




# 2023 Budget Highlights

Zambia



[kpmg.com/zm](https://kpmg.com/zm)

 [www.facebook.com/kpmgzambia](https://www.facebook.com/kpmgzambia)

 [twitter.com/kpmgzambia](https://twitter.com/kpmgzambia)

© 2022 KPMG Zambia Limited, a private company limited by shares registered under the Companies Act of Zambia and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. Printed in Zambia. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

# Contents

**01**

Foreword - 01

**02**

Budget Outturn  
2022 - 03

**03**

Budget Outlook  
2023 - 04

**04**

Macro -  
economic  
Targets - 04

**05**

Economic  
Indicators - 04



**06**

Policy Initiatives - 07

**07**

The 2023 Budget - 16

**08**

Domestic Taxes - 20

**09**

Customs and Excise - 35

**10**

Other Information - 37



# Foreword

The 2023 Budget aims to improve the livelihoods of people through socio-economic transformation by implementing measures to stimulate growth. The budget provides the policy framework, resources and incentives to drive growth. It is focused on the implementation of policies, strategies and measures that aim to unlock local and foreign investment, promote value addition and enhance trade.

Government is expected to create employment opportunities and improve the livelihoods of the people of Zambia. Government has allocated funds to create additional 7 500 jobs (4 500 and 3 000 in education and health respectively) in 2023 through the recruitment of additional teachers and healthcare personnel.

Through this budget, government has continued to invest in constituency development funds (CDF), increasing constituency allocations for the second consecutive year from ZMW 25.7 million per constituency in 2022 to ZMW28.3 million in 2023. The increase aims to encourage local communities to participate in key decision-making processes in the social sectors, particularly in the area of social protection.

## Global economy

The outlook for global growth is negative, with growth in 2022 projected to be 3.2% , down from the 6.1% growth recorded in 2021. This decline was attributed to three notable events; the Russia/ Ukraine conflict, partial COVID-19 lockdown in China and tighter financial conditions in advanced economies.

Commodity prices such copper have weakened to an average price of USD 7 422 per metric tonne in September from USD9,550 in December 2021. Crude oil prices have similarly increased from an average of USD 69.00 per barrel to USD 109.97 per barrel over the same period in 2021. . The supply side disruption was largely driven by the Russia Ukraine conflict.

## Zambian economy

The Minister indicated that the economy has continued to grow and GDP is projected to increase by 3.0% , which is positive albeit at a slower rate than in 2021 when growth of 4.6% was achieved. This is due to lower output in agriculture and weak performance in the construction sector. Over the first eight months of 2022, revenues and grants amounted to ZMW 72.1 billion, 3.5% above the target of ZMW 69.7 billion. Tax revenues stood at ZMW 54.4 billion, non-tax revenue at ZMW 13.5 billion and grant income at ZMW 4.2 billion. The positive performance was mainly attributed to increased collections of corporate taxes and Pay As You Earn (PAYE). Total revenues and grants for the fiscal year 2022 are projected to close at ZMW 101. 4 billion against the target of ZMW 100.7 billion.

Expenditure for the period from January to August 2022 amounted to ZMW 94.3 billion, below the target of ZMW 110.2 billion. Of the total expenditure, ZMW 85.1 billion was financed from domestic resources while ZMW 9.2 billion was foreign financed. The budget deficit for 2023 is projected at 9.8% of GDP.

External debt amounted to USD14.87 billion as at end-June 2022. Of this amount, central Government's external debt stock was USD13.3 billion, while guaranteed and non-guaranteed external debt for state owned enterprises (SoE) was USD1.5 billion and USD113.7 million, respectively. ZESCO and the Kafue Gorge Lower Project's account for 93% of the SoE guarantees. Government bonds and treasury bills increased by 5.3% from ZMW192.9 billion at end December 2021 to ZMW203.9 billion at end August 2022.

Domestic arrears decreased by 8.4% from ZMW48.1 billion in December 2021 to ZMW 44.0 billion at end of June 2022. The reduction is due to government paying suppliers of goods and services and through the enforcement of controls to prevent the accumulation of new arrears.

Growth in consumer prices has slowed to single digit. In September 2022, inflation was at 9.9%, down from 22.1% in September 2021.

Exports increased by 14.3% to USD5.9 billion during the first half of 2022, compared to USD 5.2 billion over the same period in the prior year. This was attributed to an increase in both the volume of copper exported and comparatively favorable prices of the commodity. Gross international reserves are USD 3.0 billion, representing 3.5 months of import cover.

Measured in September, year to year, the Kwacha appreciated by 5.2% to ZMW 15.79 to 1 USD, due to the improved supply of foreign exchange, increased inflows from the mining sector and greater confidence in the government.

The Minister noted the need to gradually reduce the deficits and debt to restore fiscal and debt sustainability.

## 2023 budget objectives

- Attain a real GDP growth rate of at least 4.0%
- Reduce inflation to within the target band of 6-8% by the end of 2023
- Maintain international reserves above 3 months of import cover
- Mobilise domestic revenue of not less than 20.9% of GDP
- Achieve a fiscal deficit of not more than 7.7% of GDP
- Limit domestic borrowing to no more than 3.0% of GDP
- Government proposes expenditure of ZMW 167.3 billion in 2023
- Government expects to raise a total of ZMW 167.3 billion in revenues from the following sources:
  - ◆ Tax revenue - ZMW 93.5 billion (representing 55.9% of total revenue)
  - ◆ Non-tax revenue - ZMW 18.1 billion (representing 10.8% of total revenue)
  - ◆ Domestic financing - ZMW 15.5 billion (representing 9% of the total revenue)
  - ◆ Foreign financing and grants - ZMW 40.1 billion (representing 24% of total revenue)
- The composition of the sources of the revenue measures are 66.7% from domestic revenue and 9% through financing. The remaining 24% will be raised through foreign financing and grants.

# Budget Outturn 2022

- GDP is projected to grow by 3.0% for 2022 compared to a recovery of 4.6% in 2021. The slowdown in growth is mainly attributed to lower output in agriculture due to late onset of rain, drought and flash floods in some parts of the country.
- Revenue and grants amounted to ZMW 72.1 billion as of August 2022 above target by 3.5% whilst expenditure recorded was ZMW 94.3 billion against the target of ZMW 110.2 billion. Of the total expenditure, ZMW 85.1 billion was financed from domestic resources while ZMW 9.2 billion was foreign financed. Total revenues and grants for the fiscal year are projected at ZMW 101.04 billion against the target of ZMW 100.7 billion.
- The country exported more goods and services than imports by USD 1.6 billion during the first half of 2022. The increase in exports was largely due to the increase in copper export earnings and higher copper prices, which contributed USD 4.4 billion to total exports. Imports increased by 41.5% to USD 4.3 billion largely due to the appreciation of the Kwacha against the US dollar and improved economic activity.
- As of August 2022, Gross International Reserves were USD 3.0 billion compared to USD 2.9 billion in September 2021 representing 3.5 months of import cover which is above the target of at least 3 months.
- The Kwacha appreciated by 5.2% to ZMW 15.70 against the US dollar in September 2022 compared to ZMW 16.30 in September 2021 mainly on account of increased foreign exchange inflows from the mining sector.
- Inflation decreased to 9.9% as of September 2022 compared to 22.1% recorded in the same month in 2021. The key drivers to the lower inflation rate was the appreciation of the kwacha and improved supply of food items.
- Public external debt amounted to USD 14.8 billion as at June 2022. Of this amount, Central Government debt was USD 13.2 billion (USD 13.0 billion at the end of December 2021) while guaranteed and non-guaranteed external debt for State Owned Enterprises was USD 1.5 billion (93% attributed to ZESCO and Kafue Gorge Lower Hydro Power Project) and USD 113.6 million respectively. Central Government debt increased by 1.6% on account of disbursements from multilateral creditors. The debt includes USD1.8 billion principal arrears arising from the ongoing debt service standstill and accumulated interest arrears amounting to USD 868.4 million.
- Kwacha denominated credit to the private sector grew by 13% in the first half of 2022 against the contraction of 5.4% in the second half of 2021 largely due to accelerated disbursements from the Bank of Zambia to support businesses through the Targeted Medium-Term Refinancing Facility.
- The performance of the banking sector remained strong as supported by the growth in capital as well as favourable liquidity position. The non-performing loans ratio continued to be below the 10.0% prudential benchmark, at 6.4% as at August 2022. For non-banking financial institutions, the non-performing loans ratio was 13.8% in August 2022 compared to 23.1% in August 2021 mainly as a result of Government clearance of third-party arrears.
- Government domestic arrears, excluding fuel and electricity, amounted to ZMW 44.0 billion as at end of June 2022 from ZMW 48.1 billion as at end of December 2021. The reduction was due to the government paying suppliers of goods and services and curbing the accumulation of new arrears. When fuel arrears and outstanding ZESCO bills to independent power producers are included, domestic arrears stood at ZMW76.4 billion as of June 2022, indicating a reduction of 4.4% from ZMW79.9 billion as of December 2021.
- The fiscal deficit is projected at 9.8% of GDP by the end of 2022, which is above the 2022 target of 6.7%
- Government treasury bills and bonds stocks increased to ZMW 203.9 billion as at end of August 2022 compared to ZMW 192.9 billion as at end of December 2021. The increase is largely attributed to the issuance of bonds and treasury bills to finance the budget.

