



**ZAMBIA  
REVENUE  
AUTHORITY** | *Working  
To Serve You  
Efficiently*

# 2019 BUDGET



Overview of  
*Tax Changes*



<b><i>Table of Content</i></b>	<b><i>Page</i></b>
<b>INTRODUCTION</b>	2
<b>1.0 DIRECT TAXES</b>	
1.1 Revenue Concessions	3
1.2 Compensating Measures	3
1.3 House Keeping Measures	5
<b>2.0 INSURANCE PREMIUM LEVY</b>	
2.1 House Keeping Measures	8
<b>3.0 SKILLS DEVELOPMENT LEVY</b>	
3.1 House Keeping Measures	9
<b>4.0 TOURISM LEVY</b>	
4.1 House Keeping Measures	9
<b>5.0 VALUE ADDED TAX</b>	
5.1 Compensating Measures	10
5.2 House Keeping Measures	10
<b>6.0 CUSTOMS AND EXCISE DUTY</b>	
6.1 Revenue Concessions	12
6.2 House Keeping Measures	14
<b>7.0 CROSS-CUTTING MEASURES</b>	
6.1 Housekeeping Measures	16

---

## INTRODUCTION

I am pleased to present an overview of the major changes in the tax legislation and other relevant information as announced by the Minister of Finance in her Annual National Budget Address to the National Assembly for the fiscal year 1<sup>st</sup> January, 2019 to 31<sup>st</sup> December, 2019.

The overview gives a guide on the measures announced in the Budget as reflected in the various Bills, Statutory Instruments and Commissioner General's Rules that contain the enabling legislation. The details are contained in the published legislation. It is important to note that some measures in this pamphlet are subject to Parliamentary approval.

Kindly visit the ZRA website ([www.zra.org.zm](http://www.zra.org.zm)) which includes all the information contained in this pamphlet and other useful tax details. You may also contact our Call Centre on +260 211 381111 or +260 971 281111 or 5972.



Kingsley Chanda

**Commissioner General.**

---

## **1. DIRECT TAXES**

### **1.1 REVENUE CONCESSIONS**

#### **1.1.1 Reduce the company income tax rate to 15 percent from 35 percent for companies that add value to copper cathodes.**

The measure is intended encourage local value addition and employment creation in the copper sub-sector.

### **1.2 COMPENSATING MEASURES**

#### **1.2.1 Limit the deductibility of interest on debts owed by a taxpayer to 30 percent of the Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for purposes of company income tax.**

The proposed measure is intended to tackle tax base erosion through interest deductions and is in line with the G20 & the Organization for Economic Cooperation and Development (OECD) Base Erosion on Profit Shifting (BEPS) Action 4 on limiting base erosion through interest deductions and other financial payments. However, due to the limits on leverage already imposed through the prudential regulations, it is proposed to exclude taxpayers engaged primarily in Banking and Insurance.

#### **1.2.2 Increase the withholding tax rate on dividends, interest and branch profit remittance to 20 percent from 15 percent.**

Currently, there is 15 percent withholding tax on dividends payable to non-residents, interest payments, and branch profit remittances. On the other hand, withholding tax on commissions, management and consultancy fees, royalties and contractors' fees is charged at 20 percent. This measure is intended to harmonise the withholding tax rate at 20 percent for all payments to non-residents.

#### **1.2.3 Increase the mineral royalty rate on cobalt to 8 percent from the current 5 percent.**

Unlike the sliding scale for copper, the mineral royalty rate for cobalt is currently a fixed rate of 5 percent. On the international market, cobalt prices have been trading above US\$50, 000.00 per metric tonne during the recent past. This measure is therefore intended to increase the revenue uptake from cobalt exports in this environment characterized by upward trending prices for the metal.

#### **1.2.4 Make mineral royalty a non-deductible levy for income tax purposes.**

Currently, mineral royalty is deductible for purposes of computing company income tax. This measure is aimed at making mineral royalty a final tax which will increase

the taxable base for company income tax and therefore enhance revenue collection from the mining sector.

