



**ZAMBIA  
NATIONAL  
BUDGET  
2023**

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“Economic growth for improved livelihoods...”

## ▶ 1.0 BUDGET OVERVIEW

The 2023 Budget address by Honourable Dr. Situmbeko Musokotwane, MP, Minister of Finance and National Planning, was delivered on the backdrop of a fiscal year characterised by change in all facets of the economy. The upward trajectory of the economy as well as numerous positive performances of the key economic indicators, provide evidence of the compounding ripple effects of the shift in governance, policy direction and policy implementation. Although, the state of the economy has strengthened investor confidence and greatly improved creditor relations, challenges remain (as noted by the Honourable Minister), and the roadmap described in the 2023 Budget, seek to address these going forward.

The theme for the 2023 Budget “*Stimulating Economic Growth for improved livelihoods*”, is an appropriate follow up to the prior year, implying consistency in policy direction and implementation, simultaneously giving the impression that a continuation of the upward trajectory of the economy should be expected.

During the year, global growth slowed significantly due to the impact of international events such as the Russian – Ukraine conflict. The Republic was not spared from this and experienced slowed growth as well. Nevertheless, the year saw a favourable budget performance, improved standing with creditors (international and local), reduced

inflation (9.9% from 22.1% prior year), appreciation of the Kwacha against the United States Dollar (5.2% appreciation) as well as a positive balance of trade position (surplus of USD 1.6 billion).

The Minister presented the macroeconomic objectives of the 2023 budget which seek to consolidate and build on the achievements on the economic front. The highlighted objectives are:

- (a) Attain a real GDP growth rate of at least 4.0%;
- (b) Reduce inflation to within the target band of 6-8% by the end of the year;
- (c) Maintain international reserves above 3 months of import cover;
- (d) Mobilise domestic revenue to at least 20.9% of GDP;
- (e) Achieve a fiscal deficit of not more than 7.7% of GDP; and
- (f) Limit domestic borrowing to not more than 3.0% of GDP.

For these macroeconomic objectives to be met, the Minister presented policies and strategies that are tailor made to attain the required economic transformation and job creation. The policies emphasize the need for more robust private/public partnerships with government playing its role in designing and implementing (together with partners) policies and strategies to attract and secure investment in various economic sectors. The policies and



## Improved standing with creditors

strategies rolled out by the Minister target the key economic sectors, agriculture, tourism, mining, and manufacturing with varying combinations of policy changes and direct local and/or foreign investment. The Minister also presented strategies that involve restructuring some sectors to enable more efficient participation of private partners in the economy.

The macroeconomic objectives of the 2023 Budget also include policy on human and social development. The recognition of the importance of investment in human capital to stimulate growth and improve the livelihood of the people is consistent with the stance taken in the prior year. Sectors such as education, health, water, and sanitation remain key focal points, with government continuing its commitment to revitalize and improve these sectors.

In conclusion, the 2023 Budget is a befitting successor of its precursor which echoes many of the ideals of the policies already established. It also builds on the successes of the prior year policies, maintaining the "working formulae" while seeking to leverage any advantageous position to ensure the economy maintains an upward trajectory.



# “ Tax amnesty October 2022 to 31st March 2023



## ► 2.0 BUDGET HIGHLIGHTS FOR 2023

### 2.1 DIRECT TAXES

- The PAYE threshold has been increased
- Turnover tax and rental income at K12,000 per annum is to be taxed at zero percent and the balance at the applicable turnover tax rate.
- Single tax rate of 35% introduced for entities operating in the telecommunications subsector
- Income tax rate for lapidary and jewellery facilities reduced to 25% from 30%
- Agro-processing industry granted multi-tiered 15-year concessions on corn starch local sales.
- 20% withholding tax on re-insurance abolished
- Significant amendments to mineral royalty tax on copper

### 2.2 VALUE ADDED TAX

- Zero rating of the supply of milk cans, churns and milking machines.
- Zero Rating of equipment in the telecommunication sector
- Standard rating the supply of petrol and diesel
- Amendment of the Value Added Tax Act to clarify when a tax invoice expires for purposes of deducting or crediting input tax.
- Standard rating of bare land and largely bare land being purchased for commercial use.
- Public Private Partnerships eligible to claim intending trader status for up to 4 years.

### 2.3 CUSTOMS AND EXCISE

- Removal of customs duty on certain agricultural items.
- Suspension of customs duty on certain

machinery and equipment.