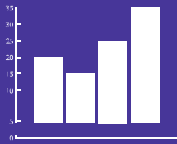


# Budget Outlook 2023

<b>Government Expenditure (ZMW)</b>	<b>167.3 billion</b>
<b>Government Revenue (ZMW)</b>	<b>167.3 billion</b>
<b>Financing from domestic and foreign sources (ZMW)</b>	<b>113.3 billion</b>

Source: Ministry of Finance, 2023 National Budget Speech

## Macro-economic Targets 2019-2023



	2019*	2020*	2021*	2022**	2023***
<b>Real GDP Growth (%)</b>	2	-2.8**	4.6*	3.0**	4.0***
<b>CPI Inflation (end of period) %</b>	11.7	15.5*	22.1*	11.4**	8.4***
<b>Budget Deficit (% of GDP)</b>	6.5	11.7**	10.4**	9.8**	7.7***
<b>International reserve import cover (months)</b>	1.7	2.3*	5.5*	3.5**	3.0***
<b>USD Exchange Rate</b>	13.03	19.95*	16.37*	15.79*	-

\*Actual \*\*Projected \*\*\*Forecast

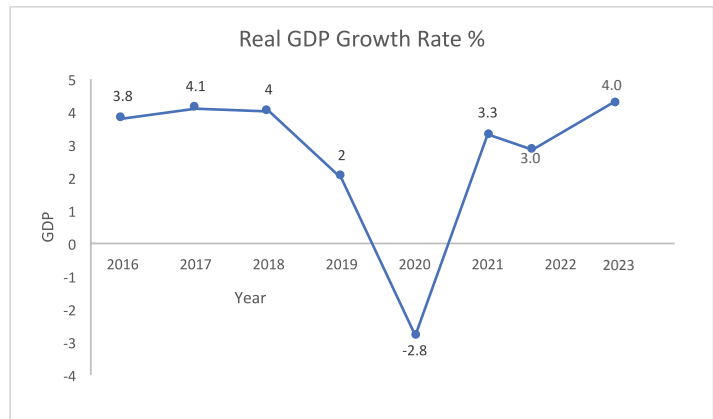
Source: Bank of Zambia: Monetary Policy Statement Report & 2023 Budget Speech

## Economics Indicators



### Real GDP Growth Rate %

Real GDP is projected to grow at 3.0% in 2022 and by 4.0 % in 2023



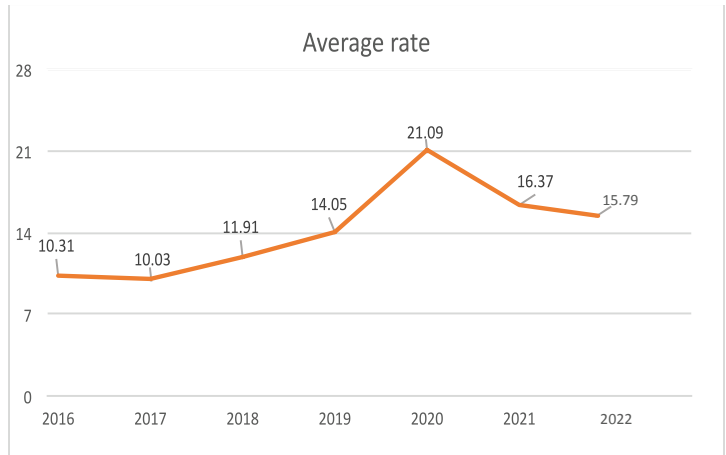
Source: Bank of Zambia, Ministry of Finance

# Economic Indicators



## Year end USD Exchange rate

The Kwacha appreciated by 5.2% to ZMW 15.79 per dollar in September 2022 from ZMW 16.37 in September 2021. The appreciation was on account of increased inflow from the mining sector and greater confidence in the Government. Section 39.

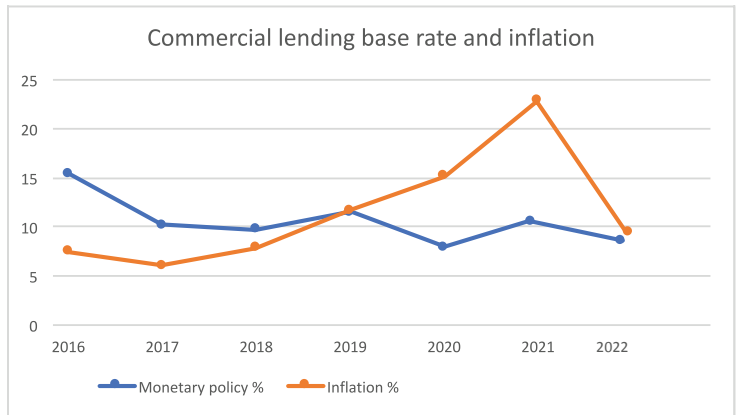


# Economic Indicators



## Monetary Policy Rate and inflation

Over the first 9 months of 2022, inflation decreased to 9.9% compared to 22.1% in the same period in 2021. This was mainly driven by the appreciation of the kwacha and improved supply of food items. Section 33.

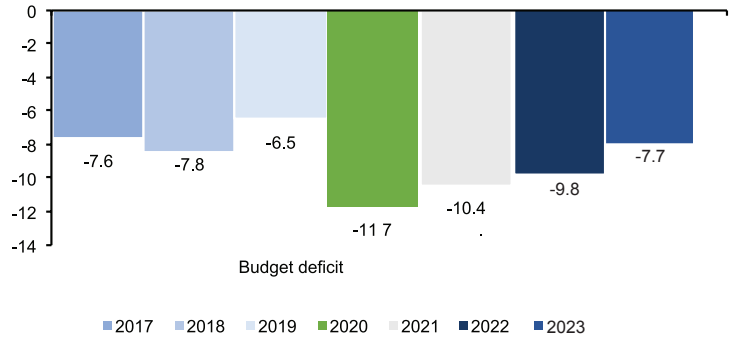


# Economic Indicators



## Fiscal Deficit as a % of GDP

In line with the Eight National Development Plan objective of attaining fiscal sustainability and creating a platform for inclusive growth, the fiscal deficit, on a cash basis, is expected to decrease to 7.7% of GDP by the end of 2023. Section 157.





# Policy Initiatives

- **Agriculture**
- **Tourism**
- **Mining and Energy**
- **Manufacturing**
- **Small and medium Enterprise Development**
- **Transport and Logistics**
- **Information and Communication Technology**
- **Education and Skills Development**
- **Health Sector**
- **Water and Sanitation Sector**
- **Social Protection**
- **Environmental Sustainability**
- **Fight against Corruption**
- **Public Financial Management**
- **Good Governance Environment**

## Agriculture



- Government commenced recruitment of 256 extension officers and additional officers will be recruited in 2023. 1.5 million smallholder farmers will be provided with extension services through physical visits and e-extension platforms.
- Government to construct 40 dams across the country over the medium term. The programme will benefit over 12 000 people.
- FISP continues in 2022/2023 farming season with the same strength as before but to be reformed to include extension service support; irrigation development; access to finance; support to value addition; and storage and logistics. The new expanded programme will be called Comprehensive Agriculture Support Programme.
- Government is set to aggressively revive the development of farm blocks. The main objective is to promote diversification, sustainability and jobs in the agri- food sector in the country, especially for exports. USD300 million from the World Bank will be provided for the development of farm blocks such as Nansanga in Central Province, Luswishi in Copperbelt Province and Luena in Luapula province.
- Government will formulate the National Animal Health and National Aquaculture and Fisheries policies through review and amend the Animal Health Act No. 27 of 2010 and Animal Identification Act No. 28 of 2010.

## Tourism sector



- Government will continue to bid for hosting of meetings, international conferences and events. In 2023, Zambia will host the 45<sup>th</sup> Annual Meeting of the Association of African Central Banks.
- Government will invest in infrastructure in the Kasaba Bay, a growth pole that was abandoned ten years ago. Liuwa National Park and other tourism sites will also receive attention to unlock opportunities for investment. To this end, Government is in the process of securing US\$100 million from the World Bank for this purpose.
- Government has introduced 26 services for the tourism sector on the Government Service Bus such as Bird Hunting Licence, Hotel Manager Practising Certificate, Casino Licence and Professional Hunter's Licence.
- Government will also streamline the legal framework by reviewing the Zambia Wildlife Act, Tourism and Hospitality Act and the National Heritage and Conservation Commission Act.

## Mining and Energy



- Government has managed to secure an investment of US\$1.4 billion for the expansion of Kansanshi Project and development of the brand-new Enterprise Nickel Project by First Quantum Minerals. The Nickel Mine will be the largest in Africa.
- Government working to urgently resolve the challenges at Konkola and Mopani Copper Mines.
- To enhance regulatory oversight in the sector, Government to establish a mining regulatory institution and enhanced reporting requirements of production, costs and mineral content.
- To promote artisanal and small-scale mining, Government will implement measures to formalise their operations and support them with the necessary equipment and training to enhance production.
- Government to also licence buyers of gold and other precious minerals so that the trade is formalised.

## Manufacturing

- Government to continue to promote multi-facility economic zones as a way of expanding the country's industrial and manufacturing base. The Lusaka South Multi-Facility Economic Zone has this year attracted more than 30 companies with a total pledged investment of USD 230 million and 4,000 jobs.
- Government has also facilitated the establishment of a multi-facility economic zone in Kalumbila to promote mining and non-mining linked manufacturing for both the Zambian and Congolese markets.
- On the Copperbelt, Government is promoting the manufacturing of electric car batteries.
- Government reviewed the Zambia Development Agency Act. The review has led to the subsequent development of two Bills namely, the Zambia Development Agency Bill and the Investment, Trade and Business Development Bill. The Zambia Development Agency Bill provides for the administrative and operational matters of the Agency while the Investment, Trade and Business Development Bill provides for the promotion of trade, investment and business development.

## Small and Medium Enterprise Development

- To ensure that SMEs access affordable finance from financial services providers, Government will continue to empower them through the Constituency Development Fund and Citizens Economic Empowerment Fund.
- To contribute to increased market access for SMEs, Government is implementing the Zambia Agri- business and Trade Project with the World Bank. The principal objective of the Project is to link emerging farmers and agri-business SMEs to larger markets. This is being done by structuring support for off-take opportunities.

## Energy Sector

- To enhance efficiency in the fuel supply chain, the Government has withdrawn from the importation and supply of petroleum products. This business will now be undertaken by the private sector. The role of Government will be limited to that of being a regulator and ensuring cost reflective pricing. In addition, Government will ensure the maintenance of strategic reserves.
- In addition, Government is in the process of converting TAZAMA Pipeline from a petroleum feedstock carrier to a carrier of finished products, particularly diesel.
- In the electricity sub-sector, the country has achieved a surplus in electricity generation capacity of 1,156 megawatts. This follows the coming on board of 600 megawatts generation capacity at the Kafue Gorge Lower Hydro Power Station. This has enabled the country to increase exports of electricity to the Southern Africa Power Pool worth over USD100 million during the first half of this year.
- Maamba Collieries will also be engaged to increase generation to 600 megawatts to improve the energy mix.

## Energy Sector

- To facilitate export of power to the East African region, Government is in the process of securing financing to complete the remaining in-country circuits for the Zambia-Tanzania-Kenya interconnector.
- Government has also continued implementing the Rural Electrification Master Plan which targets to electrify 1,217 rural growth centres by 2030.

## Transport and Logistics

- To overcome the limitations imposed by scarce financial resources, roads with good traffic volumes will be undertaken using the Public Private Partnership mode. These include Lusaka-Ndola dual carriageway, Chingola-Solwezi, Ndola-Mufulira, Chingola-Kasumbalesa and the Lumwana-Kambimba roads.
- Government will maintain, rehabilitate and upgrade critical economic roads using the Zambia National Service that will be re-equipped.
- To improve efficiency and reduce time spent at the border, Government will construct and upgrade access to and infrastructure at key border posts. These include the Sakania, Chalwe, Mokambo, Kambimba, Kipushi, Katima-Mulilo, Mpulungu, Chanida, Mwami, and Nakonde. The roads leading to Namafulo and Zombe will be rehabilitated. In addition, pontoons will be stationed at Luangwa and Namafulo.
- Government will expedite the establishment of the Kazungula Bridge Authority in collaboration with the Government of Botswana.
- To enhance transport by air, Government will commence the upgrading of aerodromes. The improvements at these aerodromes will promote tourism and trade in the country.