**1.2.5 Increase mineral royalty rates by 1.5 percentage points at all levels of the sliding scale and introduce a fourth tier at 10 percent which should apply when copper prices rise beyond US\$7,500.00.**

**Table 1: Current and Proposed Mineral Royalty Rates**

Norm Price Range	Current Mineral Royalty Rates	Proposed Mineral Royalty Rates
Less than US\$4,500	4 percent	5.5 percent
US\$4,500 but less than US\$6,000	5 percent	6.5 percent
US\$6,000 but less than US \$7,500	6 percent	7.5 percent
US\$7,500 and above		10 percent

This proposal is intended to enable Zambia to benefit from the upward trending metal prices on the international market. Currently, mineral royalty is paid on the gross value range on a sliding scale starting from the rate of 4 percent to 6 percent.

**1.2.6 Amend Paragraph 5(c) of the Charging Schedule in order to abolish the tax incentive that was granted to Sun International Limited under the 1999 Development Agreement.**

This provision gives an incentive of paying company income tax at the rate of 15 percent to Sun International Limited and its successors leading to distortions. The incentive does not have a sunset clause and runs for an indefinite period. Therefore, this incentive gives an unfair advantage to Sun International Limited as other players in the tourism sector pay company tax at the rate of 35 percent. The removal of this provision will level the playing field as Sun International Limited and its successors will no longer pay company tax at the rate of 15 percent.

**1.2.7 Abolish the 20 percent casino levy and introduce a new tax regime on casino, lottery, betting and gaming to allow for better regulation of the industry as follows:**

- i) Casino live games at 20 percent of gross takings;**
- ii) Casino machine games at 35 percent of gross takings;**
- iii) Lottery winnings at 35 percent of net proceeds;**
- iv) Betting at 10 percent of gross stakes; and**
- v) Gaming at K250 to K500 per machine per month.**

**In addition, appoint the Zambia Revenue Authority as an interim regulator for the gaming and betting industry in order to handle the transition as new modalities of taxing the gambling and betting are being worked out.**

This measure is intended to strengthen the regulation and taxation of the gaming and betting industry in Zambia.

---

## 1.3 HOUSEKEEPING MEASURES

### 1.3.1 **Amend Section 89(3) of the Mines and Minerals Development Act to extend the liability to account for mineral royalty, where it has not been accounted for, to any person in possession of the minerals.**

Currently, this requirement is limited to a person who does not hold a Mining Licence. The implication is that a holder of a Mining Licence is not obliged to account for mineral royalty when he is in possession of minerals on which mineral royalty has not been accounted for. This measure will thus place an obligation on anyone in possession, whether or not they hold a licence.

### 1.3.2 **Amend paragraph 23 of the Fifth Schedule to the Income Tax Act by replacing the term non-contiguous with a more precise term without losing the concept of ring-fencing.**

Owing to new developments in the mining industry, there is need to review the definition of the term non-contiguous in order to maintain the original concept of ring-fencing in the current circumstances. This measure is intended to clarify that non-contiguous means, “not one despite touching or sharing a common border”.

### 1.3.3 **Amend Paragraph 5(c) of the Charging Schedule to clarify that where the non-traditional product is from farming or agro-processing, the corporate income tax rate shall be 10 percent.**

Currently, the corporate tax rates applicable to taxpayers in agro-processing and farming is 10 percent whereas that applicable on non-traditional products is 15 percent. It may therefore appear that should an agro-processor export, the applicable rate increases to 15 percent.

This measure is meant to clarify that where the non-traditional export is from farming or agro-processing, the rate shall still be 10 percent.

### 1.3.4 **Amend the Ninth Schedule to the Income Tax Act to change the Turnover Tax regime to a flat rate of 4 percent from the graduated rates prescribed in the Ninth Schedule.**

This measure is intended to simplify the application of Turnover Tax. Currently, businesses with a turnover up to K800, 000.00 per annum are taxed based on turnover at the rate of 3 percent plus specific presumptive amounts.