- Remove customs duty on plant, machinery and equipment acquired for use in a public private partnership project
- Reinstatement of excise duty on petrol and diesel.
- Reduce customs duty on electric vehicles and electric motorcycles to 15% from 30% and 25%, respectively.

### 2.4 TAX AMNESTY

- A Tax Amnesty will run from 1st October 2022 to 31st March 2023, and it will apply to all tax types.
- A taxpayer may be granted a waiver of penalties and interest for all tax periods up to 30th September 2022.

# THE BUDGET IN DETAIL

## ▶ 3.0 DIRECT TAXES

All of the following measures will take effect from 1st January 2023.

### 3.1 PERSONAL TAX RATES

To mitigate the cost of living for the people of Zambia, The Minister proposed to increase the exempt threshold for Pay-As-You-Earn to K4,800 from K4,500 per month and the bands have been adjusted as follows:

Income Bands Per Annum	Income Bands Per Month	Tax Rate %
First K57,600	First K4,800	0
Next K24,00	Next K2,000	20
Next K25,200	Next K2,100	30
Balance over K106,800	Balance over K8,900	37.5

To strengthen the administration of Pay-As-You-Earn, Government will enforce legal provisions for employers to submit employees Tax Payer Identification Numbers in their monthly returns. The tax credit for persons with disabilities has been increased to K600 per month from the current K500 per month.

### 3.2 TURNOVER TAX

The initial turnover of K12,000 per annum on turnover tax and rental income will now be taxed at zero percent and the balance at the applicable turnover tax rate. This measure exempts income of K1,000 or less per month from the turnover tax bracket.

The turnover tax regime has been extended to service providers in the gig economy. This measure is aimed at improving tax compliance for small businesses operating in the digital economy.

### 3.3 CORPORATE INCOME TAX ON TELECOMMUNICATIONS SECTOR

The current two-tier taxation system in the telecommunications subsector, which provided for 30 percent tax on profit of up to K250,000 and 40 percent on profit above K250,000 has been abolished and replaced it with a single tax rate of 35 percent.

### 3.4 CORPORATE INCOME TAX ON GEMSTONE INDUSTRY

The income tax rate for lapidary and jewellery facilities in the gemstone industry has been reduced to 25 percent from 30 percent to promote value addition and attract more investment.

### 3.5 CORPORATE INCOME TAX ON THE AGRO-PROCESSING INDUSTRY

Income tax concessions for 15 years on income generated from local sales of corn starch by agro-processing businesses operating in Multi-Facility Economic Zones, Industrial Parks or rural area have been introduced as follows:

## Investment income on life insurance now exempt from withholding tax...



- Zero percent corporate income tax for the charge years 2023 to 2033,
- Fifty percent corporate income tax for the charge years 2034 to 2036,
- Twenty five percent relief on corporate income tax for charge years 2037 to 2038; and
- Zero percent withholding tax on dividends declared on profits for charge years 2023 to 2033.

### 3.6 PUBLIC – PRIVATE PARTNERSHIP

The tax payable by a Special Purpose Vehicle under the Public-Private Partnership has been reduced by 20 percent for the first five (5) years that the project makes a profit.

Special Purpose Vehicles will be allowed to claim wear and tear on a straight-line basis at an accelerated rate, up to 100 percent. This is in respect of any implement, plant and machinery acquired and used by the project for the purposes of that project.

### 3.7 INCREASE IN DISALLOWED AMOUNTS ON NON-CASH FRINGE BENEFITS

For the purposes of income tax computation, the following measures have been proposed;

- Increase the disallowed amount for housing benefit from 30% to 37.5%
- Increase disallowed personal to holder benefits by 20%.

### 3.8 INVESTMENT INCOME ON LIFE INSURANCE FUNDS

In order to align with the international good practice on insurance as well as increase the uptake for life insurance services, investment income on life insurance funds has been

exempted from withholding tax.

### 3.9 INCREASE IN FARM IMPROVEMENT ALLOWANCE

The threshold for the allowable expenditure incurred in the construction of employee housing has been increased to K100,000 from K20,000 to encourage the provision of accommodation for employees of the farming entity and any other employer.