## Information and Communication Technology (ICT) Sector

ICT enables economic growth by facilitating delivery of services through e-commerce platforms.

- The government is reviewing the existing legislation to create an enabling environment for the adoption and application of science, technology and innovation, in order to improve development planning, electronic communication, data collection, environmental management and agricultural production.
- Government will implement the National Digital Transformation Strategy (NDTS) and review the Information and Communication Technology (ICT) Act No. 15 of 2009. The aim is to create an enabling environment for the uptake of digital services by enhancing opportunities for investment in infrastructure and use of digital platforms.
- Policies will be formulated by the government to encourage the uptake of ICT by differently abled persons.
- The Postal Services Act No. 22 of 2009 will also be reviewed to adequately address the current challenges with courier services with the aim of stimulating and ensuring fair competition in the provision of postal and courier services.

## Education and skills development

Government has made a significant investment in education, skills, health, water and sanitation as well as provision of social protection.

The government will continue to implement measures to improve the quality of education in the country. Specific measures include the following:

- The recruitment of 4,500 teachers in 2023 who will be deployed in the rural areas.
- Upgrading teachers who are currently serving in positions that are lower than their qualifications, including those who have been acting in higher positions for a long time without confirmation.
- Providing money specifically for ensuring that schools are visited by standards compliance personnel to ensure adequate supervision and adherence to education standards.
- Completing the construction of 56 Early Childhood Education Centres.
- Embarking on an exercise to complete the 115 secondary schools which were abandoned midstream in the past twelve years.
- Commencement of the construction of 120 new secondary schools with the support of the World Bank.
- Establishment of polytechnics to increase access to skills training for the youth.
- Commissioning Lundazi, Nsumbu and Mporokoso Trades Training Institutes.
- Continuing to modernize TEVET institutions with state-of-the-art training equipment through the Skills Development Fund. Focus will also be directed towards the rehabilitation of workshops, building capacity of trainers, reviewing curricula and syllabi as well as upgrading the level of training offered by institutions.
- Re-introduction of meal allowances to students in the public universities to improve their welfare.

## Health Sector

The government will implement the following measures to improve the provision of quality healthcare services in the health sector:

- The recruitment of 3,000 health personnel.
- Increased allocations for the purchase of drugs and medical supplies in order to improve availability of essential medicines and medical supplies.
- Equipping and re-equipping health facilities with modern equipment
- The completion of the construction of a specialized hospital in Lusaka for women and children.
- The completion of 36 district hospitals, 16 mini hospitals and 83 health posts will be across the country.
- Commencement of the construction of the second phase of mini hospitals.
- Rehabilitation and maintenance of health facilities

## Water and Sanitation Sector

Improving access to clean and safe drinking water and provision of sanitation services

- The government intends to implement the following reforms in the Water and Sanitation Sector:
  - ◆ Accelerating the completion of construction and rehabilitation of water supply and sanitation infrastructure in order to increase access to clean and safe water and sanitation services.
  - ◆ Commencement of the construction of water borne sanitation infrastructure across the country to enhance hygiene in public places such as markets and bus stations.
  - ◆ Completion of Kafulafuta Dam Project on the Copperbelt in 2023, that will provide water to more than a million households in Masaiti, Luanshya, Mpongwe and Ndola Districts.
  - ◆ Completion of the Lusaka Water and Sanitation Project in Matero and the industrial area.
  - ◆ Other water and sanitation projects which are ongoing include the Integrated Small Towns Water Supply and Sanitation Project in Nakonde and Mpika Districts; Transforming Rural Livelihoods in Western Zambia; Nkana Water and Sanitation Project; Chipata Water Supply and Sanitation Project; and the Zambia Sanitation Project on the Copperbelt.

## Social protection

Enhancing Continued social protection for the poor and vulnerable

The government will implement the following measures:

- Increasing the number of beneficiary households under the programme to 1 374 500 people in 2023 from 973 323 in July 2022.
- The continued provision of education grants for girls in social cash transfer beneficiary households under the Keeping Girls in School Initiative.
- The continuation of the Food Security Pack Programme and the Public Welfare Assistance Scheme.
- Reduction of the waiting period of pensioners under the Local Authorities Superannuation Fund.

## Environmental Sustainability

Government has taken the following measures to improve environmental sustainability:

- Strengthening of climate change mitigation and adaptation to promote sustainable management of the environment, eco-systems and natural resources.
- Continue implementing projects aimed at the sustainable management of the environment through projects such as Transforming Landscapes for Resilience and Development; Zambia Integrated Forestry Landscape Programme; and Strengthening Climate Resilience of Agricultural Livelihood in Agro-Ecological Regions.

## Environmental Sustainability

- Commencement of the setting up of timber exchanges which will enable many buyers and sellers to meet in one place at pre-announced times. These exchanges will provide better transparency, and with many buyers available, it is anticipated that our timber will fetch better value.
- Extension and enhancement of coverage of early warning systems to facilitate preparedness and prompt response to adverse weather events. A total of 120 automatic weather stations will be installed across the country in 2023.
- Pursuing innovative sources of financing such as green bonds. In this regard, Government has developed guidelines and listing rules for green bond trading.
- Developing legislation to regulate the carbon market in line with the Kyoto Protocol on climate change.

## Fight against Corruption

- Government will publish the Governance Diagnostic Assessment Report. The Assessment will identify the main governance weaknesses and corruption vulnerabilities as well as measures to address them.
- Government will undertake to adhere to transparency and accountability in the management of public resources.
- Government will increase funding to law enforcement agencies and oversight institutions.

## Fiscal policy

The government will implement the following measures to bring about fiscal discipline:

- Improving the fiscal position by reducing the overall deficit to 7.7 percent of GDP from the projected 9.8 percent in 2022.
- Strengthening of compliance and administrative capabilities to generate more revenue while keeping the tax policy environment stable and predictable.
- Containment of public expenditures within sustainable levels. This will be achieved by ensuring strict adherence to priority projects, doing away with wasteful subsidies and improving procurement procedures.
- Curbing of the accumulation of new arrears by enforcing the use of the Commitment Control System for procurement of goods and services.

## Public financial management

The government will implement the following measures to bring about sound public financial management:

- Developing a Public Financial Management Strategy for the period 2023-2026 to enhance internal controls in the payroll system; improve functionality of IFMIS; and improve the coverage and timeliness of financial reporting.
- Ensuring that ministries register purchase orders and other financial commitments in the IFMIS to facilitate the link between procurement commitments and the budget to curtail the accumulation of arrears.
- Integrating various ICT systems to the government service bus platform to facilitate data matching and workflow. Further, an additional 100 services from 20 institutions will be automated and introduced onto the platform bringing the total number of public services on the bus to 362 by the end of 2023.
- Ensuring that payments for public services will be made through electronic channels to mitigate revenue leakages.
- Ensuring that all local authorities currently on activity-based budgeting will migrate to output based budgeting system in 2023.
- Decentralisation management of the payroll to the respective controlling officers to address incidences of ghost workers and other payroll anomalies that result in loss of funds by government.

## Debt management

The government will implement the following measures to manage the debt situation:

- Engaging all the creditors to negotiate and agree the terms and conditions of the debt restructuring.
- Finalisation of the enabling regulations around the Public Debt Management Act No. 15 of 2022 to further strengthen public debt management and enhance transparency and accountability

## Public investment management

The government will implement the following measures to manage public investment:

- Strengthening capacity in public institutions to develop projects and undertake appraisals. Public investment projects will undergo appraisal and only viable ones will be included in the Public Investment Plan.
- Development of a Public Investment Management Information System to enhance efficiency in the development of public investment projects, appraisal and information management.



## Financial inclusion

Government will step up efforts to increase financial services to unserved and underserved areas, particularly among the rural population.

Government is developing a 2023-2027 National Financial Inclusion Strategy, which will provide interventions to increase financial inclusion.

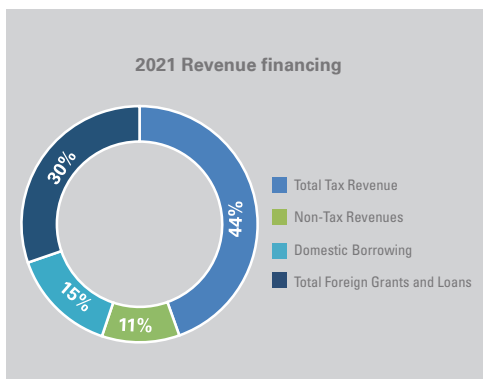
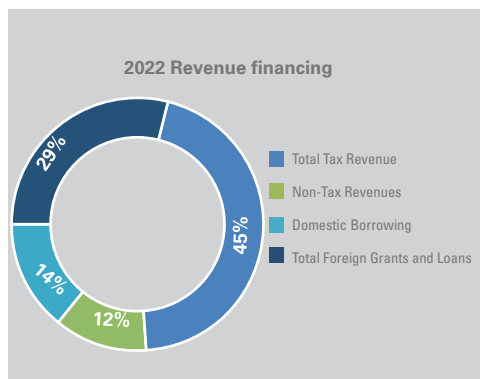
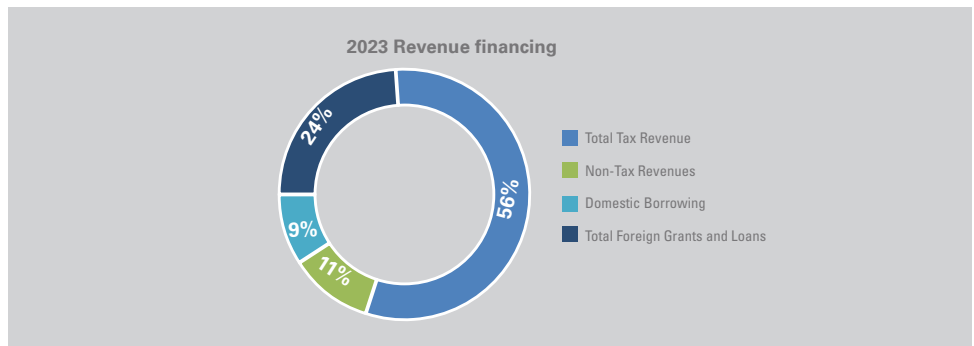
## State-owned enterprise management

- Government is developing a state-owned enterprise policy to strengthen their governance and improve performance. The policy will also provide a framework for conducting periodic assessment of state-owned enterprises to ensure appropriate interventions.
- Cash rich state enterprises shall not be allowed to buy businesses that are of no strategic value or being made to buy existing businesses where the vendors believe only a state-owned enterprise can agree to pay an inflated price.