### 1.3.5 **Amend Section 2 of the Income Tax Act to introduce a definition of the term “approved Public Benefit Organisation”.**

**The proposed provision will read as follows:**

---

*“Approved Public Benefit Organisation” means a public benefit organisation that has been so approved by the Minister of Finance in accordance with Section 41 of the Income Tax Act.*

This measure is intended to provide a definition of an approved Public Benefit Organisation in order to simplify administration.

**1.3.6 Amend Paragraph 6 (1) and (2) of the Second Schedule to the Income Tax Act to include the term 'approved' to clarify that the income tax exemption provided under the Income Tax Act is only available to a Public Benefit Organisation that has been approved by the Minister of Finance pursuant to Section 41.**

The amendment will provide clarity that, for any organisation providing service of a public nature to be exempt from income tax, it should have first been approved by the Minister of Finance under Section 41 of the Income Tax Act.

**1.3.7 Amend Paragraph 3(1)(g) of the Charging Schedule to include the term 'approved' to provide clarity that the 15 percent rate of tax applies only to income generated by an approved Public Benefit Organisation.**

The measure will provide clarity that the 15 percent rate of tax only applies to income generated by an approved Public Benefit Organisation.

**1.3.8 Amend Sections 30A and 33 of the Income Tax Act to provide for the use of the average Bank of Zambia (BOZ) mid-rate for the accounting period when computing indexed losses and capital allowances.**

Section 55 of the Income Tax Act was amended in 2017 to provide for the use of the average BOZ mid-rate for the accounting period when translating books of accounts held in US Dollar. However, Sections 30A and 33 that have a link with Section 55 were not amended to reflect that change. This measure, therefore harmonises the Kwacha exchange rate to be used on both the translation of books of accounts and the indexation of losses and capital allowances.

**1.3.9 Amend Section 33 of the Income Tax Act to provide clarity on the granting of capital allowances on an annual basis irrespective of how the accounts are drawn or prepared.**

This proposal is intended to provide for granting of capital allowances for a full charge year regardless of how the accounts have been drawn (whether longer or shorter than a full charge year). The current treatment is that capital allowances are granted on a charge year basis and not based on how accounts have been drawn.

**1.2.10 Repeal Paragraph 3 (Insurance and other business) of the Third Schedule to the Income Tax Act because the provision is now redundant.**

The measure seeks to remove from the Act a redundant provision that guides on the

---

tax treatment of profits. The current provision provides that insurance companies are allowed to carry on life insurance and any other insurance business. However, insurance companies are prohibited from carrying out both life and non-life insurance business.

**1.3.11 Amend Section 55 to include the term 'and other related documents' to the list of records that a taxpayer should maintain and provide.**

This measure is intended to make it mandatory for all records in support of accounts to be in English. The current wording only specifies books and accounts. This means that contracts, for instance, may be kept in any language other than English.

**1.3.12 Amend Section 65 of the Income Tax Act to allow assessments in transfer pricing cases to be made beyond the period of 6 years but not exceeding 10 years.**

Transfer pricing audits generally take longer than normal audits because of their complex nature and the need for gathering of information of the persons transacting. For instance, completing transfer pricing audits may require exchange of information between Zambia and the tax jurisdiction of the taxpayer's related parties. The exchange of information is another lengthy process. Due to the foregoing, the six year period limitation is not adequate for transfer pricing audits

This measure therefore, seeks to allow assessments in transfer pricing cases to be made beyond the period of six years.

**1.3.13 Amend Section 55 of the Income Tax Act and other relevant provisions of the Income Tax Act on record keeping to extend the requirement to retain records beyond 6 years in respect of documents for transfer pricing purposes.**

This measure seeks to reinforce the proposal to raise assessments for transfer pricing beyond 6 years.