### 3.10 INCREASE IN ALLOWABLE EXPENDITURE FOR THE CONSTRUCTION OF EMPLOYEE HOUSING

The allowable expenditure for granting wear and tear allowance (industrial building) for the construction of employee housing has been increased to K100,000 from K20,000. This measure intends to encourage employers to provide employees with decent accommodation. The wear and tear allowances will be given at 10 percent of the allowable expenditure.

### 3.11 EXTENTION OF THE 2% LOCAL CONTENT ALLOWANCE TO TOMATOES

This measure extends the 2% allowance to income earned from value addition to tomatoes. This is in addition to mango, pineapple and cassava. The measure intends to encourage value addition to tomatoes.

### 3.12 REDUCTION IN PRESUMPTIVE TAX ON LAND BASED BETTING COMPANIES

Presumptive tax on land based (brick and mortar) betting companies has been reduced to 15% from 25% for the charge years 2023 and 2024. This measure is aimed at improving compliance in the gaming and betting sector.

### 3.13 REDUCTION OF TAX ON WINNINGS FROM GAMING AND BETTINGS

The tax from winnings and bettings has been reduced from 20% to 15% for the charge years 2023 and 2024. The measure is intended to improve tax compliance and lower the tax burden on winnings.

### 3.14 20% WITHHOLDING TAX ON RE-INSURANCE ABOLISHED.

The measure proposed to abolish withholding tax at 20% on reinsurance. The measure is intended to encourage uptake of reinsurance services.

### 3.15 REDUCTION OF WITHHOLDING TAX ON BETTING AND GAMING

This measure reduces withholding tax on winnings and bettings to 15 percent from 20 percent. This measure is aimed at improving compliance for the industry and will be for the charge years 2023 and 2024.

### 3.16 WITHHOLDING TAX ON INTEREST FROM GREEN BONDS

Interest earned from green bonds listed on a securities exchange in Zambia with a maturity of at least 3 years will be exempt from withholding tax. This measure is aimed at encouraging investments in climate change projects.

### 3.17 WITHHOLDING TAX ON INTEREST EARNED FROM SAVING GROUPS

Interest earned by individuals from loans advanced by members under the savings groups such as co-operatives and village banking will be exempt from withholding tax. This measure is meant to stimulate the growth of SMEs by enabling them have access to affordable capital.

### 3.18 PRESUMPTIVE TAX ON ARTISANAL AND SMALL SCALE MINING

Presumptive tax has been introduced on income from artisanal and small scale mining at the applicable turnover tax rate, which is based on the gross turnover less mineral



royalty paid. This measure is intended to simplify the tax regime for artisanal and holder of small scale mining licences.

### 3.19 MINERAL ROYALTY TAX

#### Current Mineral Royalty Tax Regime

Price Range	Taxable amount	Tax Rate %
Less than US\$4,500 per tonne	Full price amount	5.5
US\$4,500 per tonne or more but less than US\$6,000 per tonne	Full price amount	6.5
US\$6,000 per tonne or more but less US\$7,500 per tonne	Full price amount	7.5
US\$7,500 per tonne or more but less than US\$9,000	Full price amount	8.5
US\$9,000 per tonne or more	Full price amount	10

#### Proposed Mineral Royalty Tax Regime

Price Range	Taxable amount	Tax Rate %
Less than US\$4,000	First US\$4,000	4.0
US\$4,001 per tone or more but less than US\$5,000	The Next US\$1,000	5.5
US\$5,001 per tone or more but less than US\$7,000	The Next US\$2,000	8.5
US\$7,001 per tonne or more	The balance	10

The above restructure is with respect to copper.





“Single currency for the threshold for country by country report...”

## ▶ 4.0 TRANSFER PRICING

### 4.1. AMENDMENT OF DEFINITIONS

The definition of Multinational Enterprise Group and Ultimate Parent Entity has been amended to align with the Organisation for Economic Cooperation and Development (OECD) definition.

This measure is intended to align the definition to the model legislation on Country-by-Country reporting provided by the OECD.

### 4.2. SINGLE CURRENCY THRESHOLD

The Regulations have been amended to provide for the use of a single currency for the

threshold for the Country-by-Country Report as prescribed by the OECD.

### 4.3. CONDITIONAL FILING OF THE COUNTRY-BY-COUNTRY REPORT

The Regulations have been amended to align the requirements to be met for conditional filing of the Country-by-Country Report to the guidance by the OECD.