# The 2023 Budget

The Government intends to spend ZMW 167.3 billion representing 31.4% of GDP which will be financed by:

- Domestic revenues and grants amounting to ZMW 113.3 billion or 67.7% of the total budget.
- Debt financing, both domestic and external, amounting to ZMW 54 billion or 32.3% of the total budget.



# The 2023 Budget (cont'd)

Total Domestic Revenue, Grants and Financing				
Description	2023	2022	2021	2020
	ZMW 'million	ZMW 'million	ZMW 'million	ZMW 'million
1 <b>Total Tax Revenues</b>	<b>93,556</b>	<b>77,852</b>	<b>53,273</b>	<b>54,218</b>
<i>Income Taxes</i>	<i>50,427</i>	<i>42,275</i>	<i>27,065</i>	<i>25,613</i>
Company Tax	21,196	16,394	9,115	7,904
Other Income Tax	9,912	8,623	5,083	5,377
PAYE	19,319	17,259	12,867	12,331
<i>Value Added Tax</i>	<i>29,209</i>	<i>22,904</i>	<i>16,938</i>	<i>18,943</i>
Domestic VAT	-	-	-	-
Import VAT	-	-	-	-
<i>Customs &amp; Excise Duty</i>	<i>13,920</i>	<i>12,673</i>	<i>9,271</i>	<i>9,213</i>
Customs Duty	6,880	6,355	4,285	4,211
Export Duty	110	134	178	181
Excise Duty	6,930	6,184	4,808	4,822
O/W Fuel Levy	-	-	-	-
2 Other revenues	-	344	-	449
3 <b>Non-Tax Revenues</b>	<b>18,087</b>	<b>20,663</b>	<b>12,709</b>	<b>17,709</b>
Mineral Royalty Tax	8,986	12,839	6,613	12,890
Fees & Fines/ Exceptional	8,517	7,824	5,686	4,820
other non-tax revenues	583	-	410	-
4 <b>Domestic Borrowing</b>	<b>15,576</b>	<b>24,459</b>	<b>17,430</b>	<b>3,457</b>
<b>Total Domestic Revenues &amp; Finance</b>	<b>127,219</b>	<b>123,318</b>	<b>83,413</b>	<b>75,384</b>
5 <b>Foreign Grants</b>	<b>1,705</b>	-	-	-
6 <b>Foreign Financing</b>	<b>38,397</b>	<b>49,669</b>	<b>36,203</b>	<b>30,624</b>
<b>Total Foreign Grants and Loans</b>	<b>40,103</b>	<b>49,669</b>	<b>36,203</b>	<b>30,624</b>
<b>Total Revenue &amp; Financing</b>	<b>167,322</b>	<b>172,987</b>	<b>119,616</b>	<b>106,008</b>

# The 2023 Budget (cont'd)

Function	Expenditure by Function											
	2023 Budget			2022 Budget			2021 Budget			2020 Budget		
	ZMW 'million	Percentage of Budget		ZMW 'million	Percentage of Budget		ZMW 'million	Percentage of Budget		ZMW 'million	Percentage of Budget	
General Public Services	66,172.29	39.55%		86,370.42	49.93%		57,819.23	48.34%		44,080.74	41.58%	
Defence	8,147.48	4.87%		7,634.32	4.41%		5,642.82	4.72%		6,526.39	6.16%	
Public Order and Safety	5,188.57	3.10%		3,492.63	2.02%		3,078.69	2.57%		4,042.70	3.81%	
Economic Affairs	35,013.40	20.93%		33,705.80	19.48%		21,499.99	17.97%		21,833.35	20.60%	
Environmental Protection	1,059.98	0.63%		971.92	0.56%		955.53	0.80%		611.78	0.58%	
Housing and Community Amenities	2,584.28	1.54%		2,376.33	1.37%		2,221.52	1.86%		3,460.38	3.26%	
Health	17,394.80	10.40%		13,911.60	8.05%		9,653.31	8.07%		9,366.59	8.84%	
Recreation, Culture and Religion	444.42	0.27%		156.42	0.09%		151.36	0.13%		383.05	0.36%	
Education	23,188.74	13.86%		18,073.37	10.45%		13,772.75	11.51%		13,121.65	12.38%	
Social Protection	8,127.76	4.86%		6,294.26	3.64%		4,820.80	4.03%		2,580.98	2.43%	
<b>Grand Total</b>	<b>167,321.73</b>	<b>100%</b>		<b>172,987.07</b>	<b>100.00%</b>		<b>119,616.00</b>	<b>100.00%</b>		<b>106,007.61</b>	<b>100.00%</b>	

# The 2023 Budget (cont'd)

## General public services

- The Government has budgeted to spend ZMW 66.2 billion (2022: ZMW 86.4 billion) of the total budget towards public services. ZMW 18.2 billion (2022: ZMW 51.3 billion) and ZMW 30.5 billion (2022: ZMW 27.4 billion) of this allocation will be spent on external and domestic debt servicing respectively.
- ZMW 6.8 billion (2022: ZMW 3.1 billion) has been allocated to the dismantling of domestic debt arrears.
- Further, ZMW 1.3 billion (2022: ZMW 1.3 billion) has been allocated to the Local Government Equalization Fund.

## Economic affairs

- The Government has proposed to spend ZMW 35.0 billion (2022: ZMW 33.7 billion) or 20.9% (2022: 19.48%) of the budget on the Economic Affairs Function.
- ZMW 5.2 billion (2022: ZMW 4.9 billion) has been allocated to road infrastructure including the continuation of ongoing projects.
- ZMW 11.2 billion has been allocated to the Comprehensive Agriculture Support Programme which will provide farming inputs, improve market access, provide farmers with financing, and develop irrigation systems. Of this amount, ZMW 9.1 billion (2022: ZMW 5.4 billion) has been allocated to farming input support.
- ZMW 0.7 billion (2022: ZMW 0.4 billion) has been allocated to the Rural Electrification Programme.
- ZMW 4.4 billion (2022: ZMW 4.0 billion) has been allocated to constituency

development fund out. Each constituency will get ZMW 28.3 million (2022: ZMW 25.7 million).

- ZMW 366.3 million has been allocated to tourism marketing and infrastructure.

## Education

- In 2023, the Government proposes to spend ZMW 23.2 billion (2022: ZMW 18.1 billion) on education. Of this, ZMW 1.5 billion (2022: 0.7 billion) is for construction, rehabilitation, and completion of ongoing school infrastructure.
- ZMW 0.4 billion (2022: ZMW 1.7 billion) has been assigned for the recruitment of 4 500 teachers.
- ZMW 0.9 billion has been allocated to Higher Education Loans and Scholarship Board to cater for student bursaries and the re-introduction of student meal allowances.

## Health

- The government proposes to spend a total of ZMW 17.4 billion (2022: ZMW 13.9 billion) on health services; of this amount, ZMW 4.6 billion (2022: 3.4 billion) is for procurement of essential drugs and medical supplies.
- ZMW 1.1 billion has been allocated to the construction, completion, and rehabilitation of health facilities.
- ZMW 0.9 billion has been allocated to the procurement of medical equipment and ambulances.
- ZMW 0.3 billion has been budgeted for the recruitment of 3 000 additional health personnel.

# Domestic Taxes

All proposed changes under Domestic Taxes for the fiscal year 2023 are effective 1st January 2023.

## Pay As You Earn Exempt threshold

The Government has proposed to increase the exempt threshold from ZMW4 500 in 2022 to ZMW4 800 in 2023 per month. The annual exemption threshold will be at ZMW57 600 in 2023 from ZMW54 000 in 2022.

## Marginal rate and tax bands adjustment

The marginal PAYE rate in 2023 will remain the same at 37.5%. The monthly and annual PAYE tax bands are as tabulated below:

Monthly					
Current PAYE bands – 2022			Proposed PAYE bands – 2023		
From	To	Tax rate	From	To	Tax rate
0	4,500	0%	0	4,800	0%
4,501	4,800	25%	4,801	6,800	20%
4,801	6,900	30%	6,801	8,900	30%
above	6,900	37.5%	above	8,900	37.5%

Annual					
Current PAYE bands – 2022			Proposed PAYE bands – 2023		
From	To	Tax rate	From	To	Tax rate
0	54,000	0%	0	57,600	0%
54,001	57,600	25%	57,601	81,600	20%
57,601	82,800	30%	81,601	106,800	30%
above	82,800	37.5%	above	106,800	37.5%

## Tax credit for differently abled persons

The monthly tax credit for differently abled persons has been increased from ZMW500 in 2022 to ZMW600 in 2023.

## Presumptive tax for individuals operating public service vehicles

The presumptive tax for individuals operating public service vehicles remain the same in 2023 as follows:

Vehicle Sitting Capacity	2022 Tax Per Annum (ZMW)	2023 Tax Per Annum (ZMW)
64 seater and above	12 960	12 960
50 - 63 seater	10 800	10 800
36 - 49 seater	8 640	8 640
22 - 35 seater	6 480	6 480
18 - 21 seater	4 320	4 320
12 - 17 seater	2 160	2 160
Below 12 seater	1 080	1 080

# Domestic Taxes (cont'd)

## Corporate income tax (non-mining)

The various year-on-year non-mining and proposed 2023 tax rates are indicated in the table below:

Category	Charge year		
	2023	2022	2021
Manufacturing and other	30%	30%	35%
Manufacturing - value added to copper cathodes	15%	15%	15%
Manufacturing of organic fertilisers	15%	15%	15%
Manufacture of chemical fertilisers	15%	15%	15%
Manufacturing of ceramic products	0%	0%	35%
Tourism (hotels and lodges)	15%	15%	15%
Farming	10%	10%	10%
Agro processing	10%	10%	10%
Companies listed on the Lusaka Stock Exchange (less 2% in first year of listing on LuSE/ less 5% for as long as one-third of shares are owned by indigenous Zambians)	30%	30%	35%
Public benefit organisations business income	15%	15%	15%
Non-traditional exports	15%	15%	15%
Non-traditional export from farming or agro - processing	10%	10%	10%
Commercial imports (advance income tax)	15%	15%	15%
Insurance premium levy	5%	5%	3%
Skills development levy	0.50%	0.50%	0.50%
National Health Insurance at 1% of the basic pay paid by the employer & employee each	1%	1%	1%
Tourism levy	1.50%	1.50%	1.50%
<b>Telecommunications companies</b>			
up to ZMW250 000	35%*	30%	35%
excess of ZMW250 000		40%	40%
*The two tier tax system has been abolished and replaced with a single corporate tax rate of 35% for Telecommunication companies.			

