

## Zambia Tax Data 2007/2008

### Deadlines & Penalties

	Deadline/Obligation	Immediate penalty	Interest
<b>Income Tax - Companies</b>			
Provisional tax/return			
Late payment	4 quarterly instalments	5% per month or part month	2% + DR
Under estimation of tax		25%	N/A
Late filing of return	end of every quarter	K360,000 per month or part month	N/A
Final tax/return			
Late payment	6 months after charge year end	5% per month or part month	2% + DR
Late filing of return	6 months after charge year end	K360,000 per month or part month	N/A
<b>Income Tax - Individuals</b>			
Final tax return			
Late filing of return	6 months after charge year end	K180,000 per month or part month	N/A
<b>Withholding tax</b>	within 14 days after the end of the month of accrual / payment	5% per month or part month	2% + DR
<b>Payroll</b>			
PAYE	within 14 days after the end of the month of accrual / payment	5% per month or part month	2% + DR
<b>VAT</b>			
Late lodgement	21 days after the end of the accounting period**	Daily penalty - higher of K180,000 and 0.5% x tax payable	N/A
	Interest in respect of late payment		2% + DR
	Penalty in respect of late payment	Daily penalty - 0.5% x tax payable	

### Key

DR = Bank of Zambia discount rate

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

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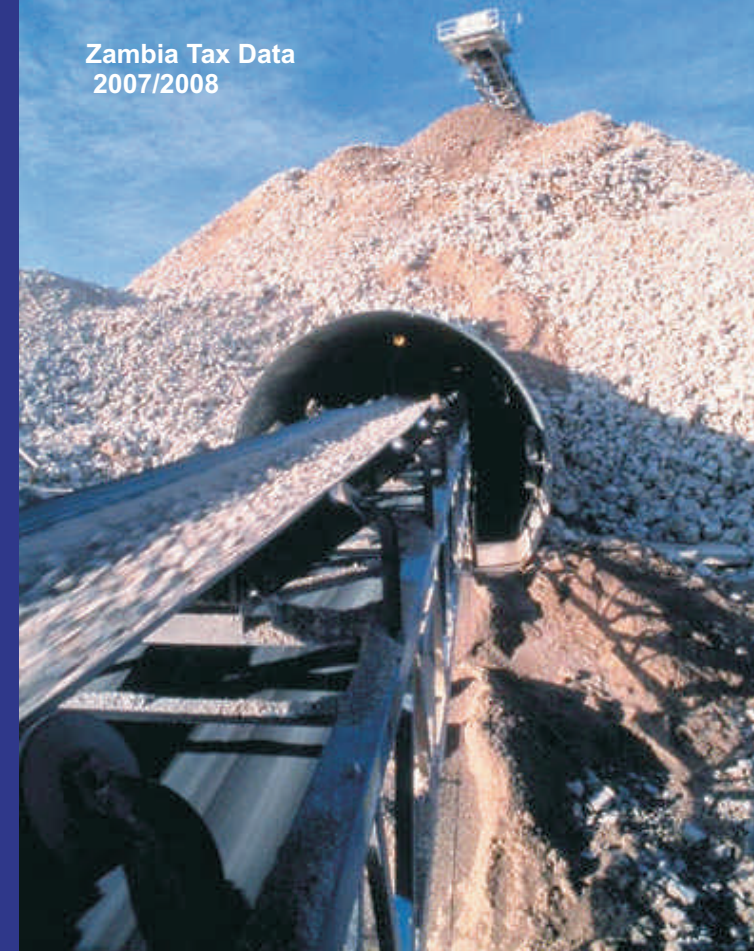
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### Income Tax - Companies

#### Company rate

Standard rate	35%
Banks	
Income not exceeding K250 million	35%
Income exceeding K250 million	40%
Miners of base metals	30%
Farming	15%
Export of non-traditional products	15%
Foreign earnings of Sun International Limited	15%

New listings on LuSE	2% discount*
New listings on LuSE > 33% shares taken up by Zambians	7% discount*

\* Discount on applicable rate above and available for one year only.