The measure is intended to correct the current wording which prescribes a condition that is contrary to the intention of the law and guidance by the OECD.

## ▶ 5.0 PROPERTY TRANSFER TAX

All of the following amendments to the Property Transfer Tax Act will take effect from 1st January, 2023

### 5.1 INCREASE PROPERTY TRANSFER TAX RATE FROM 5% TO 7.5% ON SHARES, LAND AND INTELLECTUAL PROPERTY

This is intended to increase domestic revenue mobilisation.

### 5.2 REDUCE PROPERTY TRANSFER TAX FROM 10% TO 7.5% ON MINING RIGHTS HELD BY EXPLORATION COMPANIES

This is intended to encourage mineral exploration and support development of new mines to increase mineral production.

### 5.3 CLARITY PROVIDED ON COMPUTING PROPERTY TRANSFER TAX ON INDIRECT TRANSFER OF SHARES

This is intended to clarify that the realised value for Property Transfer Tax purposes, is limited to the proportion of the value of the Zambian entity.

### 5.4 SURRENDER OR FORFEITURE OF SHARES EXEMPTED FROM PROPERTY TRANSFER TAX

This is intended to clarify that the surrender or forfeiture of shares is not a transfer and thus not subject to Property Transfer Tax.

### 5.5 USE OF ACTUAL PRICE RECEIVED AS REALISABLE VALUE FOR DISPOSAL OF DISTRESSED/FORECLOSED PROPERTY BY A FINANCIAL SERVICES PROVIDER

This is intended to improve liquidity of financial service providers and improve turnaround time for disposal of distressed assets.



## “ Milking machines zero rated...

### ▶ 6.0 VALUE ADDED TAX

All of the following amendments to the VAT Act will take effect from 1st January, 2023 except where otherwise stated.

#### 6.1 ZERO RATING OF THE SUPPLY OF MILK CANS, CHURNS AND MILKING MACHINES.

This measure is intended to encourage the growth of the dairy sub-sector and promotion of utilisation of appropriate milk handling equipment.

#### 6.2 ZERO RATING OF EQUIPMENT IN THE TELECOMMUNICATION SECTOR

Selected information and communication technology as well as telecommunication equipment.

This measure intends to improve competitiveness in the telecommunication sector and hence attract more investment.

#### 6.3 EXEMPT GAMING, BETTING AND LOTTERIES FROM VAT.

This measure is intended to simplify taxation of gaming, lottering and betting industry and align to international good practice.

#### 6.4 EXEMPT GAME ANIMALS IMPORTED AS BREEDING STOCK.

This measure is intended to encourage local investment of breeding stock and support growth of livestock.

#### 6.5 STANDARD RATE THE SUPPLY OF PETROL AND DIESEL.

The intention of this measure is to increase domestic resource mobilisation and channel the inefficient subsidies to needy areas.

#### 6.6 STANDARD RATE SELECTED ENERGY SAVING APPLIANCES AND EQUIPMENT.

This measure intends to increase domestic resource mobilisation.

#### 6.7 STANDARD RATE ALL GOODS IMPORTED BY THE PRESIDENT.

This measure intends to standard rate goods imported by the president.

#### 6.8 WAIVE EXCISE DUTY ON IMPORTATION OF EQUIPMENT AND MACHINERY.

The measure is intended to contribute in the increase of public infrastructure and stimulate private sector

#### 6.9 STANDARD RATING OF IMPORTED RAW MATERIALS FOR MAKING MOSQUITO NETS.

The measure is intended to restrict manufacturers from importing.

#### 6.10 STANDARD RATING OF BARE LAND PURCHASED FOR COMMERCIAL USE.

Interest on the sale of bare land being bought for commercial use and interest on sale of bare land as defined in the VAT Act. The measure intends to broaden the tax base and domestic resource mobilisation.



## “ Solar batteries now zero rated...”

### 6.11 AMENDMENT TO SECTION 7A(1) OF VALUE ADDED TAX ACT – RECORD OF SALES.

This measure intends to align with the subject under section 7A (1) to read Record of Sales other than record of daily sales.

### 6.12 REVISION OF PENALTY UNITS TO 300,000 FROM 30,000 UNDER SECTION 44.

This measure ensures that only one measure is applicable under section 44(1) and 44(2).

### 6.13 INCLUSION OF QUAILS AND GUINEA FOWLS UNDER EXEMPTION ORDER.

This measure clarifies and harmonises the treatment of quails and guinea fowls as exempt for VAT purposes.