\*2023 Proposed Budget Changes

# Domestic Taxes (cont'd)

## Corporate income tax (non-mining cont'd)

Category	Charge year		
	2023	2022	2021
<b>Rental Income</b>			
ZMW 0 to ZMW12 000	0% *	4%	10%
ZMW 12,001 to ZMW800 000	4%	4%	10%
excess ZMW800 000	12.5%	12.5%	10%
<b>Carry forward of tax losses</b>			
Electricity generation by Hydro, thermal power, wind and solar	10 years	10 years	10 years
Electricity generation using other sources except wood	5 years	5 years	5 years
All other non-mining companies	5 years	5 years	5 years
<b>Capital allowances deductions</b>			
Investment/initial allowance on new industrial buildings	10%	10%	10%
Industrial building allowance	5%	5%	5%
Development allowance	10%	10%	10%
Local content allowance	2% *	2%	2%
Plant & machinery used in manufacturing & tourism	50%	50%	50%
Implements, machinery & plant used in the generation of electricity	50%	50%	50%
Plant, equipment and machinery used in farming and agro - processing	100%	100%	100%
Commercial buildings	2%	2%	2%
Commercial motor vehicles & other plant and machinery	25%	25%	25%
Non-commercial motor vehicles	20%	20%	20%
Farm works/improvements & improvement allowance under Multi Facility Economic Zones only	100% *	100%	100%
*Local content allowance has been extended to include Tomatoes.			
*Farm improvement allowance threshold increased from ZMW 20,000 to ZMW 100,000			

\*2023 Proposed Budget Changes



# Domestic Taxes (cont'd)

## Corporate income tax (mining)

The table below shows the various year-on-year tax rates and the proposed 2023 changes.

Category	Charge year		
	2023	2022	2021
Mining – Base Metals /Gemstones /Precious Metals	30%	30%	30%
Artisanal and small scale mining	Turnover Tax*	30%	30%
Gemstone Industry (Lapidary and Jewellery facilities)	25% *	30%	30%
Mineral processing	30%	30%	30%
<b>Capital allowances deductions</b>			
Mining equipment & related capital expenditure (claim when asset is brought into use)	20%	20%	20%
Commercial motor vehicles & other plant and machinery	25%	25%	25%
Non-commercial motor vehicles	20%	20%	20%
Use annual average Bank of Zambia (BOZ ) mid-rate for computing indexed losses and capital allowances for the accounting period.			
<b>Carry forward of tax losses</b>			
Mining operations	10 years	10 years	10 years
Prospecting & exploration	5 Years	5 Years	5 years
Import duty on certain mining equipment	Rebate	Rebate	Rebate
VAT deferment scheme (annual application)	Yes	Yes	Yes
<b>Other rates</b>			
Withholding tax on dividends	0%	0%	0%
*Corporate income tax rate has been reduced from 30% to 25% on income earned from value addition to gemstones through Lapidary and Jewellery facilities.			
*Income earned from Artisanal and Small Scale Mining will be subjected to turnover tax based on the gross turnover less mineral royalty paid.			

# Domestic Taxes (cont'd)

## Corporate income tax (mining)

Mineral Royalty Tax Rates			
Category	2023 Charge year *		
	Mineral royalty tax scales on base metals		
\$1- \$4,000	4.00%		
\$4,001 - \$5,000 (next \$1,000)	6.50%		
\$5,001 - \$7,000 (next \$1,000)	8.50%		
\$7,001 and above	10.00%		
Mineral royalty on precious metals			
6.00%			
Mineral royalty on gemstones			
6.00%			
Mineral royalty on cobalt and vanadium			
8.00%			
Mineral Royalty to apply on incremental value for each price range			
Category	Charge year		
	2022	2021	
Mineral royalty tax scales on base metals			
\$1- \$4,449	5.50%	5.50%	
\$4,500 - \$5,999	6.50%	6.50%	
\$6,000 - \$7,499	7.50%	7.50%	
\$7,500 - \$8,999	8.50%	8.50%	
\$9,000 and above	10.00%	8.50%	
Mineral royalty on precious metals			
6.00%			
Mineral royalty on gemstones			
6.00%			
Mineral royalty on cobalt and vanadium			
8.00%			

# Domestic Taxes (cont'd)

## Corporate income tax (mining)

Category	Charge year		
	2023	2022	2021
Export duty on Copper and Cobalt concentrates	10%	10%	10%
Import duty on copper and cobalt concentrates	0%	0%	5%
Export duty on precious metals and gemstones	15%	15%	15%
Export duty on manganese ores and concentrates	15%	15%	15%
Interest deductibility	EBITDA	EBITDA	EBITDA
Taxation of hedging income	30%	30%	35%
Property transfer tax on sale or transfer of land or shares and intellectual property	7.5% *	5%	5%
Property transfer tax on sale or transfer of mining rights/ interest in mining rights and mineral processing licence	10%	10%	10%
Property transfer tax on sale or transfer of mining rights held by Exploration Companies	7.5% *	10%	10%

\* 2023 Proposed Budget Changes

# Domestic Taxes (cont'd)

## Filing of tax returns

### Tax Calendar

2023 Charge year	Due Date
<b>Corporate tax</b>	
Submission of provisional income tax return (electronic)	31-Mar-23
Submission of income tax provisional tax return (manual)	05-Mar-23
Payment of first quarter provisional tax instalment	10-Apr-23
Payment of second quarter provisional tax instalment	10-Jul-23
Payment of third quarter provisional tax instalment	10-Oct-23
Payment of fourth quarter provisional tax instalment	10-Jan-24
Submission of annual tax return for 2022 and payment of balance of tax (electronic)	21-Jun-24
Submission of annual tax return for 2022 (manual)	05-Jun-24
<b>2022 Charge year</b>	
<b>Corporate tax</b>	
Submission of provisional income tax return (electronic)	31-Mar-22
Submission of income tax provisional tax return (manual)	05-Mar-22
Payment of first quarter provisional tax instalment	10-Apr-22
Payment of second quarter provisional tax instalment	10-Jul-22
Payment of third quarter provisional tax instalment	10-Oct-22
Payment of fourth quarter provisional tax instalment	10-Jan-23
Submission of annual tax return for 2021 and payment of balance of tax (electronic)	21-Jun-23
Submission of annual tax return for 2021 (manual)	05-Jun-23
<b>Others</b>	
PAYE monthly return and payment	10th of the following month
Mineral Royalty return and payment	14th of the following month
Property transfer tax	14 days from assessment
Tourism Levy	14th of the following month
Withholding tax payments and certificate	14th of the following month
Turnover tax return and payment	14th of the following month
Presumptive tax return and payment	14th of the following month
Local excise duty return & payment	15th of the following month
WHT VAT return and payment	16th of the following month
VAT return and payment	18th of the following month
Premium levy return and payment	18th of the following month
Transfer Pricing Local and Master file compliance for 2022 charge year	21-Jun-23

# Domestic Taxes (cont'd)

## Other Domestic taxes

The various year-on-year withholding tax and other taxes are provided in the table below:

Category	Year		
	2023	2022	2021
<b>Withholding tax and other rates</b>			
Non-mining dividend pay-outs - non-resident	20%	20%	20%
Non-mining dividend pay-outs – resident			
Profits distribution by a branch of foreign companies	15%	15%	15%
Management and consultancy fees to residents	15%	15%	15%
Management and consultancy fees to non-residents	20%	20%	20%
Royalties to non-residents	20%	20%	20%
Interest for individuals on savings and deposit accounts	0% *	0%	0%
Interest for individuals on savings groups such as co-operative and village banking	0% *	15%	15%
Interest on Treasury Bills for Individuals (Final tax)	15%	15%	15%
Interest on Treasury Bills (Final tax for Public Benefit Organisations)			
	15%	15%	15%
Interest on Green Bonds Listed on Securities Exchange in Zambia	0% *	15%	15%
Interest on Government Bonds (Coupon Income)	15%	15%	15%
Interest payable to non-residents	20%	20%	20%
Commissions to non-residents	20%	20%	20%
Public Entertainment fees to Non- Residents (Final tax)	20%	20%	20%
Non-Resident Contractors	20%	20%	20%
Reinsurance payable to non-residents	0% *	20%	0%
Property transfer tax on intellectual property	7,5% *	5%	5%
Property transfer tax (Indirect control/ ownership change in a foreign country with an interest in a Zambian company)			
	7,5% *	5%	5%

\* 2023 Proposed Budget Changes

# Domestic Taxes (cont'd)

## Other Domestic taxes

Category	Year		
	2023	2022	2021
Casino machine games	35%	35%	20%
Lottery winnings	35%	35%	20%
Betting	15%	25%	10%
Gaming - per machine per month	ZMW 250 - ZMW 500	ZMW 250 - ZMW 500	ZMW 250 - ZMW 500
The Zambia Revenue Authority is the interim regulator for the gaming industry. Tickets to display the Withholding Tax payable on potential wins.			
<b>Turnover tax</b>			
Threshold	Up to ZMW 800 000	Up to ZMW 800 000	Up to ZMW 800 000
Standard rate	4%	4%	4%
<b>Turnover tax under declaration penalties</b>			
Penalty for negligence	1.50%	1.50%	1.50%
Penalty for late return	ZMW 150	ZMW 150	ZMW 150
Penalty for willful default	3%	3%	3%
Penalty for fraud	4.50%	4.50%	4.50%
<b>Carbon tax</b>			
Motor cycles	ZMW 50	ZMW 50	ZMW 50
Engine size greater than 1 500cc	ZMW 50	ZMW 50	ZMW 50
Engine size between 1 500cc and 2 000cc	ZMW 100	ZMW 100	ZMW 100
Engine size between 2 000cc and 3 000cc	ZMW 150	ZMW 150	ZMW 150
Engine size over 3 000cc	ZMW 200	ZMW 200	ZMW 200
<b>Carbon tax for transiting Vehicles</b>			
Motor cycles	USD 12 or ZMW Eqv*		
Engine size greater than 1 500cc	USD 12 or ZMW Eqv*		
Engine size between 1 500cc and 2 000cc	USD 24 or ZMW Eqv*		
Engine size between 2 000cc and 3 000cc	USD 36 or ZMW Eqv*		
Engine size over 3 000cc	USD 48 or ZMW Eqv*		

