



What next?
Zambia Budget
2019 Tax Data Card

Tax data card

Corporate tax rates	2019	2018
Standard rate	35%	35%
Banks	35%	35%
Telecommunication companies		
Income not exceeding K250,000	35%	35%
Income exceeding K250,000	40%	40%
Farming or agro-processing	10%	10%
Income earned by producers of organic and chemical fertilizers	15%	15%
Export of non-traditional products from farming or agro-processing	10%	15%
Foreign earnings of Sun International Limited	35%*	15%
All other companies except mining companies	35%	35%
*The Hon. Minister proposes for the abolition of the incentivised Corporate Income Tax rate of 15% that was granted to Sun International Limited with effect from 1 January 2019.		
New listings on LuSE	2% discount	2% discount
New listings on LuSE > 33% shares taken up by Zambians	5% discount	5% discount
Listings on LuSE > 33% shares taken up by Zambians	5% discount	5% discount
The Hon. Minister proposes for the reduction of the Corporate Income Tax rate for companies that add value to copper cathodes from 35% to 15%, with effect from 1 January 2019.		
Advance Income Tax		
Advanced Income Tax (on importation of goods in the absence of a valid tax clearance certificate)	15%	15%

Corporate tax rates	
Turnover tax levied on business with turnover below K800,000	
(excludes passive income and income earned from consultancy service', property rental, mining and VAT registered businesses)	
	2018
K 0 - K4,200.00	3% of monthly turnover > K3,000
K4,200.01 – K8,300.00	K225/month (a)
K8,300.01 – K12,500.00	K400/month (b)
K12,500.01 – K16,500.00	K575/month (c)
K16,500.01 – K20,800.00	K800/month (d)
Above K20,800.00	K1,025/month (e)
(a) plus additional 3% of monthly turnover > K4,200	
(b) plus additional 3% of monthly turnover > K8,300	
(c) plus additional 3% of monthly turnover > K12,500	
(d) plus additional 3% of monthly turnover > K16,500	
(e) plus additional 3% of monthly turnover > K20,800	
	2019
Less than K800,000	4%

Levies on casino, lottery, betting and gaming

The Hon. Minister proposes to abolish the 20% casino levy and introduce a new tax regime on casino, lottery, betting and gaming with effect from 1 January 2019.

	2019	2018
Casino live games	20% of gross takings	n/a
Casino machine games	20% of gross takings	n/a
Lottery winnings	35% of net proceeds	n/a
Betting	10% of gross stakes	n/a
Gambling	K250 to K500 per machine/month	n/a

Tax data card

Capital deductions***	2019	2018
Investment allowance on industrial buildings**** (one off)	10%	10%
Initial allowance on industrial buildings**** (one off)	10%	10%
Industrial buildings wear and tear allowance	5%	5%
Commercial buildings wear and tear allowance	2%	2%
Implements, machinery and plant		
Used for farming and agro-processing	100%	100%
Used for manufacturing, tourism, leasing	50%	50%
Used for electricity power generation	50%	50%
Implements, machinery and plant- Other uses	25%	25%
Motor vehicles		
Commercial	25%	25%
Non-commercial	20%	20%
Farming		
Farm improvement/ Farm works allowance	100%	100%
Carry forward of trading losses	No. of years	No. of years
Non - mining companies	5	5
Hydro and thermo power generation companies	10	10
Other power generation companies (wind and Solar) excluding wood	10	10

* Excludes income from export of minerals, electricity, services and cotton lint exported without an export permit from Minister of Commerce.

** Discount applicable to corporate tax rates and only available for the first year.

*** Capital allowances are computed on a straight line basis.

**** Investment and Initial allowance granted in the charge year in which the industrial building has been put into use.

Corporate Income Tax rate	2019	2018
Mining Profits		
Profits earned from mining operations (for both base metals and industrial minerals)	30%	30%
Mineral Processing	35%	35%
Mineral Royalty Rate		
On <i>norm value</i> of minerals/precious metals <i>under licence</i>:		
Base metals excluding copper and cobalt	5%	5%
Cobalt	8%	5%
Precious Metals	6%	6%
On <i>gross value</i> of gemstones/energy minerals <i>under licence</i>:		
Energy/Industrial Minerals	5%	5%
Gemstones	6%	6%
On <i>norm value</i> of copper :		
Norm Price of copper < USD4,500/tonne	5.5%	4%
Norm Price of copper > USD4,500/tonne < USD6,000/tonne	6.5%	5%
Norm price of copper > 6,000/tonne < USD 7,500/tonne	7.5%	6%
Norm price of copper USD 7,500/tonne and above	10%	-

Industrial Minerals: includes a rock or mineral other than gemstones, base metals, energy minerals or precious metals used in their natural state or after physical or chemical transformation. Examples include salt, sand, clay, talc, laterite, gravel, potassium minerals, granite and magnetite.