**1.3.14 Amend Section 97C (7) on provisions supplementary to Section 97A to increase the penalties for non-compliance with Transfer Pricing Regulation to 80 million penalty units (K24,000,000) from 10,000 penalty units (K3000).**

Currently, the penalty for non-compliance with Transfer Pricing Regulations is 10,000 units which is equivalent to K3, 000.00. Following the issuance of the Transfer Pricing Regulations that have provided for maintenance and provision of documentation on controlled transactions, the penalty of K3, 000 is not punitive enough to compel the companies to comply with documentation rules. Therefore, this measure is expected to make the penalties for non-compliance to transfer pricing provisions more punitive.

**1.3.15 Amend Section 44 of the Income Tax Act to provide for the non-deduction of any contingent employee related benefit provision not actually paid out to the employee in a charge year.**

---

This measure is meant to align the timing of the employer's deductions on specific provisions with tax payments under Pay-As-You-Earn. This will curb the potential abuse associated with these contingent provisions that are used to reduce chargeable income. Currently, taxpayers that have made specific provisions in their books of accounts on employee costs are allowed to claim such provisions when computing gains and profits of the businesses. However, some employers neglect to make reversals for provisions where no actual payment has materialized.

### **1.2.16 Introduce withholding of Turnover Tax at the applicable rate of Turnover Tax on payment for goods or services supplied to agents appointed by the Commissioner General.**

The measure is intended to introduce the withholding of Turnover Tax by agents appointed by the Commissioner General. Currently, the withholding mechanism by agents appointed by the Commissioner General is only applicable to VAT registered suppliers. This measure seeks to extend the withholding mechanism to apply on payments made to businesses on Turnover Tax by agents appointed by the Commissioner General.

## **2. INSURANCE PREMIUM LEVY**

### **2.1 HOUSE KEEPING MEASURES**

#### **2.1.1 Amend Section 4 of the Insurance Premium Levy Act to provide for issuance of fiscalised invoices.**

**The proposed wording is as follows:**

*Every person required to charge Insurance Premium Levy shall issue invoices to customers using an Electronic Fiscal Device.*

The Insurance Premium Levy Act refers to the Value Added Tax (VAT) Act on a number of aspects. This measure will extend the requirement to use electronic fiscal devices for insurance businesses in much the same way as it is for Value Added Tax registered suppliers.

#### **2.1.2 Amend Section 5 of the Insurance Premium Levy Act to align the due date for the payment with that of the return.**

The due date for the insurance premium levy return is the 18<sup>th</sup> of the month following the month of the transaction as it is aligned to the VAT Act. However, the payment date is specified as 14<sup>th</sup> of the month following the month of the transaction implying that the return and payment are not due on the same date. This measure will thus align the two due dates.

---

### 3. SKILLS DEVELOPMENT LEVY

#### 3.1 HOUSE KEEPING MEASURES

##### 3.1.1 Amend Section 100 of the Income Tax Act to provide for specific penalties for Skill Development Levy offences.

**Table 3: Current and Proposed Penalty Rates for Skills Development Levy**

Offence	Current	Proposed
Negligence	17.5 percent of the under declared amount.	0.25 percent of the under declared amount.
Wilful default	35 percent of the under declared amount.	0.5 percent of the under declared amount.
Fraud	52.5 percent of the under declared amount.	0.75 percent of the under declared amount.

Currently, there are no specific penalties for incorrect declaration in relation to the Skills Development Levy. Therefore, offences for incorrect declaration in relation to the levy are subjected to penalties that are applicable to corporate income tax as prescribed under Section 100 of the Income Tax Act which are quite high relative to the rate of the levy. This measure seeks to introduce penalties specific to the Skills Development Levy in order to bring in equity as the specific penalty structure will charge penalties that are in a way commensurate to the rate of the levy.

### 4. TOURISM LEVY

#### 4.1 HOUSE KEEPING MEASURES

##### 4.1.1 Amend the Tourism and Hospitality Act to provide for issuance of fiscalised invoices.

The measure is meant to create a legal basis to require the Tourism Levy to be accounted for using fiscal devices as prescribed by the Commissioner General.