\* 2023 Proposed Budget Changes

# Domestic Taxes (cont'd)

## Tax Penalties

Description	Company	Individual	Interest
<b>Corporate Tax and Mineral Royalty</b>			
Late settlement	5%/month or part thereof	5%/month or part thereof	2% above Bank of Zambia discount rate
Underestimation of tax paid by more than one third of the final tax	25%	25%	Nil
Late lodging of return	ZMW600 per month or part thereof	ZMW300 per month or part thereof	Nil
<b>Withholding Tax, PAYE, Individual tax</b>			
Late settlement	5%/month or part thereof	5%/month or part thereof	2% + Bank of Zambia discount rate
Late lodging of return	ZMW 600 per month	ZMW 300 per month	Nil
Withholding Tax on Rent	340 penalty units per month	340 penalty units per month	340 penalty units per month
Late lodging of return	ZMW 600 per month	ZMW 300 per month	Nil
<b>Value Added Tax</b>			
Late settlement	0.5% of tax due per day	0.5% of tax due per day	2% + Bank of Zambia discount rate
Late lodging of return	Higher of ZMW180 and 0.5% of tax due per day	Higher of ZMW180 and 0.5% of tax due per day	Nil
<b>Category</b>	<b>Years</b>		
	2023	2022	2021
<b>Transfer Pricing</b>			
Non-compliance	ZMW 24 000 000	ZMW 24 000 000	ZMW 24 000 000
<b>Skills Development Levy</b>			
Negligence	0%	0%	0%
Wilful default	1%	1%	1%
Fraud	1%	1%	1%

\* The government has introduced a tax amnesty program for the waiver of penalties and interests. The tax amnesty is effective from 1<sup>st</sup> October 2022 to 31<sup>st</sup> March 2023.

# Direct Taxes

The following direct tax changes have been proposed for the 2023 fiscal year.

- **Introduction of tax free threshold on Turnover Tax and Rental Income** - Turnover and Rental Income of ZMW12,000 per annum will be taxed at 0% and the balance at the applicable turnover tax rate of 4% and 12.5% for turnover below ZMW800,000 and ZMW800,000 and above respectively.
- **Reduction of the standard corporate tax marginal rate for lapidary and jewellery facilities in gemstone industry** -The standard corporate tax rate for companies that own lapidary and jewellery facilities in gemstone industry has been reduced from 30% to 25%.
- **Corporate income tax rate for telecommunication companies** -The corporate income tax rate will be reduced to a flat rate of 35% from the two tier taxation system of 30% on income up to 250,000 and 40% for income above 250,000.
- **Reduction of tax chargeable on income received by a special purpose vehicle under Public Private Partnership (PPP)** -Tax payable by a PPP special purpose vehicle will now be reduced by 20% for the first five years the project makes profits.
- **Introduction of accelerated wear and tear on implements, plant and machinery acquired and used under Public Private Partnership** - The wear and tear allowance will be claimed on a straight-line basis at an accelerated rate of up to 100% for any implement, plant and machinery acquired and used under the Public Private Partnership.
- **Withholding Tax exemption on interest income** -The interest income earned on green bonds listed on a securities exchange in Zambia with maturity of at least 3 years will be exempted from Withholding Tax.
- **Exemption of Investment Income earned on Life Insurance Funds** -The income earned on investments in life insurance funds will be exempted from tax in order to stimulate uptake of life insurance services.
- **Increase of allowable expenditure on construction of employee houses under Industrial Building** -The allowable expenditure for the construction of employee housing has been increased to ZMW100,000 from ZMW20,000 in order for the cost to qualify as Industrial Building for purposes of claiming wear and tear.
- **Increase of farm improvement allowance** -The allowable cost for farm improvement allowance has been increased from ZMW20,000 to ZMW100,000. The farm improvement allowance is claimed at 100% of the allowable expenditure.
- **Introduction of presumptive tax on income earned from artisanal and small scale mining** -The presumptive tax will be computed on applicable turnover based on the gross turnover less mineral royalty paid. Previously, artisanal and small scale mining companies were subjected to Corporate Income Tax of 30% irrespective of scale. These entities will now be taxed at 4%.
- **Introduction The local content allowance on Tomatoes** - Extension of 2% local content allowance to include Tomatoes. Entities involved in agro-processing or manufacturing that incurs expenditure (other than of capital nature) on the growing or purchase of a prescribed agriculture product such as tomatoes, a local content allowance of 2% of the expenditure shall be deducted in ascertaining the gains or profits of that business for the charge year.
- **Presumptive taxes on land-based (brick and mortar) betting companies** - The presumptive tax will reduce from 25 to 15 % for the for the 2023 and 2024 charge years on gaming and betting companies.



# Direct Taxes (cont'd)

- **Withholding tax reduction on winnings from gaming and betting** - This will be reduced from 20% to 15% for the 2023 and 2024 charge years.
- **Withholding Tax on reinsurance paid to non-resident** - The withholding tax on reinsurance paid to non-resident entities including retrocession will be abolished. Previously, the withholding tax of 20% was applicable.
- **Withholding Tax on interest earned by individuals from loans advanced to members under the savings and village banking** - Interest earned by members of a cooperative or village banking group shall be subject to withholding tax at the rate of 0% from 15%.
- **Turnover tax regime on gig economy** - To introduce turnover tax regime to service providers in gig economy. Previously, this was not exempted.
- **Corporate income tax on housing benefit** - The disallowable amount by the employer who provides non-cash fringe benefit in the form of housing under corporate income tax has been increased from 30% to 37.5%.
- **Corporate income tax on car benefit** - The disallowable amount in the employer's corporate income tax computation for the provision of motor vehicles to employees on a personal to holder basis will be increased by 20% as follows
  - Below 1,800 CC - ZMW21,600
  - Above 1,800cc and below 2,800cc - ZMW36,000
  - Above 2,800 cc - ZMW48,000
- **Expansion of the definition of the term "Royalties"** - The definition of royalties has been expanded to include rent of software for income tax purposes. This intends to broaden the definition of royalties to incorporate technological advancements.
- **Mandatory requirement for all employers to submit the TPIN for all their employees in the Pay As You Earn Return** - This measure is intended to improve PAYE compliance and safeguard revenue.
- **Amendment of the Income Tax Act to align with the Pension Scheme Regulations Act as follows:**
  - *Deletion of the Fourth Schedule to the Income Tax Act;*
  - *Providing in the Income Tax Act that a pension approved under the Pension Scheme Regulations Act is exempt from tax; and*
  - *Inserting the approval criteria in the Pension Scheme Regulation Act that was covered in the fourth schedule to the Income Tax Act but is not in the Pension Scheme Regulation Act.*
- **Introduce, under the Income Tax Act, specific penalties for negligence, willful default and fraud with respect to presumptive tax on gaming machines and casino games (brick and mortar) as follows:**
  - *Negligence - half the amount of undeclared tax*
  - *Willful default - equivalent to the amount of undeclared tax*
  - *Fraud - one and half times the amount of undeclared tax*

This measure seeks to the improve tax compliance in the sector.
- **Amend the definition of "Multinational Enterprise Group" and "Ultimate Parent Entity" in the Income Tax Act** - To align with the Organisation for Economic Cooperation and Development (OECD) definition for Country by Country reporting purposes.
- **Amend the Regulations** - To align the requirements to be met for conditional filing and use of single currency for the threshold for the Country-by-Country report as guided by the OECD.

# Direct Taxes (cont'd)

- **Introduction of the use of electronic fiscal devices and other devices for income tax purposes and provide for penalties for non-compliance** - To improve income tax compliance. Previously, electronic fiscal devices were only applicable on the Value Added Tax.
- **Amend the definition of "child" in Income Tax Act** -The definition of "Child" in the Income Tax Act will be amended to remove the word "illegitimate". This is to align the definition of a child with the Legitimacy Act, Chapter 52 of the Laws of Zambia and the United Nations Convention for the Rights of the Child.
- **Amend the definition of "purchase price"** - To include resident to resident Transactions in order to align the definition of purchase price to that of Commodity Royalty.
- **Amendment of the Income Tax Act to align the minimum age for TPIN registration to that of the issuance of a National Registration Card at 16 years** - This is to align the minimum age for TPIN registration with the minimum age for obtaining a National Registration Card. This will also provide an opportunity for all National Registration Card holders to open bank accounts when need arises.
- **Amendment of Second Schedule to the Income Tax Act under Paragraph 6A** - This is to ensure that interest income received by listed persons such as a public benefit organisation, body, person or trust is subjected to withholding tax.
- **Clarification on the payment of provisional income tax for companies registered after 31<sup>st</sup> March** -The taxpayers who register for income tax after 31<sup>st</sup> March can now submit provisional income tax return within 90 days of registering for income tax.
- **Extension of fiscalisation to taxpayers under Turnover Tax and Presumptive Tax on Gaming and Betting** -To improve compliance. Previously the fiscalisation was only applicable to taxpayer whose turnover was above ZMW800,000. Now the fiscalisation will be extended to taxpayer in Gaming and Betting with turnover below ZMW800,000.

## Value Added Tax

The following changes in Value Added Tax ("VAT") have been proposed for the 2023 fiscal year:

- **VAT on supply of milk cans, churns and milking machines** - To be zero-rated.
- **VAT on selected Information and Communications Technology (ICT) and telecommunications equipments** - To be zero-rated.
- **Amendment of VAT Exemption Order** - This is to include gaming, betting and lotteries under the exemption order to align the taxation of industry with international good practice.
- **Exemption of game animals being imported as breeding stock** - To amend the VAT Exemption Order to include game animals being imported as breeding stock to attract investment in breeding stock.
- **VAT on imported equipment and machinery under Public Private Partnership** - To provide VAT relief on imported equipment and machinery where duty shall be waived under the Customs and Excise (Regulations) for a Public Private Partnership project, subject to the same limitations and conditions as shall be specified therein.

