

Zambia

Southern Africa Government Grants and Tax Incentives

Priority Sector Tax Incentive

This is a pre-approval tax incentive designed to encourage companies to invest in priority-sectors in Zambia by offering the following:

- A 0% import duty rate on capital equipment and machinery for five years; and
- 50% - 100% accelerated depreciation on capital equipment and machinery.

Qualifying criteria

An applicant may be eligible for incentives under the Investment, Trade and Business Development Act, 2022 (**ITBDA**) if they invest in a business operating in the following priority sectors and/or rural area:

- Manufacturing
- Construction and establishment of infrastructure
- Tourism
- Energy and Water Development

Multi-Facility Economic Zone Incentive

This is a pre-approval tax incentive designed to encourage investors to set up export-oriented companies in the manufacturing sector in Multi-Facility Economic Zones or Industrial Parks in Zambia. The available incentives are:

- 0% tax for a period of 10 years from the first year of commencement of works;
- 0% tax on dividends declared from profits made on exports from first year of commencement of works for a period of 10 years;
- 0% tax on profits made from exports from first year of commencement of works for a period of 10 years;

- Only 50% of profits to be taxed for years 11 to 13; and
- Only 75% of profits to be taxed for years 14 and 15.

Qualifying criteria:

The table below provides thresholds for investors to qualify for the two Zambian incentives under the ITBDA.

Investor type	Shareholding Structure	Investment Threshold
Local Investor	100% shareholding held by Zambian citizens	US\$50 000
Citizen Owned Company	50.1% or greater shareholding held by Zambian citizens	US\$ 100 000
Citizen Empowerment Company	25% - 50% shareholding held by Zambian citizens	US\$150 000
Citizen Influenced Company	5% - 25% shareholding held by Zambian citizens	US\$500 000
Foreign Investor	100% Foreign shareholding	US\$1 000 000

For any assistance regarding the Zambian priority sector incentives, please contact Mchiza Mwananshiku at mmwananshiku@kpmg.com