---

## 5. VALUE ADDED TAX

### 5.1 COMPENSATING MEASURES

#### 5.1.1 Abolish VAT and replace it with a Sales Tax.

This measure is intended to enhance the contribution of consumption taxes to Government revenue.

### 5.2 HOUSEKEEPING

#### 5.2.1 Amend Section 2 of the VAT Act to replace the definition of “fiscal cash register” with “electronic fiscal device”.

**The proposed definition to read as follows:**

“electronic fiscal device” means an electronic device approved by the Commissioner General, which has a fiscal memory, capacity to generate or record tax invoices and other reports and to transmit invoice data in real time to the Zambia Revenue Authority Tax Invoice Management System and includes a fiscalised electronic register, electronic fiscal printers and electronic signature devices”.

The measure broadens the scope of the definition because an electronic cash register is one type of an electronic fiscal device.

#### 5.2.2 Amend Section 44 of the VAT Act to provide for the prosecution of the directors or managers of a company, where the company commits an offence under the VAT Act.

The proposed wording is as follows:

Where any offence under this Act has been committed by a body corporate or an unincorporated body, every director or manager of the body corporate or unincorporated body shall be liable, upon conviction, as if the director or manager had personally committed the offence, unless the director or manager proves to the satisfaction of the court that the act constituting the offence was done without the knowledge, consent or connivance of the director or manager or that the director or manager took reasonable steps to prevent the commission of the offence.

**The measure brings in** the practical aspects of “charging” a corporate entity. This is so because a charge for an offence by corporate entities must be attached to the individual responsible for its affairs for it to be enforceable. Additionally, this provision will align the VAT Act with the Income Tax and Customs and Excise Acts where there are similar provisions.

---

### **5.2.3 Amend Section 10 of the VAT Act to provide for treatment of Trade and Cash discounts.**

This seeks to provide legal basis for the current practice where taxpayers are not allowed to account for tax on the discounted price when they offer any cash discount. The current practice is that for a trade discount, the discounted price is the one on which Value Added Tax is based whereas for a cash discount, the original price (price before discount) is what is used for the purposes of Value Added Tax.

---

## **6. CUSTOMS AND EXCISE DUTY**

### **6.1 REVENUE CONCESSIONS**

#### **6.1.1 Suspend customs duty on Light Emitting Diode (LED) lights.**

Exemptions to import duties and VAT were granted to a range of energy generation and energy efficient items in 2008, through two Statutory Instruments (SIs) (SI No. 32 and SI No. 33). LED lights are more efficient than fluorescent lights, which were granted exemptions through the aforementioned SIs in 2008. Therefore, the duty exemptions on SI No. 32 will be extended to LEDs.

### **6.2 REVENUE GENERATING MEASURES**

#### **6.2.1 Introduce excise duty at the rate of 30 ngwee per litre on non-alcoholic beverages.**

This measure is intended to assist in reducing the prevalence of non-communicable diseases such as diabetes. In addition, the measure is also expected to raise revenues for the Government. However, the Government will take appropriate measures to protect local manufacturing of non-alcoholic beverages from unfair competition while discouraging import dependence.

#### **6.2.2 Introduce an export duty on precious metals and precious stones at the rate of 15 percent.**

Currently, export duty is only charged on the export of concentrates and mineral ores at 10 percent. The measure is intended to enhance revenue collection from mineral resources.

#### **6.2.3 Increase export duty on manganese ores and concentrates to 15 percent from 10 percent.**

The substantive export duty rate for all metal ores and concentrates is at 10 percent. However, for manganese, the export duty was suspended to zero percent in 2012 due to lack of processing capacity. The measure proposes to lift the suspension of the export duty and increase the substantive rate.

#### **6.2.4 Introduce customs duty on copper and cobalt concentrates at the rate of 5 percent.**

The measure is aimed at enhancing revenue collections to finance public service delivery.