# Value Added Tax (cont'd)

- **VAT extension of “intending trader” to include special purpose vehicle for Public Private Partnership for the period of four years** - The special purpose vehicle established under a Public Private Partnership can claim input VAT in its set up phase for up to four years.
- **VAT on the supply of petrol and diesel** - Re-introduction of VAT at 16% effective 1st October 2022.
- **VAT on goods imported by the President** - To introduce VAT at a standard rate of 16%.
- **Standard rate the following supplies under Group 7 of the Zero-Rating Order – Energy Saving appliances and equipment:**
  - ◆ The following goods shall be standard rates:
  - ◆ electric generating sets - diesel or semi diesel generators; and generators with spark ignition internal combustion piston engines; and
  - ◆ ranges, grates, cookers (including those with subsidiary boilers for central heating), barbecues, braziers, gas rings, plate warmers and similar non-electric domestic appliances, and parts thereof, of iron or steel for cooking and plate warmers that use gas fuel or for both gas and other fuels
- **Amendment of Zero- Rating Order** - To restrict the concession or zero-rating of imported raw materials used to make mosquito nets to manufacturers of mosquito nets.
- **The definition of “Commercial Property” to be amended to standard rate the following:**

The sale of an interest in bare land being bought primarily for commercial use; and

The sale of an interest in (largely) bare land on which a small portion contains commercial property as defined by the VAT Act.
- **Section 7A(A) of the VAT Act to be amended** - To read “record of sales”
- **Increase the noncompliance penalties** - Section of 44(1) to be amended to increase the penalty units from 30,000 to 300,000.
- **Amend the VAT Exemption Order to expand the definition of Poultry** - this is to add quails and guinea fowls to the list of birds that are exempt and whose feed is exempt for VAT purposes.
- **Amendment of VAT (Electronic Fiscal Device) Regulation to rearrange the wording in order to reflect the correct order of approval of Accounting Software** - To correctly reflect the order of approval and integration of Electronic Fiscal Devices.
- **Amendment of VAT (Electronic Fiscal Device) Regulation** - To provide for maintaining inspection log (automated inspection logbooks).
- **Amend Section 7 (5) of the VAT Act** - To include a graduated penalty regime similar to what is in Section 7A (3) of the VAT Act.
- **Amendment of VAT Zero-rating Order Group 7(h)** - To clarify that only solar batteries are zero-rated.
- **Amendment of the VAT (Electronic Fiscal Devices) regulation** - to remove a provision adequately covered under the Information Communication Technology Act.
- **Amendment of the VAT (Electronic Fiscal Devices) regulation** - To delete the definition of “Zambia Information and Communications Technology Authority”.
- **VAT Act amendment to clarify when a tax invoice expires for purposes of deducting or crediting input tax** - The

measure intends to provide clarity that the three months limit is determined with reference to the date of the input tax supporting document and the date of submission of the return in which that input tax is being deducted.

# Property Transfer Tax

All proposed changes under Property transfer tax are effective 1st January 2023.

The following changes in Property Transfer Tax have been proposed for the 2023 fiscal year:

- **Property Transfer Tax on mining rights held by exploration companies**  
-To reduce the Property Transfer Tax from 10% to 7.5% on the transfer of mining rights by an Exploration Entity.
- **Property Transfer Tax on land, shares and intellectual property** -  
To increase the Property Transfer Tax from 5% to 7.5%.
- **Exemption of the surrender or forfeiture of shares from Property Transfer Tax** - To clarify that the surrender and forfeiture of shares is not a transfer and therefore not subject to Property Transfer Tax.
- **Remove the reference to the Commissioner of Lands and prescribe how the provisional return in respect of land shall be submitted**  
-The measure seeks to prescribe how the provisional return shall be submitted. The return can be submitted to the Commission General.
- **Clarification in the Property Transfer Tax Act** - That a share for mining sector includes “interest in mining right” and “an interest in “mineral processing license”.
- **Determination of the realised value for the disposal of distressed property by a financial services provider** - To allow for the use of the actual price received for the distressed property in order to improve the turnaround time for disposal and improve liquidity of financial service providers.
- **Property Transfer Tax on indirect transfer of shares** - To clarify that the realised value for Property Transfer Tax is limited to the proportion of the value of the Zambian company.
- **Definition of Realised Value in the Property Transfer Tax Act** - To clarify that the realised value referred to under Section 5 (2A) should be restricted to the proportion applicable to the Zambian entity.
- **Deletion of the word effective shareholding under Property Transfer Tax Act** - This measure follows the clarification provided in the computation of the realized value.

# Customs and Excise

All proposed changes under customs and excise (except for excise duty on diesel and petrol) are effective 1st January 2023 or on a specified date.

The following customs and excise changes have been proposed for the 2023 fiscal year:

## Agriculture

- **Biological control agents** - 5% customs duty to be removed.
- **Greenhouse plastics** - 15% customs duty to be suspended until 31 December 2025.
- **Machinery, equipment and articles used in aquaculture** - Customs duty to be suspended until 31 December 2025.
- **Vegetable seedling growing media (peat moss) used in the production of vegetable seedlings** - 15% customs duty to be removed.
- **Selected Tree crop seedlings** - 5% Customs duty to be removed.

## Health

- **Medical Supplies Regulations, 2020, Statutory Instrument No. 78 of 2021** - The provisions of the Statutory Instrument relating to medical supplies for COVID-19 to be extended to 31 December 2023.
- **Methylated spirit and ethanol** - Reduce excise duty from 125% to 60%.

## Manufacturing

- **Clear beer made from cassava and malt** - Suspend excise duty from 10 percent to 5 percent and from 40 percent to 20 percent respectively, for production levels over and above agreed production thresholds, for the period 2024 - 2026.

## Tourism

- **Safari vehicles** - Suspend customs duty on importation of safari vehicles until 31 December 2025.
- **Capital equipment, machinery, fittings and fixtures** - Suspend customs duty for the tourism sector on selected capital equipment, machinery, fittings and fixtures that are not produced locally until 31 December 2025.

## Other measures

- **Refuse compactor trucks, skip loader vehicles, road sweepers and skip bins** - Suspend customs duty until 31 December 2025.
- **Equipment for baling waste** - Suspend 5% customs duty for a period of three years.
- **Gas cylinders** - 15% customs duty to be removed.
- **Automated Teller Machines** - 15% customs duty suspended for a period of one year.
- **Prefabricated buildings** - 25% customs duty to be removed until 31 December 2025.
- **Electric vehicles and electric motorcycles** - Reduce customs duty from 30% and 25% respectively, to 15%.
- **Bicycles** - Reduce customs duty to 15% from 25%.
- **Selected equipment for the music and film industry** - Suspend customs duty on importation of selected equipment for duly registered businesses under the music and film industry until 31 December 2025.
- **Plant, machinery and equipment acquired for use in a Public Private Partnership project** - Remove customs duty to stimulate private sector participation in Public Private Partnership which will contribute to narrowing the infrastructure deficit. If used elsewhere, they do not qualify for rebates.
- **Selected information and communications technology (ICT) and telecommunications equipment** - Suspend customs duty from 25% and 15% to 0% and 5%, respectively, for a period of 3 years.

# Customs and Excise (cont'd)

- **Petrol and diesel** - Reinstate excise duty effective 1<sup>st</sup> October 2022.
- **Selected imported PVC Pipes and HDPE pipes which are also locally produced** - Introduce 5% surtax to promote local manufacture.
- **Motor vehicles and motorcycles of various engine capacities** - Increase Carbon Emission Surtax by 10%.
- **Various plastic articles** - Introduce excise duty at 15%.
- **Imported coal** - Introduction of a 5% surtax.
- **Imported floor and wall tiles** - Increase surtax from 5% to 20%.
- **Electronic cigarettes and cartridges of heading 8543** - Introduce excise duty at the rate of 145%.
- **Cigarettes** - Increase specific excise duty to K361 per mille from K355 per mille.
- **Unmanufactured tobacco, tobacco refuse, smoking tobacco whether or not containing tobacco substitutes and water pipe tobacco** - Increase excise duty to ZMW361 from ZMW355 per kilogram.
- **Packaged water and pure fruit juices** - Remove licensing requirement.
- **Customs and Excise (General) Regulations, 2000** - To remove supplies to organisations entitled to rebates. This measure is aimed at excluding supplies to organizations which are entitled to duty exemptions, from the duty drawback scheme
- **Unlicensed manufacturer or service provider** - The Customs and Excise Act will be amended 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.
- **Electronic Fiscal Device** - The Customs and Excise Act to be amended to provide for the use of Electronic Fiscal Devices for local excise duty administration.
- **Electronic Cargo Tracking System** - The system will be implemented for the purpose of real time monitoring of goods in transit and export.
- **Seventh Schedule of the Customs and Excise Act** - Introduce the definition of "Price "in relation to determining the Value for Duty Purposes on airtime.
- **Advance Tariff Ruling (ATR)** - Increase the number of days between lodgment of an application and the importation of goods subject to an ATR.
- **Assessment and payment of duty and taxes on a bill of entry** - Reduce the time allowed for importers to make full payment on customs imports assessments from 5 days to 3 days.
- **Statutory Instrument No 115 of 2020 (Ports of Entry and Routes Amendment order, 2020) in the Eighth Schedule** - Include Luangwa Border Post for export of various goods specified in the 7th Schedule.
- **Regulation 51 (1) (c)** - The wording that allows for purchase of goods from duty free shops by arriving passengers to be removed.
- **Customs Mutual Assistance Agreements (CMAAs)** - Amend the Customs and Excise Act to include a provision that authorises the Government of the Republic of Zambia to enter into an agreement with the Government of any other country or territory for the exchange of information on customs matters or for mutual assistance in customs matters with the objective of rendering reciprocal assistance.

# Other Information

## New Legislation

### **Auditor appointment period - The Application of Section 257 (3) of the Companies Act, No.10 of 2017**

The Patents and Companies Registration Agency has issued the following guidance on the application of section 257 (3) of the Companies Act, No.10 of 2017.

Section 257 (3) of the Act provides that:

*“Despite subsection (1), an auditor shall only be appointed continuously for a period not exceeding a total of six years.”*

Section 3 of the Companies Act provides the following definition of the term ‘auditor’:

*“‘auditor’ has the same meaning assigned to the word in the Accountants Act, 2008 and other written laws relating to the regulation of auditors and appointed to perform auditing functions for a company;”*

The Accountants Act, No. 13 of 2008, under section 2, provides the following definition of the term “auditor”:

*“a person holding a practicing certificate, or a firm registered under this Act and appointed to perform any auditing functions;”*

It is therefore guided that:

- the term “auditor” refers to an individual or auditing firm.
- A company can only appoint an auditor continuously for a period not exceeding six years;

In relation to companies regulated by the Bank of Zambia Directives on Corporate Governance, Gazette Notice No.237 of 2016, which provides that:

*“the external audit of a Bank or financial institution shall not be performed by the same audit engagement partner for more than three consecutive years. The individual may not serve as engagement partner again until a period of at least two years has lapsed.”*

The Agency has guided that the Directive is subordinate to the Companies Act. Therefore, the provisions of the Companies Act override those of the Directives.

## **Current Zambia Development Agency Incentives**

**The investment threshold for Zambian citizens to qualify for tax incentives under the Zambia Development Agency Act No.11 of 2006 is USD 50 000. This applies to Zambian citizens who intend to operate in a priority sector, Multi-facility Economic Zone or Industrial Park.**

### **Investment incentives available from the Zambia Development Agency**

There are no maximum limits on the amount of investment required to be made for the purpose of acquiring an investment license. However, there are some minimum investment thresholds required to qualify for certain benefits.

