ZAMBIA REVENUE AUTHORITY

My Tax
Your Tax
Our Destiny

PROPERTY TRANSFER TAX

Introduction

1. What is Property Transfer Tax?

Property Transfer Tax is a tax charged when ownership of property is transferred from one person to another. It is governed by the Property Transfer Tax Act, Cap 340, which provides for the charging of this tax on all qualifying property transfers. Property is defined as –

(a) Any land in the Republic, including improvements on it.

(b) A share issued by a company incorporated in the Republic or a share issued by a company incorporated outside the Republic where the company directly or indirectly owns at least ten per cent of the shares in a company incorporated in the Republic.

(c) Mining rights or interest granted under the Mines and Minerals Development Act and include: –

prospecting license;
ii. a large-scale mining license;
iii.a large-scale gemstone license;
iv. a prospecting permit;
v. a small-scale mining license;
vi. a small-scale gemstone license;
vii. an artisan's mining right; and
viii. a mineral processing licenses.
ix. an exploration licenses

(d) Intellectual property which includes patents, trademarks, copyrights, or industrial design.

2. On what value is Property Transfer Tax Charged?

Property Transfer Tax is computed on the realized value of the property. The realized value of the property liable to PTT is: –

1. For land, the realizable value is the amount the land is worth at the time it is transferred. This value is taken as whichever is higher between the market price and the price declared by the parties.
2. In the case of a share(s):

issued by a company incorporated in the Republic, the open market value or nominal price whichever is greater,

ii. Where the property to be valued is a share issued by a company incorporated outside the Republic that directly or indirectly owns at least ten percent of a company incorporated in Zambia, the realised value shall be whichever is greater of the following:

a. effective shareholding multiplied by the value of the transferred shares;
b. effective shareholding multiplied by the consideration for the transferred shares; and

c. effective shareholding multiplied by the nominal value of the transferred shares.

"effective shareholding" means the extent of control or ownership in the company incorporated in the Republic by the company incorporated outside the Republic expressed as a percentage.

3. In the case of a mining right or an interest in a mining right, the actual price of that mining right or interest or as determined by the Commissioner General whichever is greater.

4. In the case of intellectual property, the actual price of the intellectual property or as determined by the Commissioner General whichever is Greater.

Transfer

The term "transfer" –

(a) In relation to land, excludes –
- Letting or sub – letting;
- Leasing, under-leasing, or sub-leasing, for a period less than five years;

(b) In relation to a share, excludes –
- the allocation of the same by the company to the member in whose name it is first registered but includes transfers of property within a group of companies whose holding company is incorporated in Zambia.
- Forfeiture or surrender of shares by the shareholder. 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.

3. What are the Applicable Rates of Property Transfer Tax

The rate of tax applicable on the transfer of Land, Intellectual property, or Shares is 8% and for Mining rights and Mining processing license is 10%.

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%

4. Who Pays Property Transfer Tax (PTT)?

Property Transfer Tax (PTT) on the transfer of land, shares, mining rights, mining processing licences, and intellectual property is generally payable by the seller (transferor).

Note:

A person may submit a provisional return on behalf of the transferor where the transferor:

- is deceased;
- is absent from the Republic of Zambia; or
- cannot be located despite reasonable efforts to trace them.

5. Are There Any Exemptions from Property Transfer Tax?

Yes. The law provides for certain exemptions or reliefs under specific circumstances.

Transfer of Property Within a Group of Companies

Where property is transferred within a group of companies as part of an internal reorganisation, the Commissioner-General may determine that the transfer has a nil realised value, meaning that PTT will not be payable.
However, this relief is subject to the following conditions:

- The transfer must be for the purpose of group reorganisation.
- Both the transferor and the transferee must have been members of the same group for at least three (3) years before the transfer.
- The transferee company must be resident in Zambia.

Transfers involving companies that have been part of the group for less than three years will not qualify for relief from PTT.

Definition of a Group of Companies

A group of companies refers to a holding company and its subsidiary companies.
This definition does not include companies that merely share common shareholders.
A holding company is a company that:

a) Holds the majority of the voting rights in another company;
b) Controls the majority of voting rights, either alone or through an agreement with other members of the company; or
c) Controls the composition of the board of directors, including the power to appoint or remove a majority of the board members.

Property Transfer Tax (PTT) – Exemptions and Special Cases

Surrender or Forfeiture of Shares

The surrender or forfeiture of shares is not considered a transfer and therefore does not attract Property Transfer Tax (PTT).