Presumptive tax levied on turnover which excludes income earned from consultancy for small business with turnover < K200 million

3%

#### Capital deductions

Expenditure on buildings	
Initial allowance on industrial buildings (note 2)	10%
Industrial buildings	5%
Commercial buildings	2%
Implements, machinery and plant	
Used for farming, manufacturing, tourism and leasing	50%
Other	25%
Motor vehicles	
Commercial	25%
Non-commercial	20%
Mining	
Prospecting and exploration expenditure	100%
Farming	
Farm improvement allowance	100%
Farm works allowance	100%

#### Note:

1 Wear and tear allowances are computed on straight-line basis

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

#### Trading losses

Carry forward of trading losses

No. of years	
Konkola Copper Mines plc	20
All other miners of base metals	10
Other companies	5

### Tax Treaties

Canada, Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Kenya, Netherlands, Norway, Romania, South Africa, Sweden, Switzerland, Tanzania, United Kingdom, Uganda.

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### Income Tax - Individuals

#### Individual rate - monthly

	Income from	Income to	Tax rate	Tax on band tax	Cumulative on income
	K	K	%	K	K
First	0	500,000	0	0	0
Next	500,001	1,200,000	25	175,000	175,000
Next	1,200,001	5,200,000	30	1,200,000	1,375,000
Over	5,200,000		35		

Housing benefit: 30% of employees annual gross emoluments is taxable in the hands of the employer

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

Engine size < 1,800 cc:	K9,000,000 p.a
Engine size > 1,800 cc, < 2,800 cc:	K15,000,000 p.a
Engine size > 2,800 cc:	K20,000,000 p.a

#### Dividends from Lusaka Stock Exchange

Dividend income earned by individuals on shares listed on the LuSE is exempt from income tax.

#### Medical levy

Banks or financial institutions paying interest on savings or deposit accounts, treasury bills, government bonds or similar financial instruments deduct Medical Levy of 1%.

### Employer's payroll obligations

PAYE (employee) see above  
NAPSA (employee) 5% of gross pay, max K294,438 per month  
NAPSA (employer) 5% of gross pay, max K294,438 per month

### Rates of Withholding Tax

General	Resident	Non-resident
Dividend	15%	15%
Management or consultancy fee	15%	15%
Interest deemed to be from a source within the Republic	15%	15%
Bank interest to individuals exceeding K750,000 p.a.	25%	15%
Royalties	15%	15%
Rent from a source within the Republic	15%	15%
Commissions	15%	15%
Non-resident construction and haulage contractors	N/A	15%
Non-resident entertainers/sports persons fees	N/A	15%

#### Payments made by mining companies (of base metals)

Dividend	15%	15%
Interest to any lender	15%	15%
Management fees to shareholders or affiliates	15%	15%

## Zambia Tax Data 2007/2008

### Indirect taxes

#### VAT

#### Taxable Supplies - rate

Supply of goods & services in Zambia	17.5%
Import of goods & services into Zambia	17.5%
Export of goods & services from Zambia	0%

#### Registration

Threshold K 200m p.a.

#### Payment - due date

Supply of taxable goods & services 21 days following the end of the VAT accounting period\*

Import of goods

at the time customs duty payable

#### Repayment - due date

Standard 30 days after submission of VAT return

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

### Concessions for priority sectors

Incentives for companies in priority sectors / Multi-Facility Economic Zones under the Zambia Development Agency Act:

- No tax on dividends paid for a five year period.
- No tax on profits for five year period.
- Only 50% of profits taxable in years 6 to 8.
- Only 75% of profits taxable in years 9 to 10.
- Deferment of VAT on machinery and equipment.
- 0% import duty on raw materials and capital goods for a five year period.

Multi-Facility Economic Zones to be established in Lusaka and Chambishi.

#### Priority sectors:

Floriculture, horticulture, processed foods, tea/tea products, coffee/coffee products, textile production/processing, manufacturing engineering products, fertilizer production, cement production, timber processing and production, leather production and processing, building mini-hydro power stations and education an skills training.

### Property transfer tax

Land & buildings, shares 3% of open market value