ZAMBIA REVENUE AUTHORITY | My Tax Your Tax Our Destiny

TURNOVER TAX (TOT)

Introduction

Turnover Tax (TOT) is a tax charged on gross sales or turnover. Turnover includes all earnings received from business activities such as sales, revenue, income, takings, and proceeds.

Who is eligible to register for Turnover Tax?

- Businesses with annual sales of K5,000,000 or less are required to register for Turnover Tax.
- Businesses with annual sales above K5,000,000 must register for Income Tax instead of Turnover Tax.
- Turnover Tax is designed to simplify tax compliance for small businesses by taxing gross turnover rather than profit.

Who is NOT Eligible for Turnover Tax?

The following persons cannot register for Turnover Tax:

1. Any person carrying on business with annual turnover exceeding K5,000,000
2. Partnerships, regardless of their turnover
3. Individuals or partnerships operating public service vehicles carrying less than 50 passengers
4. Businesses involved in mining operations under the Mines and Minerals Development Act
   (except artisanal and small-scale miners)
5. Income subject to withholding tax that is treated as final tax, for example:
   - i. Bank interest earned by individuals
   - ii. Dividends
   - iii. Interest on Government bonds
   - iv. Treasury Bill interest for charitable institutions and other exempt persons
   - v. Payments to non-resident contractors
   - vi. Public entertainment fees paid to non-residents
   - vii. Royalties paid to non-residents
6. Businesses providing Management and Consultancy services, are excluded from Turnover Tax under the Income Tax (Amendment) Act No. 1 of 2005

Turnover Tax Rates

Turnover Tax is charged as follows:

Turnover per Month	**Annual Turnover**	**Tax Rate**
K2,500 or less	K30,000 or less	0%
Above K2,500	Above K30,000 up to K5,000,000	5%

Example: Computation of Turnover Tax

AZ Limited operates a retail business. In January 2026, the business made the following sales:

Sales	Amount
Total sales	K6,000

Turnover Tax payable:

- K6,000 – K2,500 = K3,500
- K3,500 × 5% = K175

(Note: Businesses with annual turnover above K30,000 will pay Turnover Tax at 5% on their total turnover.)

Farming Businesses

Farming businesses with annual turnover below K5,000,000 are taxed under the Turnover Tax regime at 5%.

Due Date for Filing Turnover Tax Returns

Turnover Tax returns must be submitted electronically on or before the 14th day of the month following the month in which the sales occurred.

Example:

Sales made in January → Return due by 14 February

Due Date for Payment

Turnover Tax must be paid by the 14th day of the month following the month in which the sales were made.

Record Keeping

Taxpayers must keep business records for at least six (6) years.
Records may include:

- Sales records
- Invoices and receipts
- Bank statements
- Accounting records

These records may be required by ZRA to verify tax obligations.

Penalty for Late Submission of Returns

Late submission of a Turnover Tax return attracts a penalty of:
250 penalty units (currently K100) per month or part of the month.

Penalty for Late Payment

Late payment of Turnover Tax attracts:

- **Penalty:** 0.5% per month (or part of the month) on the outstanding amount
- **Interest:** Bank of Zambia Discount Rate plus 2%

This penalty applies to both individuals and companies.

Platforms for Filing and Payment

Taxpayers can file returns and make payments using:

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

Registration

A person starting a business must notify the Commissioner General within 30 days of commencing business and register for:

- A Taxpayer Identification Number (TPIN)
- Registration for the appropriate tax type

Cessation of Business

When a business closes due to reasons such as:

- Business failure
- Bankruptcy
- Winding up

The taxpayer must inform the Commissioner General immediately.

Applications for deregistration are submitted through TaxOnline under the Applications Module, together with a PACRA cessation certificate.

Change in Turnover

If a taxpayer under Turnover Tax expects turnover to exceed K5,000,000 during the year, they must notify the Commissioner General.

However:

- The taxpayer continues paying Turnover Tax until the end of that charge year
- The taxpayer will move to Income Tax in the following charge year

Similarly, taxpayers moving from Income Tax to Turnover Tax can only change at the beginning of a charge year.

No changes are allowed during the charge year.

Important Note

All notifications relating to:

- Registration
- Cessation of business
- Changes in turnover

must be submitted through the **ZRA TaxOnline platform.**

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