#### **6.2.5 Increase the Carbon Emission Surtax that is payable on all motor vehicles transiting through Zambia to raise more revenue, as follows:**

**Table 3: Current and Proposed Carbon Emission Surtax on Transiting Motor Vehicles**

<b>Engine capacity</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
Motor cycles	50 Kwacha	USD 10 or Kwacha equivalent
0-1500 cc	50 Kwacha	USD 10 or Kwacha equivalent
1501-2000 cc	100 Kwacha	USD 20 or Kwacha equivalent
2001-3000 cc	150 Kwacha	USD 30 or Kwacha equivalent
3001 cc+	200 Kwacha	USD 40 or Kwacha equivalent

**6.2.6 Amend the first schedule (Customs Tariff) to the Customs and Excise Act by increasing customs duty on sub-heading 0402.21.30 (powdered milk in bulk for further processing) to 15 percent from 5 percent.**

This measure is intended to minimize the possibility of misclassification of the products in the said tariff line. It has been noted that most of the powdered milk is being declared on tariff subheading 0402.21.30 by most importers because the applicable duty rate is 5 percent compared to the other tariff lines whose applicable duty rates are 25 percent except for infant milk which is duty free. This has led to revenue loss because of misclassification.

**6.2.7 Amend the first schedule (Customs Tariff) to the Customs and Excise Act by revising the tariff for retreaded and used tyres of heading 4012 from 25 percent or K3.00 per Kg to 40 percent or K5 per Kg.**

The measure is intended to discourage reduce the use of used tyres and retreaded tyres that are a in some cases the cause of road traffic accidents that may result in loss of lives. This measure will also be in tandem with the Government policy of encouraging the importation of newer vehicles.

**6.2.8 Amend the Third Schedule to the Principal Act by the insertion of some vehicles that were not included in the Customs and Excise Amendment Act No. 14 of 2017. Examples of vehicles that were omitted include station wagons with engine capacity of less than 1000cc, and double cabs of gross vehicle weight of less than 3 tons among others.**

The measure is intended to include used vehicles of different body types that were omitted from the third schedule.

**6.2.9 Introduce duty on motor cycles at the rate of 25 percent and amend the Third Schedule to the Customs and Excise Act by including used motor cycles to the schedule to allow for the collection of specific duty by age and by engine capacity**

The measure is intended to introduce duty on motor cycles and harmonize the duty treatment with bicycles which currently attract a duty rate of 25 percent.

---

**6.2.10 Amend the Ninth Schedule (Export tariff) to the Principal Act by the introduction of export duty at the rate of 10 percent on raw hides and skins of headings 4101 and 4102; and lift the ban currently in place.**

The measure is intended to encourage value addition and further investment in the leather industry.

**6.2.11 Increase excise duty on single use of plastics from 20 percent to 30 percent.**

Currently, plastic carrier bags attract an excise duty at the rate of 20 percent. The introduction of customs duty on plastic carrier bags was intended to discourage the use of plastic carrier bags, to encourage the use of bio-degradable materials that are environmentally friendly. The increase of excise duty to 30 percent is in furtherance of correcting environmental externalities caused by use of Plastic carrier bags.

**6.2.12 Increase the ASYCUDA processing fee to K500 from K324.**

This measure is intended to adjust the ASYCUDA processing fee to cost reflective levels.

**6.3 HOUSE KEEPING MEASURES**

**6.3.1 Amend Regulation 81B of the Customs and Excise (General) Regulations to replace the reference to “talk time” with “air time”.**

The measure broadens and aligns the wording of the provision with the use to which the “talk time” is put. For instance, “talk time” is being used for internet browsing implying that the usage clearly goes beyond talking.

**6.3.2 Update the Surtax Schedule by including and removing some items.**

This measure is intended to remove some items that are now locally available from the surtax exemption schedule and also to include to this schedule some products that are not locally available to the surtax schedule. This is aimed at promoting local value addition and employment creation.

**6.3.3 Amend the Section 34 of the Customs and Excise Act by the insertion of a new subsection 34(2) (e) to provide for the dispensation of a bill of entry for personal vehicles used by persons transiting through Zambia and allow for the use of the Integrated Border Declaration Form.**

Currently, persons transiting through Zambia with personal vehicles are required to present bills of entry for their vehicles. This has proved to be a lengthy and costly procedure for the owners of such vehicles. The measure is intended to facilitate expedited movement of persons under a single window environment in transit and ultimately reduce their dwell time at the borders.