### 6.14 ELECTRONIC FISCAL DEVICE

This measure intends to reflect the order of approval and integration of Electronic Fiscal Devices and to provide electronic and manual logbooks to reduce printing costs.

### 6.15 EXPIRY OF A TAX INVOICE FOR CLAIM PURPOSES

The Value Added Tax Act seeks to clarify when the Tax Invoice expires for the purpose of crediting input tax. The three (3) months is determined from the date of the tax invoice or other supporting documents to the date of return submission in which the invoice or document is being deducted.

### 6.16 INCLUSION OF SOLAR BATTERIES UNDER ZERO RATING ORDER

This clarifies that solar batteries are now zero rated.

### 6.17 INTENDING TRADER PERIOD FOR PUBLIC PRIVATE PARTNERSHIP

This measure extends the provisions under the VAT Regulations A of an intending trader for a period of 4 years for a public private partnership. It's meant to encourage private participation in the economy.





## « Suspension of customs duty on certain equipment...

## ► 7.0 CUSTOMS AND EXCISE

All of the following measures will take effect from 1st January, 2023 unless otherwise stated.

### 7.1 REMOVAL OF CUSTOMS DUTY ON CERTAIN AGRICULTURAL ITEMS.

To support the agricultural sector, customs duty on the following items has been removed:

- Biological control agents used in agriculture
- Crop growing media (peat moss) used in the production of vegetable seedlings; and
- Selected tree crop seedlings.

### 7.2 SUSPENSION OF CUSTOMS DUTY ON CERTAIN MACHINERY AND EQUIPMENT.

To encourage investment in various sectors, customs duty has been suspended for a period of 3 years for the following machinery and equipment:

- Refuse compactor trucks, skip loader vehicles, road sweepers and skip bins;
- Equipment for baling waste;
- Prefabricated housing units;
- Greenhouse plastics used in agriculture; and
- Selected machinery, equipment and articles used in aquaculture; and
- Selected equipment for the music and film industry.

### 7.3 SUSPEND 15 PERCENT CUSTOMS DUTY ON IMPORTED AUTOMATED TELLER MACHINES (ATMS) FOR A PERIOD OF ONE YEAR.

The measure is meant to promote financial inclusion and increasing access to financial

service provisions across the Country.

### 7.4 REMOVE 15 PERCENT CUSTOMS DUTY ON GAS CYLINDERS.

This measure is intended to make the use of liquified petroleum gas affordable to safeguard the environment and diversify the energy mix.

### 7.5 REDUCE CUSTOMS DUTY ON ELECTRIC VEHICLES AND ELECTRIC MOTORCYCLES

Customs duty on electric vehicles and electric motor cycles has been reduced to 15% and 25% respectively. This measure is intended to encourage the use of eco-friendly motor vehicles. This will, in addition, reduce the heavy dependence on fossil fuels.

### 7.6 REDUCE EXCISE DUTY TO 60 PERCENT FROM 125 PERCENT ON METHYLATED SPIRIT.

This measure aims to harmonise the excise duty rates for methylated spirit and ethyl alcohol.

### 7.7 REDUCE EXCISE DUTY ON CLEAR BEER MADE FROM CASSAVA.

Excise Duty on clear beer made from cassava has been reduced to 5%. This measure seeks to promote value addition to cassava, support out-grower schemes and enhance job creation. In addition, excise duty on clear beer made from malt has been reduced to 20 percent.

## Customs duty on ICT suspended...

### 7.8 REDUCE CUSTOMS DUTY ON BICYCLES TO 15 PERCENT FROM 25 PERCENT.

The measure aims to mitigate transport challenges for the people who rely on this mode of transport.

### 7.9 REDUCE CUSTOMS DUTY ON SELECTED ICT AND TELECOMMUNICATIONS EQUIPMENT.

Customs duty on selected information and communication technology (ICT) and telecommunication equipment has been reduced 0% and 25% respectively.

This proposal seeks to improve the telecommunication sector's competitiveness and attract investment to stimulate increased mobile penetration in the Country.

### 7.10 REMOVE CUSTOMS DUTY ON PLANT, MACHINERY AND EQUIPMENT ACQUIRED FOR USE IN A PUBLIC PRIVATE PARTNERSHIP (PPP) PROJECT

This is intended to stimulate private sector participation to narrow infrastructure deficit.