A shareholder whose shares have been surrendered or forfeited is not required to submit any documentation to the Zambia Revenue Authority (ZRA).

However, where a company subsequently sells previously surrendered or forfeited shares, the company is required to:

- Submit a PTT provisional return to ZRA; and
- Account for the assessed Property Transfer Tax.

Once the tax obligations are satisfied, ZRA will issue a Tax Clearance Certificate, which must be presented to the Registrar of Companies as proof that the applicable taxes have been settled.

Exempt Organisations

The following organisations are exempt from Property Transfer Tax:

1. The Government of the Republic of Zambia;
2. Foreign governments;
3. International organisations, foundations, or agencies approved by the Minister;
4. Exempt Public Benefit Organisations in accordance with the Income Tax Act;
5. Co-operative societies registered under the Co-operative Societies Act;
6. Organisations listed under paragraphs 5(1) and 5(2) of the Second Schedule to the Income Tax Act;
7. Transfers of property by a shareholder to a company incorporated under the Companies Act, where the transfer represents the shareholder's equity contribution to that company;
8. Surrender or forfeiture of shares where no consideration is received, except where those shares are subsequently transferred to another person, in which case PTT becomes payable;
9. Shares or stocks listed on a recognised stock exchange and registered under the Securities Act, such as the Lusaka Securities Exchange (LuSE).
10. Listed shares are shares that are readily transferable or tradable on the recognised securities exchange.

Important Notes

Note 1: Regulated Lenders

Effective 1 January 2025, the Property Transfer Tax Act was amended to include regulated lenders outside the Banking and Financial Services Act.
Under this provision, where a lender forecloses on property, the property valuation for PTT purposes is based on the actual sale price rather than the open market value.

Note 2: Transfers to Immediate Family Members

Where property is transferred as a gift to an immediate family member, the transaction does not give rise to a realised value, and therefore Property Transfer Tax does not apply. However, if the property is sold to an immediate family member, PTT will apply, and the realised value will be the actual sale price.

For the purposes of PTT, "Immediate Family" refers to:

- a spouse;
- a child;
- a duly adopted child; or
- a stepchild.

PTT Filing Requirement for Exempt Transactions

Even where a transaction qualifies for exemption from Property Transfer Tax, the PTT process must still be followed.

This means:

- A PTT return must be filed;
- The taxpayer must indicate that the transaction is exempt at the time of filing; and
- ZRA will issue a Tax Clearance Certificate reflecting nil consideration where the exemption is confirmed.

Property Transfer Tax (PTT) Return Submission

The transferor (seller) is required to submit a PTT Provisional Return online through the ZRA web portal. The provisional return must be submitted in Zambian Kwacha (ZMW). Once the taxpayer submits the return and makes full payment of the assessed tax, the Property Transfer Tax Clearance Certificate will be automatically generated by the system and sent to the taxpayer's registered email address.

Exchange Rate for Foreign Currency Transactions

Where a transaction is conducted in foreign currency, the exchange rate to be used for the PTT provisional return shall be:

- The Bank of Zambia mid-rate published at the end of the day immediately preceding the date the provisional return is submitted.

  If the return is submitted on a day preceded by a day on which the Bank of Zambia did not publish a mid-rate, the most recently published Bank of Zambia mid-rate shall be used.

Supporting Documents

Different types of property transfers require different supporting documents when submitting a PTT provisional return.
Transfer of Land

Mandatory Documents

The following documents are required:

a) State Consent to Assign
b) Contract of Sale or Letter of Sale
c) General Tax Clearance Certificate for both the buyer and the seller

Additional Attachments (Where Applicable)

These may be required depending on the nature of the transaction:

a) Valuation Report for all transactions exceeding K700,000
b) Deed of Gift (where the transfer is a gift)
c) Letter of Appointment of Administrator (where the transferor is deceased)
d) Proof of existence of a group of companies (resident holding company/subsidiary) where the transfer is made for group reorganisation
e) Birth Certificate or Child Adoption Certificate (where the transferee is a child, adopted child, or stepchild)
f) Marriage Certificate (where the transferee is a spouse or stepchild)
g) Extract of advertisement for sale of the property (where the property was repossessed and sold by a bank or insurance company)
h) Court Judgment (where property was repossessed through court process)
i) Documentation showing the list of bidders and bid prices (where the property was sold through a bidding process)

Transfer of Shares

Mandatory Documents

The following documents are required:

(a) Latest Financial Statements of the company in which the shares are held.
  - In exceptional cases where financial statements are unavailable, an Asset Declaration Form or Bank Statement may be accepted.