---

**6.3.4 Amend Section 191(a) of the Customs and Excise Act by the deletion of the words “customs duty and surtax” and substitution thereof of the word “duty”.**

The measure is intended to ensure there is clarity in the section and also to align Section 191(a) to the wording in the side note.

**6.3.5 Amend Regulation 20 of the Customs and Excise (General) Regulations to provide for the Integrated Border Declaration Form on which a personal vehicle transiting through Zambia shall be cleared.**

Currently, personal vehicles transiting through Zambia are cleared using a Form CE20 (Bill of Entry). The measure is expected to reduce the dwell time at the entry points for persons transiting through Zambia

**6.3.6 Amend the Eighth Schedule of the Customs and Excise (General) Regulations to provide for the Integrated Border Declaration Form.**

This measure is intended to provide a prescribed form to be used to clear personal motor vehicles transiting through Zambia.

**6.3.7 Amend the Second Schedule to the Customs and Excise Act (Excise Tariff) in headings 3 and 4 by aligning the descriptions and tariff rates to the correct tariff codes.**

The descriptions and the tariffs rates of headings 3 and 4 as legislated in 2017 did not correspond to their correct tariff codes

**6.3.8 Amend Regulation 51 to allow arriving passengers to purchase goods from duty free shops situated in the arrival halls at international airports in Zambia.**

The measure is intended to provide for legislation to support placement and operation of duty free shops in arrival halls at international airports within Zambia. The goods purchased by arriving passengers will be limited to the value allowable under the travelers' rebate as provided under regulation 86 of the Customs and Excise (General) Regulations.

**6.3.9 Require all importations of gaming machines and equipment to be accompanied by a valid license from the regulator.**

This measure is intended to ensure effective regulation of all players in the gaming and betting industry.

**6.3.10 Amend the definition of “Rural Area” in the Customs and Excise (General) Regulations.**

The current definition excludes areas such as Chipata City and Mansa Municipality while areas such as Lilayi or Chilanga in Lusaka Province qualify for incentives

---

despite Mansa being relatively under-developed in comparison. This has negatively impacted on the rural industrialization programme.

**6.3.11 Amend the Customs and Excise Act by providing for a penalty regime for offences committed by providers of excisable services.**

The measure is intended to provide for an explicit provision to cater for the offences specific to the providers of excisable services.

**6.3.12 Amend Chapter 34 by providing a tariff lines for finished products and products for further processing.**

This measure is intended to guard against possible misclassification of finished soaps products that are currently subjected to customs duty at the rate of 5. The finished products will be subjected to a higher rate of 25 percent in order to protect the local industry.

**6.3.13 Amend the first schedule to the Customs and Excise Act by subdividing heading 2206 to provide for a separate tariff line for ciders and treat the ciders the same as lagers (of heading 2203) for duty purposes.**

The measure is intended to harmonise treatment of ciders with that of lagers. Currently, ciders attract customs duty at the rate of 25 percent and excise duty at the rate of 60 percent while lagers attract customs duty at the rate of 25 percent and excise duty at the rate of 40 percent.

**6.3.14 Increase the period of absence from Zambia required for a returning resident to qualify for a rebate of duty payable on a motor vehicle per household to 4 years from 2 years.**

This measure is in line with Government's policy to streamline tax incentives in order to safeguard government revenue.

**6.3.15 Remove customs duty rebates on the construction of shopping malls.**

This measure is in line with Government's policy of rationalizing incentives.

**7. CROSS CUTTING MEASURES**

**7.1 HOUSE KEEPING MEASURES**

**7.1.1 Adjust various fees to cost reflective levels and provide for indexation.**

This measure is intended to adjust various fees (including those charged by ZRA) to cost reflective levels. The measure also seeks to provide for indexation of such fees to periodically adjust for inflation.