### OTHER MEASURES

- Reinstatement of Excise Duty on petrol and diesel.
- Introduce surtax at the rate of 5 percent on selected imported PVC Pipes and HDPE pipes which are also locally produced.
- Increase Carbon Emission Surtax on motor vehicles and motor cycles of various engine capacities by 10 percent.
- Introduce Excise Duty at the rate of 15 percent on various plastic articles.
- Introduce Selected Goods Surtax at the rate of 5 percent on imported coal.
- Increase surtax on imported floor and wall tiles to 20 percent from 5 percent.
- Introduce Excise Duty at the rate of 145 percent on electronic cigarettes and cartridges of heading 8543.
- Increase specific excise duty on cigarettes to K361 per mille from K355 per mille, as well as on unmanufactured tobacco, tobacco refuse,

smoking tobacco whether or not containing tobacco substitutes and water pipe tobacco to K361 per kg from K355 per kg.

### HOUSEKEEPING MEASURES

- Provide for a licensing Committee in the Customs and Excise Act to review applications for clearing and forwarding licenses.
- Amend the Customs and Excise Act to change the wording in the definition of manufacture to include extraction of goods subject to Excise Duty.
- Amend the Customs and Excise Act to remove licensing requirement for packaged water and pure fruit juices.
- Amend the Customs and Excise (General) Regulations, 2000 to remove supplies to organisations entitled to rebates.
- Amend the Customs and Excise Act to provide for the collection of Excise Duty charged on goods or services by any person whether or not that person is a licensed excise manufacturer or service provider.
- Amend the Customs and Excise Act to provide for the use of Electronic Fiscal Device in administering Local Excise Duty.



“ Zambia has over 20 double taxation treaties

## ▶ 8.0 DOUBLE TAXATION TREATIES

Country	Applicable Tax Rates			Consultancy Fees
	Dividends	Interest	Royalties	
Botswana	5% or 7%	10%	10%	10%
Canada	15%	15%	15%	0%
China	5%	10%	5%	0%
Denmark	15%	10%	15%	0%
Finland	5% OR 15%	15%	5% OR 15%	0%
France	20%	20%	0%	0%
Germany	5% OR 15%	10%	10%	0%
India	5% OR 15%	10%	10%	10%
Ireland	7.5%	10%	10%	0%
Italy	5% or 15%	10%	10%	0%
Japan	0%	10%	10%	0%
Kenya	20%	20%	20%	0%
Netherlands	5% OR 15%	10%	10%	0%
Norway	15%	10%	15%	0%
Seychelles	5% or 10%	5%	10%	0%
South Africa	15%	15%	20%	20%
Sweden	5% OR 15%	10%	10%	0%
Switzerland	5% OR 15%	10%	5%	0%
United Kingdom	5% or 15%	10%	5%	0%
Morocco	10%	10%	10%	10%
Norway	5% or 15%	10%	10%	0%

\* The treaty with Mauritius expired on 31 December 2020. A new treaty has not yet been negotiated

- ▶ *This is a selection of countries most commonly transacted with and is not a comprehensive list. For further details please contact us.*
- ▶ *The rates available under the various DTAs are **not** automatic and have to be applied for.*

## “ Tax waiver on interest and penalties...”



## ► 9.0 TAX AMNESTY

Tax Amnesty will run from 1st October 2022 to 31st March 2023 and it will apply to all tax types (see Amnesty Guidelines for details).

### 9.1. RELIEF TO BE GIVEN TO TAXPAYERS

A taxpayer may be granted a waiver of the following, provided they are outstanding at the time of application and charged before 1st October 2022.

- I. Late registration penalties
- II. Late return filing penalties
- III. Late payment penalties
- IV. Late payment interest
- V. Penalties arising from an audit

### 9.2. WAIVER MECHANISM

The waiver will be granted upon payment of the principal amount based on the ratio. The waiver ratio for Amnesty will be tied to the

