



# **Tax Essentials:**

## **Country by Country Reporting in Zambia**

## COUNTRY BY COUNTRY REPORTING IN ZAMBIA

- As of **1 January 2021**, Zambia introduced Country by Country Reporting (CbCR) rules into Transfer Pricing legislation.
- During the year, the CbCR regulations and the intended application have been clarified through additional pronouncements issued by the relevant Ministry and the Revenue Authority.
- CbCR provides high-level information on where the economic value is generated, where profits are allocated and taxed among the jurisdictions in which a multinational enterprise (MNE) operates.
- In Zambia, CbCR applies to MNE groups, with an annual consolidated revenue of exceeding **K4.795 billion** in the immediately preceding accounting year.

## KEY TAKEAWAYS

- CbCR regulations apply in Zambia as of **1 January 2021**
- The reporting threshold is **K4.795 billion** consolidate revenue of the MNE in the immediately preceding year.
- Constituent entities are required to notify ZRA of the UPE/SPE **no later than the last day of the reporting accounting year**
- There are **NO** competent authority agreements in place with Zambian authorities therefore **ALL** resident constituent entities of qualifying MNE's are required to notify the ZRA and file the CbCR no later than 12 months after the last day of the reporting accounting year of the MNE.

## FILING & NOTIFICATIONS

- A resident Ultimate Parent Entity (UPE) will be required to file the CbC Report in Zambia in the manner as prescribed by the Zambian Revenue Authority (ZRA), **no later than 12 months after** the last day of the **reporting accounting year of the MNE**. The same applies where the MNE elects a resident Constituent Entity (CE) as the Surrogate Parent Entity (SPE).
- In cases where the UPE is not required to report in its jurisdiction, the Surrogate Parent Entity (SPE) of the MNE will be required to file as prescribed by the ZRA.
- A resident CE shall notify the ZRA whether it is the UPE, SPE, or when it is neither, the CE shall provide the details of the reporting entity, **no later than the last day of the reporting accounting year** of the MNE.
- A resident CE shall be required to file the CbC Report in Zambia in the manner prescribed by the ZRA if the following conditions are met:
  - UPE is not obliged to file in its jurisdiction;
  - There is no competent authority agreement between Zambia and the state of the UPE; or
  - System failure in the State of tax residence of the UPE.

## FOR MORE INFORMATION CONTACT...

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