### **Specifically, the investment should have a minimum of:**

- USD 250 000 in order to qualify for basic non - tax incentives; and
- USD 500 000 in order to qualify for special tax incentives for priority sectors located in a rural area.

### **Priority sectors for investment incentives**

Construction and establishment of infrastructure activities (excluding renovation, expansion and refurbishment), in particular:

- **Education** - Construction of education and skills training institutions.
- **Health** - Construction of health centres as defined under the Health Professions Act of 2009.
- **Tourism** - Construction and establishment of hotels, convention centres, exhibition centres, museums, theme parks, art galleries and theatres.

- **Housing** - Development of fifty or more houses erected or maintained under one management or control on land developed specifically for the sitting of such houses in accordance with a comprehensive plan which provides for the laying out of roads and the furnishing and availability of services essential or ancillary to the use of such building as houses.
- **Agriculture** - Construction of crop and grain storage facilities.
- **Energy and water development power** - Building and installation of power stations for power generation (including solar power generation).
  - i) **Fuel** - Building and installation of processing and refinery plants for bio-fuel; construction of petroleum refineries; construction of pipelines; and construction of rural filling stations.
  - ii) **Water supply** - Construction of depots; construction of dams; construction of irrigation canals; and construction of water and sewerage treatment plants.
- 50% relief on corporate income tax for charge years 2034 to 2036
- 25% relief on corporate income tax for charge years 2037 to 2038
- 0% withholding tax on dividends declared on profits for charge years 2023 to 2033

## The Investment, Trade and Business Development Bill, 2022

### The Investment, Trade and Business Development Bill, 2022 (ITBDB) is proposed to repeal the **Zambian Development Agency Act No.11 of 2006**. The following is being proposed in the Bill:

- An investor shall be eligible for incentives under this Act if that investor invests in a:
  - special economic zone; or
  - business operating in a priority sector or rural area.
- An investor shall be eligible for an incentive under this Act if that investor is:-
  - a local investor investing a minimum of fifty thousand United States Dollars or equivalent in convertible currency;
  - a citizen owned company investing a minimum of one hundred thousand United States Dollars or equivalent in convertible currency;
  - a citizen empowerment company investing a minimum of one hundred and fifty thousand United States Dollars or equivalent in convertible currency;
  - a citizen influenced company investing a minimum of five hundred thousand United States Dollars or equivalent in convertible currency; or
  - investing one million United States Dollars or equivalent in convertible currency.
- A person may apply to the Agency for a licence, permit or certificate of registration where that person intends to:
  - develop any premises as a special economic zone;

### Available tax incentives

- 0% tax for a period of 10 years on dividends declared on profits made on exports by companies operating in a Multi Facility Economic Zone or Industrial Park, from first year of commencement of works; 50 % of profits will be taxed for years 11 to 13 and 75% of profits will be taxed for years 14 and 15.
- 0% import duty on plant, machinery and equipment acquired for an investment.
- Eligible investors will be able to claim on a straight-line basis, for wear and tear at an accelerated rate, not exceeding 100% in respect of any new implement, plant or machinery acquired and used by the business for the purposes of that business.
- Agro-processing businesses will enjoy the following concessions on local sales of corn starch:
  - 0% corporate income tax for charge years 2023 to 2033



- operate a business in a special economic zone;
  - invest in any business in a priority sector as prescribed
  - register a business; or
  - operate a business in a rural area for purposes of this Act.
- An exporter of locally produced goods and services may be eligible for incentives as the Minister of Finance may prescribe by statutory instrument.
  - An investor shall not be entitled to an incentive provided for under the Act unless the investor holds a licence, permit or certificate of registration issued under this Act.
  - A licence, permit or certificate of registration shall remain valid for a period of 5 years, and may be renewed for a period not exceeding 5 years at any given time.
  - A relief or exemption from any tax or duty to which an investor is eligible will be effected by the Minister of Finance after the Agency certifies that the investor has complied fully with this Act and any condition prescribed.
  - An investor will be required to submit annual returns accompanied by annual financial statements audited by a local auditing firm to the Agency.
  - A licence, permit or certificate of registration issued under the repealed Act shall continue to be valid until expiry, revocation or surrender as if the licence, permit or certificate of registration was issued under this Act.

- **Environmental Impact Assessment fees**

The basis on which Environmental Impact Assessment fees are determined will be revised from the value of the investment to a graduated pollution-based classification charge.

- **Courier services**

Upfront licence fees for domestic courier operations are to be reduced from ZMW15,000 to ZMW10,000 and for local courier operations from ZMW10 000 to ZMW5 000.

- **Selected services (PACRA)**

Current fees for selected services that are offered by the Patents and Companies Registration Agency will be reduced.

- **Department of Co-operatives**

Various fees for services provided under the Department of Co-operatives will be revised upwards to make them cost reflective.

## Immigration

Effective 1 October, 2022, the Government has proposed to waive visa requirements for tourists visiting from the following countries:

- United Kingdom
- United States of America
- Canada
- Norway,
- Australia
- China
- Japan
- South Korea,
- The Gulf States, and
- European Union member countries

# Other Information (cont'd)

Companies incorporation requirements	
1	Minimum of 2 Directors (3 for public companies); 50% of the directors should be resident in Zambia
2	Minimum of 2 shareholders; these may be individuals or entities
3	Minimum share capital of ZMW 15 000
4	Proposed registered address
5	Secretary

Permit and Visa Fees			
Type	Application cost	Renewal cost	Processing time
Single entry visa	USD 50	USD 50	5 Days
Double entry visa	USD 80	USD 80	5 Days
Multiple entry visa	USD 150	USD 150	5 days
Transit visa	USD 50	USD 50	5 Days
Day tripper visa	USD 20	USD 20	5 Days
Temporary employment permit	ZMW 13 500	ZMW 15 750	21 Days
Employment permit	ZMW 18 000	ZMW 21 000	21 Days
Temporary permit	ZMW 18 000	ZMW 15 750	21 Days
Investors permit	ZMW 12 000	ZMW 15 000	21 Days
Residence permit	ZMW 15 000	-	21 Days
Spousal permit	ZMW 2 250	ZMW 4 500	21 Days
Study Permit	ZMW 6 750	ZMW 9 000	21 Days
Visiting Permit	ZMW 5 000	ZMW 7 500	21 Days

Tax registration requirements	
1	Certificate of incorporation of the company
2	Certificate of share capital of the company
3	Articles of association of the company
4	A map (sketch) of your business location
5	Tenancy agreement for the business premises
6	A printout of your bank account in Zambia showing the funds currently available in the account
7	A business plan and projected cash flow for a period of one year

## Double taxation treaties

The rate of withholding tax deductible on payments may be reduced where there is a tax treaty in place between Zambia and the recipient country. We provide below a table of existing double taxation treaties that Zambia has signed with other countries.

Country	Divi- dends (%)	Interest (%)	Royalties (%)	Management fees and payments to non-resi- dent contractors (%)
Botswana	5%*/7%	10%	10%	0%
Canada	15%	15%	15%	0%***
China	5%	10%	5%	0%****
Denmark	15%	10%	15%	0%
Finland	5%/15%**	15%	5/15%	0%
France	20%*****	20%*****	0%	0%
Germany	5%/15%**	10%	10%	0%
India	5%/15%**	10%	10%	0%***
Ireland	7.5%	10%	10%	0%
Italy	5%/15%**	10%	10%	0%
Japan	0%	10%	10%	0%
Kenya	15%*	15%*	20%*	20%*
Netherlands	5%/15%**	10%	7.5%	0%
Norway	15%	10%	15%	0%
Romania	10%	10%	15%	0%
South Africa	15%*	15%*	20%*	20%*
Sweden	5%/15%**	10%	10%	0%
Switzerland	5%/15%**	10%	10%	0%
Tanzania	15%*	15%*	20%*	20%*
Uganda	15%*	15%*	20%*	20%*
United King- dom	5%/15%**	10%	10%	0%

\* Rate applies if income is subject to tax in the country of the recipient.

\*\*The 5% rate applies if the recipient is a company which controls directly or indirectly at least 25% of the voting power/capital/shares in the company paying the dividends.

\*\*\* Certain additional conditions apply

\*\*\*\* Excludes director's fee

\*\*\*\*\*The 20% rate applies to companies

\*\*\*\*\*The Mauritian treaty was revoked effective 31 December 2020; and new terms are yet to be renegotiated.



# KPMG Services

## Audit



Statutory Audit Reporting



IFRS Conversion and IFRS Accounting related assistance



Other assurance related services

KPMG combines our multi-disciplinary approach with deep, practical industry knowledge to help clients meet challenges and respond to opportunities.

## Tax



Tax Compliance & Management Services



Regulatory Compliance & Advisory Services



Tax System Reform & Transformation



Immigration Services



Payroll Advisory



Compensation & Benefit



Transfer Pricing



Deal Advisory Tax Services

## Advisory



Security audits involving vulnerability assessment and penetration testing



IT Strategy & Performance



Management Consulting



International Development Assistance Services (IDAS)



Internal Audit, Risk & Compliance Services



Technology Advisory



Accounting Advisory Services



Deal Advisory



IT Governance, Risk and Compliance (GRC) and Controls Integration



Financial Risk Management



Information Technology Audits



Forensics



Behavioral Change Management



Talent Management



Organization Design for Performance

## CONTACT US

### Address

Sixth Floor, Sun Share Tower  
Plot No. 15584/2, Katima Mulilo Road  
Olympia Park  
Lusaka

### Jason Kazilimani

Senior Partner & Chief Executive Officer  
T: +260 211 372 900  
E: jkazilimani@kpmg.com

### Michael Phiri

Director, Tax  
T: +260 211 372 900  
E: mphiri@kpmg.com

### Maaya Chipwayambokoma

Partner, Audit  
T: +260 211 372 900  
E: mchipwayambokoma@kpmg.com

### Cheelo Hamuwele

Partner, Audit  
T: +260 211 372 900  
E: cheelohamuwele@kpmg.com

### Our Values



#### Integrity

We do what is right



#### Excellence

We never stop learning and improving



#### Courage

We think and act boldly



#### Together

We respect each other and draw strength from our differences



#### For Better

We do what matters



[www.facebook.com/kpmgzambia](https://www.facebook.com/kpmgzambia)



[twitter.com/kpmgzambia](https://twitter.com/kpmgzambia)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in future. No one should act on such information without appropriate professional advice after a thorough examination of their particular situation.

© 2022 KPMG Zambia Limited, a private company limited by shares registered under the Companies Act of Zambia and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. Printed in Zambia. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.