Withholding Tax on dividends paid by companies carrying on mining operations

	Resident	Non-resident
Dividend*	0%	0%

* The above rates are unchanged from 2018.

Tax data card

Income Tax Individuals

2019 Monthly income bands

	Income from K	Income to K	Tax rate %	Tax on band (maximum) K	Cumulative tax on income (maximum) K
First	0	3,300.00	0	0	
Next	3,300.01	4,100.00	25	200	200
Next	4,100.01	6,200.00	30	630	830
Over	6,200.00		37.5		

2018 Monthly income bands

	Income from K	Income to K	Tax rate %	Tax on band (maximum) K	Cumulative tax on income (maximum) K
First	0	3,300.00	0	0	
Next	3,300.01	4,100.00	25	200	200
Next	4,100.01	6,200.00	30	630	830
Over	6,200.00		37.5		

Housing benefit taxable in the hands of the employer

Rate at which employees annual taxable emoluments disallowed 30%

Tax on car benefit is payable by the employer at the corporate tax rate based on the following scale charges:

	2019	2018
Engine size < 1,800 cc:	K18,000 p.a.	K18,000 p.a.
Engine size > 1,800 cc, < 2,800 cc:	K30,000 p.a.	K30,000 p.a.
Engine size > 2,800 cc:	K40,000 p.a.	K40,000 p.a.

Withholding Tax (WHT)

	Resident	Non Resident
Dividend	15%*	20%*
Branch profits	n/a	20%
Interest	15%	20%*
Interest from a LuSE listed Property Loan Stock Co	0%	15%
Discount income (Interest) on Government Bonds	0%	0%
Coupon Income (Interest) on Government Bonds	15%	15%
Management or consultancy fee	15%	20%
Royalties	15%	20%
Rent from a source within the Republic	10%**	10%
Commissions	15%	20%
Non-resident construction and haulage contractor	n/a	20%
Non-resident entertainers/sports persons fees	n/a	20%

*The above rates remain unchanged from 2018 with the exception of the rates on payments of dividend and interest to non-resident which has increased from 15% to 20% .

0% for dividends paid by LuSE listed companies to individuals.

**This is the final tax on income from rentals.

Tax Treaties

Zambia has tax treaties with the following countries:

Canada, China, Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Kenya, Netherlands, Mauritius, Norway, Seychelles, South Africa, Sweden, Switzerland, Tanzania, Uganda, United Kingdom, Yugoslavia*, Zimbabwe*, Botswana**

*These treaties have not been ratified and are therefore ineffective currently.

**Status of tax treaty currently uncertain.

Insurance Levy

	2019	2018
Charged on Insurance Premiums*	3%	3%

* The 3% levy is not applicable on reinsurance services effective 1 January 2018.

Tax data card

VAT

Taxable supplies- rate

Supply of goods & services in Zambia	16% / 0%
Import of goods & services into Zambia	16% / 0%
Export of goods & services from Zambia	0%*

* services are deemed to be exports only when physically rendered outside Zambia

Registration

Threshold K800,000 p.a.

Payment- due date

Supply of taxable goods & services 18 days following the end of the VAT accounting period*

Repayment- due date

Standard 30 days after submission of a VAT refund claim

*accounting period typically means the month following the month of registration and each succeeding calendar month.

The Hon. Minister proposes the to abolish and replace the VAT with Sales Tax. Effective date is yet to be communicated.

Property Transfer Tax (PTT)*

	2019	2018
Land (including buldings)	5%	5%
Shares**	5%	5%
Transfer or sale of mining right	10%	10%
Intellectual property	5%	N/A
Shares listed on the LUSE	0%	0%

*PTT is paid by reference to the nominal value of realised and open market value whichever is greater.

**Effective 1 January 2018, the PTT at 5% applies on indirect change in ownership or control of a Zambian entity.

Zambia Development Agency

Concessions for Priority Sectors

For the charge years up to 2017, the following incentives **may be granted** to an investor investing not less than USD500,000 in a priority sector or product in a Multi-Facility Economic Zone (MFEZ) or an industrial park or a rural area declared under the Zambia Development Agency (ZDA) Act in 2017:

- No Corporate Income Tax (CIT) on business profits for a five year period from the date of commencement of business operations.*
- Withholding Tax (WHT) on dividends charged at 0% for a five year period from the date of commencement of business operations.*
- 100% improvement allowance for tax purposes on capital expenditure for improvement and upgrading of infrastructure.

Note: Where the concessions were granted in previous periods, these may no longer apply, or if they do, may be varied.