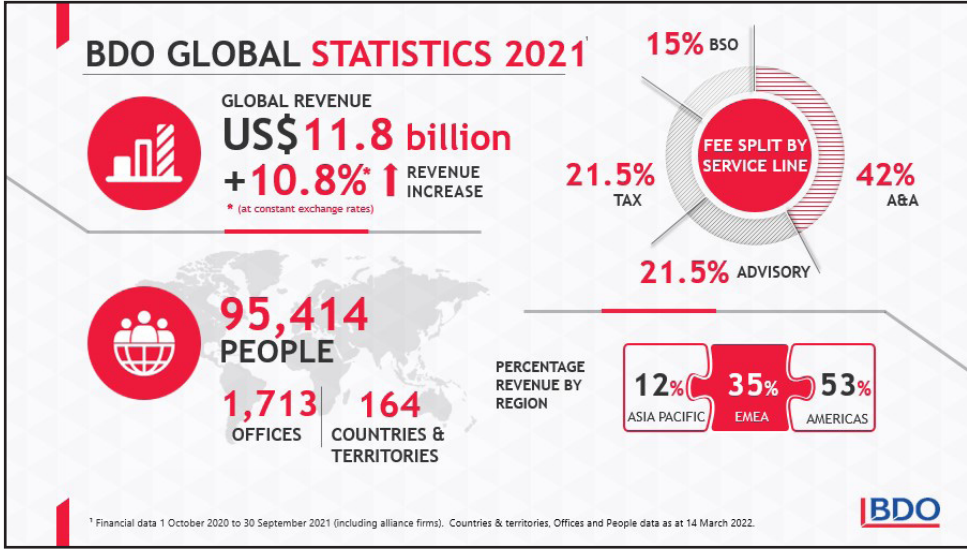
time of payment after application for a waiver as follows:

I. Payments received from 1st October to 31st December 2022 will enjoy a 1:4 waiver ratio whereby payment of K1 towards the principal amount entails a K4 waiver on penalties and interest.

II. Payments received from 1st January to 31st March 2023 will enjoy a 1:2 waiver ratio whereby payment of K1 towards the principal amount entails a K2 waiver on penalties and interest.

III. Payments received after 31st March 2023 will enjoy a 1:1 waiver ratio whereby payment of K1 of the principal amount entails a K1 waiver of penalty and interest.

## ▶ 8.0 ABOUT US



**BDO Zambia** is a firm of public accountants, registered with the Zambia Institute of Chartered Accountants, providing audit, accounting, taxation, management and consulting services to some five hundred clients of varying sizes and needs. BDO Zambia is part of the BDO International network.

Presently with 5 Partners and over 100 professional and administrative staff in our Lusaka offices, the Firm places particular emphasis on providing a personal and value for money service, through constructive and effective advice and financial planning and control. In addition to our own team of financial experts, the Firm has a number of qualified professionals providing advice on matters such as Human Resources Management and Legal Draftsmanship.

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The Partners, Directors and staff of BDO Zambia have established the Firm and its related specialised business entities as the preferred provider of Financial Services in the country. We have a commitment to total and exceptional client service and we build an understanding of our clients' businesses that allows us to play an active role in their success.



# ▶ YOUR BDO TEAM

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EXCELLENCE, PROFESSIONALISM AND  
CLIENT SATISFACTION HAS POSITIONED  
US SECURELY AS ONE OF THE LEADING TAX  
AND ACCOUNTING ORGANISATIONS IN  
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# ZAMBIA TAX TABLES 2023

(12 months ending 31 December 2023)

## PERSONAL TAXATION (Monthly)

K0 - K4,800	0 %
K4,801 – K6,800	20%
K6,801 – K8,900	30%
Above K8,900	37.5%
Tax credit for differently abled persons	K600
Car Benefits	
*2800cc & above	K48,000
*1800cc to 2799cc	K36,000
*Up to 1799cc	K21,600

## BUSINESS TAXATION

	RATE
Corporate Income Tax	30%
Farming & agro-processing	10%
Manufacture of organic & chemical fertilizers	15%
Manufacture of ceramic products (2022 & 2023)	0%
Mining Operations	30%
Mineral processing	30%
Companies that add value to copper cathodes	15%
Non-traditional exports	15%
Export of cotton without a permit	35%
Income on commercial activities of Public Benefit Organisations	15%
Turnover Tax	4%
• For turnover less than K12,000	0%
• For turnover above K12,000	4%
• For rental turnover above K800,000	12.5%
Telecommunication Companies	35%
MFEZ or Industrial Park (first 10 years)	0%
11 to 13 years 50% of profit will be taxed at	30%
14 to 15 years 75% of profit will be tax at	30%
Gemstones (Lapidary and jewellery)	25%

