones	6% of gross value
Precious Metals	6% of norm value
Cobalt and Vanadium	8% of norm value

(l)Tax on Betting and Gaming

Table 26: Tax on Betting and Gaming

Type of Game	*Monthly Tax Rate or Monthly Tax Amount*
1. Casino Games (Brick and Mortar)	K5,000 per table
2. Lottery Winnings (Brick and Mortar)	15 percent of net proceeds
3. Betting (Brick and motor)	15 percent of gross takings
4. Gaming Machines	K500 per machine

(m)Other Rates – Insurance Premium Levy, Skills Development Levy, Tourism Levy

Table 27: Other Rates

Type of Levy	Rate (%)
Insurance Premium Levy	5
Skills Development Levy	0.5
Tourism Levy	1.5

(n)Penalty Units

A penalty unit is K0.40.

61.0 SCHEDULE

(*Regulation* 2 of the Income Tax (Local Content Allowance Regulations)

AGRICULTURAL PRODUCTS ALLOWED FOR LOCAL CONTENT ALLOWANCE

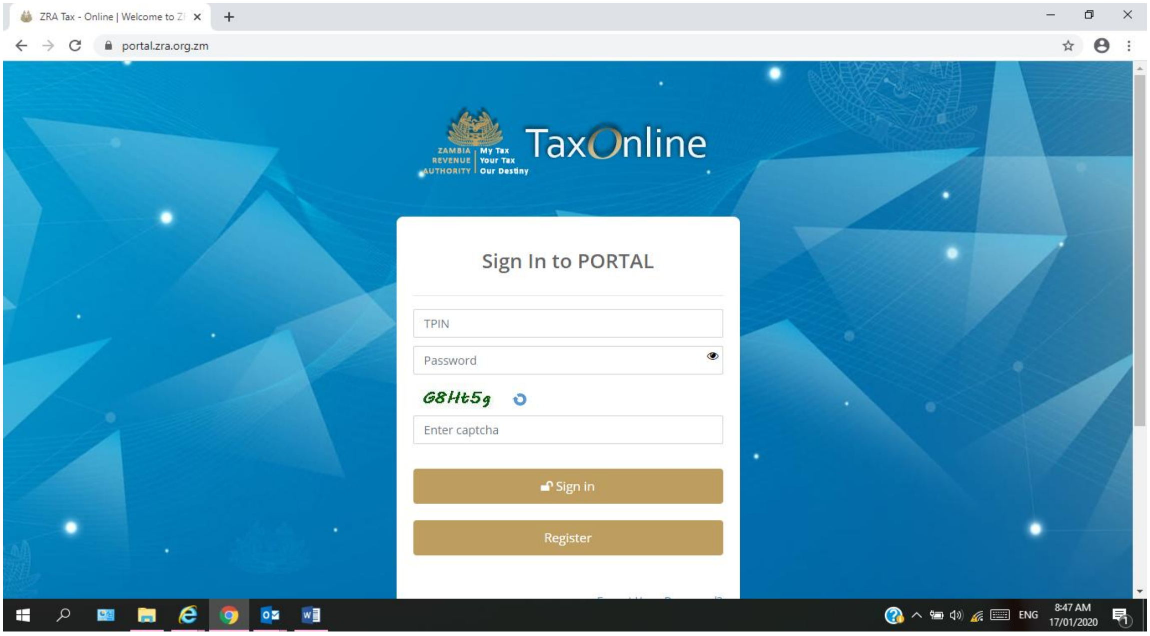
1. Cassava
2. Pineapple
3. Mango
4. Tomato
5. Sorghum
6. Millet
7. Fresh milk
8. Raw hides and skins