* Effective 1 January 2018, the 5 year income tax holiday has been replaced. This has been replaced by accelerated capital allowance deductions for qualifying investments in priority sectors. The removal of incentives affects both CIT and WHT.

Carbon Tax

An annual carbon tax is payable on all motor vehicles as follows:

	2019	2018
Motor cycles	USD 10 p.a.	K 50 p.a.
Engine size < 1,500 cc	USD 100 p.a.	K50 p.a.
Engine size > 1,500 cc, < 2,000 cc	USD 20 p.a.	K100 p.a.
Engine size > 2,000 cc, <3,000 cc	USD 30 p.a.	K150 p.a.
Over 3,000cc	USD 40 p.a.	K200 p.a.
Vehicles propelled by non-pollutant energy sources	nil	nil

Validity period of the carbon emission tax certificate for vehicles in transit and those that enter for short periods is 90 days.

Tax data card

Presumptive Tax

Public Service Vehicle (PSV) operators are required to pay presumptive tax on each motor vehicle as follows:

Type of Vehicle	Tax per Vehicle per annum (2019)	Tax Per Vehicle per annum (2018)
64 Seater and above	K10,800	K10,800
50-63 Seater	K9,000	K9,000
36-49 Seater	K7,200	K7,200
22-35 Seater	K5,400	K5,400
18-21 Seater	K3,600	K3,600
12-17 Seater	K1,800	K1,800
Below 12 Seater	K900	K900

Deadlines and Penalties

2019 Deadlines	Penalty	Interest
Income Tax - Companies		
Provisional tax	Provisional tax:	
Return deadlines:	Late filing of return:	
First Provisional Tax Return:	K600 per month or part month	
5 March 2019 (manual submission)		
31 March 2019* (electronic submissions)		N/A
* Returns for companies registered for income tax after 31 March are due 90 days from the date of registration		
Revision of Provisional Tax Return		
30 June 2019, 30 September 2018 & 31 December 2019 (where applicable)		
Payment deadlines:	Late payment of tax:	Late payment:
Within 10 days following the end of the quarter	5% per month or part month	2% + DR*
	**Underestimation of tax: 25%	N/A
**Note: 2/3 of the total tax liability must be paid by the final quarter or else the 25% penalty applies.		
Final tax return & payment		
Deadline:	Late filing of return:	N/A
5 June 2020 (manual submissions)	K600 per month or part month	
21 June 2020 (electronic submissions)		
	Late payment of tax:	Late payment:
	5% per month or part month	2% + DR*
Income Tax - Individuals		
	Late payment of tax:	Late payment:
	5% per month or part month	2% + DR*
Final tax return & payment		
Deadline:	Late filing of return:	N/A
5 June 2020 (manual submissions)	5% per month or part month	
21 June 2020 (electronic submissions)	K300 per month or part month	

Tax data card

Deadlines and Penalties		
2019 Deadlines	Penalty	Interest
Withholding Tax (WHT)		
Filing & payment deadlines: Within 14 days after the end of the month of accrual/payment	Late payment of WHT: 5% per month or part month	Late payment: 2% + DR*
	WHT late filing of return: K102 per month or part month (for companies) K51 per month or part month (for individuals)	N/A
Payroll (PAYE)		
Filing & payment deadlines: Electronic returns to be filed within 10 days after the end of the month of accrual/payment	Late payment of PAYE: 5% per month or part month	Late payment: 2% + DR
Manual returns to be filed within 5 days of after the end of the month	Late filing of PAYE return: K600 per month or part month	N/A
VAT		
Filing & payment deadlines: 18 days** after the end of the accounting period***	VAT late filing of return: Daily penalty – higher of K300 and 0.5% x tax payable	Late payment: 2% + DR
All annual Income Tax, PAYE and VAT returns should be submitted electronically to the ZRA except for certain small businesses with minimal transactions	VAT late payment of tax: Daily penalty – 0,5% x tax payable	
Key		
*DR = Bank of Zambia discount rate		
**Withholding VAT agents will be required to submit returns within 16 days after the accounting period effective 1 January 2018.		
*** accounting period means the month following the month of registration and each succeeding calendar month.		

Deadlines and Penalties		
2019 Deadlines	Penalty	Interest
Turnover Tax		
Filing & payment deadlines: Within 14 days after the end of the month of accrual/payment	Late payment of tax: 5% per month or part month	Late payment: 2% + DR
	late filing of return: K75 per month or part month	N/A

Transfer pricing

The Hon. Minister proposes to increase the penalty for non-compliance with transfer pricing regulation to 80 million penalty units (K 24,000,000) from 10,000 penalty units (K 3,000).

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