Tax losses can be carried forward for up to 5 years (10 years for companies in the energy & mining sectors)  
Annual allowance to employer for employing a person with a disability K2,000

## CAPITAL ALLOWANCES

	RATE
Plant, machinery & commercial vehicles	25%
Non-commercial vehicles	20%
Industrial buildings	
*investment allowance	10%
*initial allowance	10%
*annual allowance	5%
Commercial buildings	2%
Farm works & improvements	100%
Equipment used in farming & agro-processing	100%
Equipment used in manufacturing, tourism & generation of electricity	50%
For leasing companies - equipment leased out under an operating lease	50%
Improvement allowance in an MFEZ	100%
Development allowance on growing of roses, tea, coffee, banana plants	10%
The number of years for claiming development allowance	5 years
Mining sector for assets in use	20%
Allowable expenditure for low cost Housing (maximum K100,000)	10%
Farming dwelling allowance	K100,000

## WITHHOLDING TAX

Commission to non-employees	15%
Royalties, management & consultancy	15%
Dividends & interest	15%
Dividends for companies carrying on mining operations	0%
Dividends -MFEZ first 10 years	0%
Commodity Royalty	15%
Bank interest (individuals)	0%
Interest earned on group savings (Village banking)	0%
Treasury bill interest	15%
GRZ Bond interest on discount income	0%
GRZ Bond interest on coupon income	15%
Green bonds listed on SEC	0%
Interest on Life Insurance Funds	0%

## WHT FOREIGN ENTITIES

Commissions	20%
Royalties, management & consultancy fees	20%
Dividends, interest and branch profits	20%
Payments to non-resident entertainers & sports persons	20%
Government Securities	15%
Commodity Royalty	15%

## TAX ON BETTING AND GAMING

Land (Brick and mortar)	15%
Casino live games	20% of gross takings
Casino machine games	35% of gross takings
Lottery winnings	35% of net proceeds
Betting	25% of gross stakes
Gaming	K250 to K500 per machine per month
WHT on winnings: Gaming, Lotteries & Betting	15%

ADVANCE INCOME TAX	15%
VALUE ADDED TAX	16%
Registration threshold	K800,000

## PROPERTY TRANSFER TAX

Land & buildings & shares	7.5%
Transfer or sale of a mining right	7.5%
Transfer of intellectual property	7.5%
Indirect change of ownership or control of a Zambian asset, outside of Zambia	7.5%
Transfers of mineral processing and and other mine related licenses	7.5%

## MINERAL ROYALTIES

Base metals (norm value excluding copper, cobalt and vanadium)	5%
Cobalt	8%
Energy & industrial minerals (gross value)	5%
Gemstones (gross value)	6%
Precious metals (norm value)	6%
Copper Norm Price Range	Mineral Royalty Rate
Less than USD4,000	4%
USD4,001 per ton to USD5,000 per ton	6.5%
USD5,001 but less than USD7,000	8.5%
USD7,001 per ton or more	10%

## DUE DATES FOR 2023 FILING OF RETURNS & TAX PAYMENTS

	Day of the month
NAPSA	10th
PAYE	10th
WHT	14th
Turnover Tax	14th
WVAT	16th
VAT	18th
Provisional Tax Returns:	
Quarter	
1	31 Mar 2023
2	30 June 2023
3	30 Sept 2023
4	31 Dec 2023
Final Income Tax Return:	21 June 2024
Provisional Tax Payments:	
Quarter	
1	10 Apr 2023
2	10 Jul 2023
3	10 Oct 2023
4	10 Jan 2024
Final Balance:	21 June 2024



BDO Zambia Limited is a member of BDO International Limited, a UK company limited by guarantee.

BDO is the brand name for the BDO International network and for each of the BDO member firms.

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The information contained in this document and the enclosed bookmark is based on the Budget Address presented by the Minister of Finance, Honourable Dr. Situmbeko Musokotwane, MP. This document provides an overview of the announcements made in the speech and information provided by the Zambia Revenue Authority. Whilst every effort has been made to ensure its accuracy, we are unable to accept responsibility for errors and omissions. It should be noted that the measures as introduced by the Budget Address are subject to Parliamentary approval. No financial decisions should be made based solely on the information contained herewith and no liability will be accepted for decisions based on its contents without further consultation with an official representative of BDO Zambia Limited.