(b) Contract of Sale or Letter of Sale

(c) Minutes of the Board Resolution approving the share transfer

(d) Certificate of Share Capital

(e) Certificate of Incorporation

(f) PACRA Form 18 – Share Transfer Form

(g) General Tax Clearance Certificates for both the buyer and the seller

Additional Attachments (Where Applicable)

(a) Due Diligence Report (where the buyer has conducted an investigation, or audit before entering the share transfer)

(b) Deed of Gift (where the transfer is a gift)

(c) Proof of existence of a group of companies where the transfer is for group reorganisation

(d) Marriage Certificate (where the transferee is a spouse or stepchild)

(e) Birth Certificate or Child Adoption Certificate (where the transferee is a child, adopted child, or stepchild)

(f) PACRA Form II or PACRA Form III

(g) Copies of National Identity Cards

Important Note

Both the seller (transferor) and the buyer (transferee) of shares must have a Taxpayer Identification Number (TPIN) before a Property Transfer Tax return can be processed.
Supporting Documents for Other Property Transfers
Transfer of Mining Rights, Interests in Mining Rights, and Mineral Processing Licences
Mandatory Documents
The following documents are required:

a) Letter of Offer from the Ministry of Mines and Minerals Development

b) Copy of the Mining Licence

c) Contract of Sale or Letter of Sale

d) General Tax Clearance Certificates for both the buyer and the seller

Additional Attachments (Where Applicable)

a) Deed of Gift (where the transfer is a gift)

b) Proof of existence of a group of companies (resident holding company/subsidiary) where the transfer is made for group reorganisation

c) Marriage Certificate (where the transferee is a spouse or stepchild)

d) Birth Certificate or Child Adoption Certificate (where the transferee is a child, adopted child, or stepchild)

e) Geological information, where available, to assist in determining the value of the mining right.

Examples include:

- Geochemical data
- Depth of ore
- Geological certainty
- Grade of the resource
- Location of the licence area

Transfer of Intellectual Property

Required Documents

a) Letter of Sale or Contract/Agreement of Sale

b) Proof of existence of a group of companies (resident holding company/subsidiary) where the transfer is made for group reorganisation

c) General Tax Clearance Certificates for both the buyer and the seller

d) Any other relevant supporting documentation relating to the intellectual property being transferred

Indirect Transfer of Shares

An indirect transfer of shares occurs where shares in a foreign company that holds an interest in a Zambian company are transferred.

Documents Required

From the Zambian Entity

a) PACRA Computer Printout or PACRA Form III

b) General Tax Clearance Certificates for both the buyer and the seller

From the Foreign Entity

a) Latest Financial Statements

b) Shareholder Resolution approving the transfer

c) Share Transfer Agreement

d) Certificate of Incorporation

e) Group Organisational Structure

f) General Tax Clearance Certificates for both the buyer and the seller

Filing Obligation for Indirect Transfer of Shares

In cases involving indirect transfer of shares, the obligation to file the Property Transfer Tax provisional return lies with the Zambian company.

Objections

Under Section 10 of the Property Transfer Tax Act, any person who is dissatisfied with a PTT determination or assessment may lodge an objection.

- The objection must be made in writing.
- It must clearly state the grounds for objection.
- It must be submitted within 30 days from the date the Notice of Assessment was served.

If the objection is not supported by satisfactory grounds, the assessment will be upheld. However, where a taxpayer remains dissatisfied with the Commissioner-General's determination, the taxpayer has the right to appeal to the Tax Appeals Tribunal.

Refund of Property Transfer Tax Paid

In some cases, a transaction may fail to materialise after Property Transfer Tax has already been paid and a Tax Clearance Certificate issued.

In such situations, the taxpayer may apply for a refund of the tax paid.

Documents Required for Refund Application

a) A written request for a refund
b) Proof that the transaction did not materialise, such as:
   - Confirmation from the Ministry of Lands
   - Confirmation from Local Authorities
   - A letter cancelling the transfer from the relevant authority (e.g., PACRA, Ministry of Mines and Minerals Development)
c) Original receipt showing payment of the Property Transfer Tax

Taxpayer Reminder

All taxpayers must ensure that their registered contact details such as, mobile phone numbers, email addresses, physical addresses, and other demographic information, are always accurate and up to date on their tax profiles. Maintaining current details ensures timely receipt of official communications, notices, and important tax-related updates from ZRA and supports effective compliance

For more information contact:

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