62.0 MISCELLANEOUS MATTERS

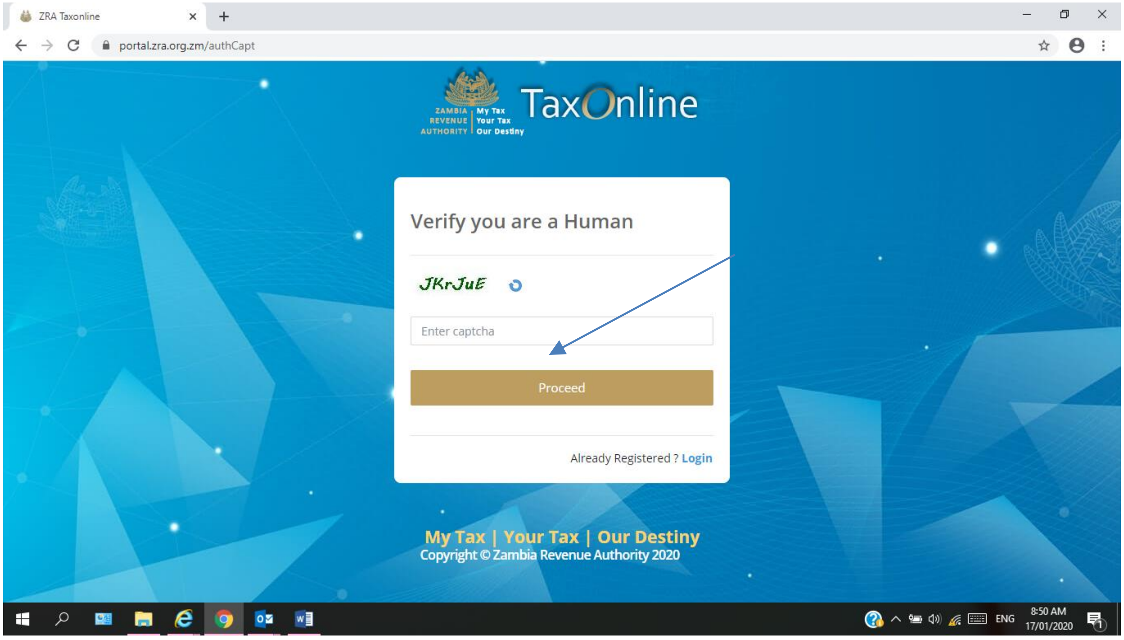
62.1 Application for Taxpayer Identification Number (TPIN)

To apply for a TPIN on the web portal go to the ZRA Home page www.zra.org.zm, ensure that you use **Chrome, Edge or Firefox** as your browser.

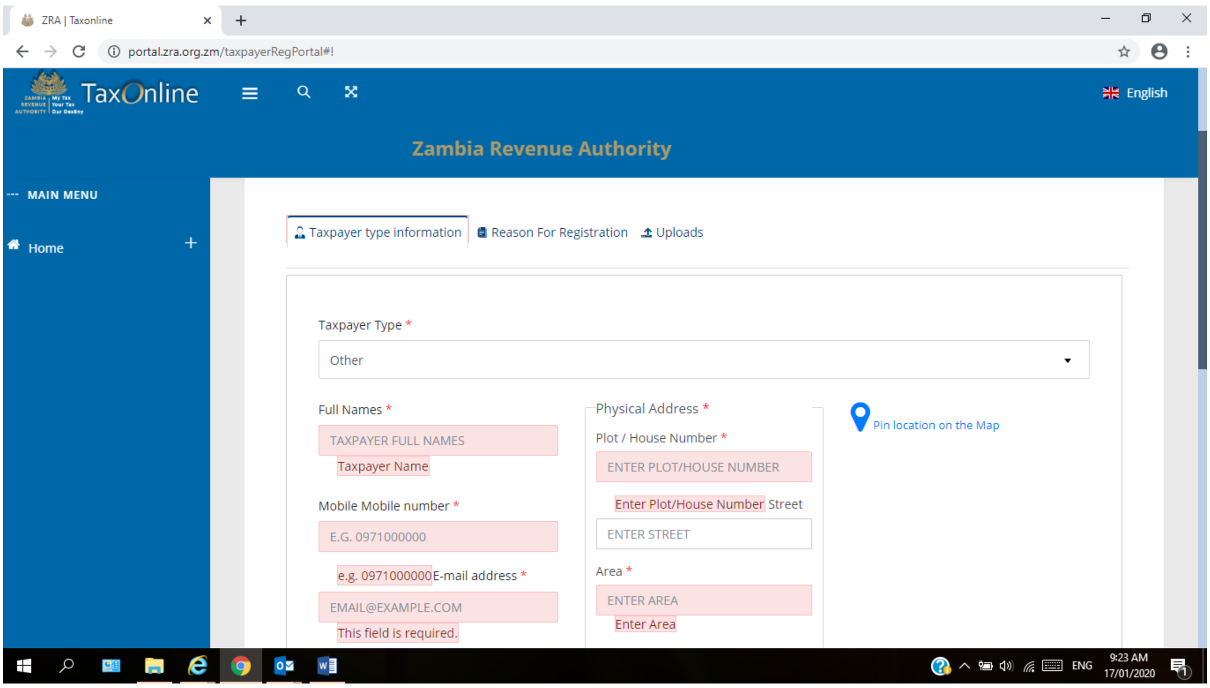
Step 1: Click on Tax*O*nline at the bottom left of the page, this will redirect you to the screen below:



Step 2: Select **Register** to start your registration, and enter the **CAPTCHA** this is just to verify that you are not a system bug.



Step 3: Select type of taxpayer on the home page and begin your registration. There are a number of options on the dropdown screen. Tax type selection have been automated depending on the Business activity you have selected from PACRA.



Step 4: Complete the taxpayer type information then click next to select the **reason for registration.**

Step 5: Upload documents. This will depend on the type of taxpayer, for example;

(a) Individual resident

1. Copy of NRC
2. Sketch
3. map of physical address

(b) Individual other

1. Passport
2. map of physical address

(c) Company resident

1. Certificate of incorporation
2. Certificate of share capital
3. PACRA form 3
4. Map of physical address **etc.**

- The system has a provision for you to pin your location when uploading documents.

NOTE:

- TPINs and Login credentials for Business Names and Limited Companies will be sent to emails and mobile because there is an interface between Zambia Revenue Authority and PACRA.
- When you receive your default password, proceed to our website to complete your Tax type registration.
- Approvals for TPINs have been automated and are approved with immediate effect, and a copy will be sent to your email and a notification to your mobile phone.
- Log in Credentials must be created once the TPIN has been generated in order for you to have access to the online portal.
- All Notices and Certificates generated on the new system are now secured with QR code number and Watermark.

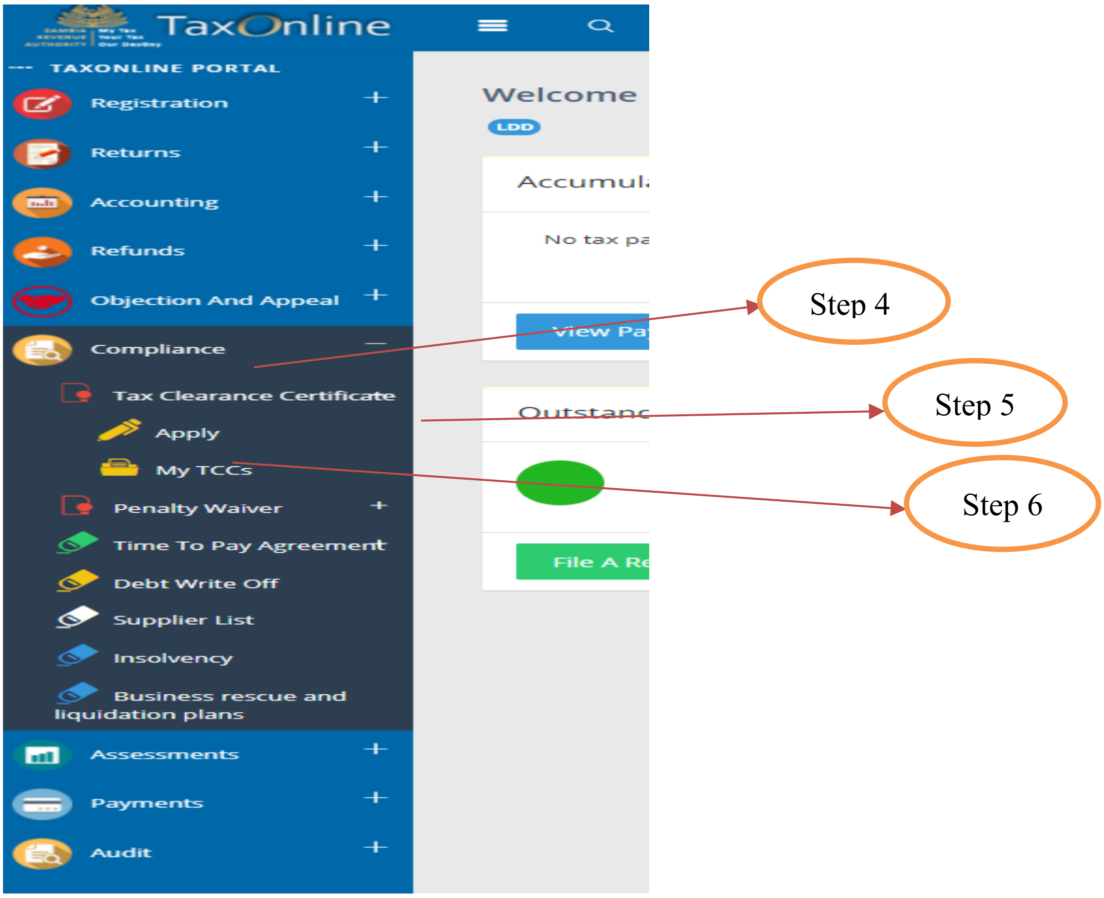
62.2 Platforms for TPIN Registration:

- **All handsets**: Use the USSD Code *858# on Zamtel or Airtel networks, using any handset, click on TPIN Registration and follow the prompts.
  Smart phones only: Download "TaxOnApp" from Play Store or from App Store. Once you have clicked on the installed App, click on TPIN Registration and follow the prompts.
  Online application: Go to the ZRA website https://www.zra.org.zm/ and click on the link "INDIVIDUAL" for an individual TPIN or "BUSINESS" for a business TPIN. Under the group Registration, click Get a TPIN and follow the prompts.

62.3 Application for Tax Clearance Certificates (TCC)

To apply for a Tax Clearance Certificates (TCC) Kindly follow the steps below.

Step 1: Go to the ZRA Home page www.zra.org.zm, ensure that your use Chrome, Edge or Firefox as your browser.
Step 2 : Select Login
Step 3 : Log in to your account using your TPIN and password
Step 4 : Go to Compliance
Step 5 : Select Tax Clearance Certificate
Step 6 : Click on Apply



- The TCC will then be generated and can be printed or saved.

62.4 EFD information:

Contact email address through which to seek Electronic Fiscal Device or "EFD" assistance or information send an email to efdhelp@zra.org.zm.

62.5 Reporting TaxOnline System Challenges:

Contact email address through which to seek TaxOnline information or assistance– send an email to advice@zra.org.zm.

62.6 Leaflets and other tax information:

To view leaflets and other tax documents, go to the ZRA website https://www.zra.org.zm/ and click on 'General Tax Information'

62.7 Tax Video Tutorials:

To access video tutorials on various online tax processes, go to the ZRA website https://www.zra.org.zm/ and click on 'Tutorials'

62.8 Reporting complaints of unethical nature:

- Write to: Chairperson – ZRA Integrity Committee, P.O Bos 35710, Lusaka OR
- Email: zraic@zra.org.zm or
- Phone: +260978701701 or;
- Drop your complaints in the Suggestion box at any of the ZRA stations

1.0 ZAMBIA REVENUE AUTHORITY CONTACT ADDRESSES:

If you have any queries concerning your taxes, please contact the Customer Experience Centres or your nearest Domestic Taxes Division on the following addresses:

1. National Call Centre
New Revenue Hall
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 381111
MTN Network: 0960 091111
Airtel Network: 0971 281111
Short code: 5972
Website: http://www.zra.org.zm

2. Taxpayer Services Centre
Nchanga House
P.O. Box 20855
Kitwe
Tel: Zamtel Network: (0211) 384529
MTN Network: 0960 094529
Airtel Network: 0971 284529
Website: http://www.zra.org.zm

3. Assistant Director
Direct Taxes LSTO – Returns, Payments & Taxpayer Services
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382649
MTN Network: 0960 092649
Airtel Network: 0971 282649

4. Assistant Director
Domestic Tax Policy
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382504
MTN Network: 0960 092504
Airtel Network: 0971 282504

5. Assistant Director
International Tax Policy
P.O. Box 35710
Lusaka
Tel: Zamtel Network: (0211) 382544
MTN Network: 0960 092544
Airtel Network: 0971 282544

OUR CORE VALUES

Our commitment to serving Government, taxpayers, employees and other stakeholders is reflected in our Corporate Values:

Taxpayer Focus

Integrity

Professionalism

Innovation

Networking