



Rental Income Tax

The **Zambian Government** has implemented changes in the tax rates applicable to rental income. The changes took effect on **1 January 2025**.

March 2025



Property owners in receipt of rental income are required to declare tax on rental income through the rental income tax account at the prescribed rates by the 14th day of the following month.

Description	Previous rates	Revised rates
Changes in Rental Income Tax rate	0% on gross rental income below ZMW 12,000	0% on gross rental income below ZMW 12,000.
	4% on gross rental income above ZMW 12,001 but below ZMW 800,000	4% on gross rental income above ZMW 12,001 but below ZMW 800,000
	12.5% on gross rental income above ZMW 800,001.	16% on gross rental income above ZMW 800,001.

The increase in the rental income tax rate from 12.5% to 16% on gross rental income above ZMW 800,000 will impact property letting businesses. This 3.5% point rise translates to a 28% increase in the tax rate for businesses with collective rental income exceeding ZMW 800,000. This higher tax rate will reduce the net income for property letting businesses, potentially leading to increased rental prices as owners will seek to offset the increased tax burden. This could affect the affordability of rental properties and may influence investment decisions, with investors becoming more cautious about expanding their property portfolios due to reduced after-tax returns.

Economically, the increased tax rate is expected to generate additional revenue for the government, contributing to public services and infrastructure development. However, the increased tax burden on property letting businesses may lead to

higher rental prices, which can impact housing affordability. Tenants may find it more challenging to afford higher rents, leading to a shift in demand towards more affordable rental options. This shift is driven by the need for tenants to find housing within their budget constraints. The changes could influence market dynamics, potentially affecting investment decisions within the property sector. Property letting businesses may become more cautious about expanding their property portfolios due to reduced after-tax returns, which could slow down the appreciation rates of properties.

Compliance obligation

Property owners in receipt of rental income are required to declare tax on rental income through the rental income tax account at the prescribed rates by the 14th day of the following month.



The late submission of the return is subject to a late return penalty of ZMW 100 per month or part thereof for each month the return remains outstanding.

In addition, the late payment of the liability attracts a penalty levied at 5% of the principal amount for each month or part thereof the payment is late, plus interest at 2% above the Bank of Zambia discount rate.

How PwC can assist you

We offer comprehensive tax advisory services, recommending the most suitable tax strategies to optimise your tax position and ensure you benefit from all available reliefs and allowances. Additionally, we can assist you in maintaining compliance with filing deadlines, minimising the risk of penalties and ensuring your tax affairs are appropriately managed.

For further information or to discuss how these changes may impact your business, please do not hesitate to contact us.



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