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UNDP

# 2027 Budget Highlights

## Zambia



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# Foreword KPMG

The 2027 National Budget Speech, delivered on 6 November 2026 by Honourable Dr. Situmbeko Musokotwane, Minister of Finance and National Planning, allocates ZMW 284.8 billion, or 28.4% of Gross Domestic Product (GDP), 12.5% more than the 2026 Budget of ZMW 253.1 billion, signalling a shift from stabilisation to growth.

Under the theme "Grow Zambia: From Stabilisation to Unlocking Opportunities, Creating Jobs and Improving Livelihoods for All," the Budget is anchored on the Grow Zambia Agenda (10-10-5-3-3-1-1-1), whose 2031 targets include 10,000 MW of power, 10 million tonnes of maize, five million tourists, three million tonnes each of copper and soya beans, one million tonnes each of wheat and sugar, and US$1 billion of beef exports.

The Budget is organised around five pillars: i) growing the economy; ii) connecting the nation; iii) improving living standards; iv) building an effective, efficient and delivery-oriented public sector; and v) financing our future. These priorities will be embedded in the Ninth National Development Plan (2027–2031), which is being finalised and will be anchored on the Grow Zambia Agenda.

## Macroeconomic Objectives

The 2027 Budget is anchored on the following macroeconomic targets:

- Real GDP growth of at least 4.9%;
- Maintain inflation within the 6% – 8% band;
- Fiscal deficit reduced to 3.0% of GDP;
- Net domestic borrowing limited to 2.9% of GDP;
- International reserves maintained above 4 months of import cover; and
- Increase domestic revenue to at least 23.3% of GDP.

The 3.0% fiscal deficit target compares with 2.1% originally set for 2026 and a projected 2026 outturn of 5.9% of GDP.

## Strategic Priorities

### i) Growing the Economy and Connecting the Nation

The Budget targets three million tonnes of copper by 2031 (2026: a record 930,000 tonnes), creates farm block and gold trading agencies, and converts FISP into an agricultural loan scheme from 2027. Energy diversification continues, with more than 1,400 MW of non-hydro power expected to be added to the grid in 2027 and a Grid Resilience Programme funded from Eurobond buyback savings. Transport investment focuses on the Lobito, TAZARA and Zambia Railways corridors, while a ZMW 5 billion small business guarantee scheme and a new development finance institution aim to unlock private sector growth.

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**ii) Improving Living Standards**

Education receives ZMW 38.2 billion, including ZMW 2.8 billion for school operations and ZMW 1.0 billion for school feeding. Health receives ZMW 30.3 billion, including ZMW 6.4 billion for drugs and 3,125 new frontline staff. Social Cash Transfers will reach over 1.6 million households at ZMW 450 a month (ZMW 650 for households with persons with disabilities).

**iii) An Effective Public Sector and Financing our Future**

Government will contain the wage bill within 35% of domestic revenues, clear arrears (ZMW 4.7 billion), manage domestic debt actively and target a 1.2% deficit by 2029. A development finance institution will be re-established in 2027 to crowd in private capital.

**iv) Tax policy**

The 2027 Budget introduces measures expected to raise a net ZMW 10.8 billion, including VAT at 16.5%, a 39.5% top PAYE band, a 5 percentage point increase in preferential CIT rates and 15% withholding tax on mining dividends. With new excise duties on sugar, confectionery and plastics, these measures will raise the tax burden on businesses, consumers and higher-income earners, and require early planning ahead of their proposed 1 January 2027 effective date.

## Conclusion

Overall, the 2027 Budget marks a pivot from stabilisation to growth. Its success will depend on the private sector response to the Grow Zambia Agenda, disciplined execution of the deficit target and the effect of the new tax measures on business costs and household incomes.

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Country Managing Partner
KPMG One Africa
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# Foreword
# UNDP

The 2027 National Budget is the first full fiscal plan of the Government's new term, and it carries a weight beyond its annual arithmetic. It signals a shift in emphasis from the macroeconomic stabilisation and debt restructuring that defined the previous five years to the growth-oriented priorities set out in the Grow Zambia Agenda. The real test will not be the targets set in the budget, but whether the measures proposed are implemented effectively and deliver the intended results.

The macroeconomic backdrop is more favourable than it has been in some years. Inflation has fallen from 9.4 per cent in January 2026 to 6.3 per cent in October, within the Bank of Zambia's 6–8 per cent target band. The Kwacha has stabilised, and external debt restructuring is nearing completion. These gains are real and should not be understated. However, they sit alongside persistent development deficits. The 2023/24 El Niño-induced drought affected 9.8 million people, 6.6 million of whom required immediate humanitarian assistance. Multidimensional poverty affects 70.6 per cent of children, and girls are more affected than boys. Climate shocks are not gender neutral, and the drought's effects fell disproportionately on women. Energy shortages disrupted informal micro, small and medium enterprises (MSMEs), placing particular pressure on women who rely on electricity to run their businesses. At the same time, women absorbed a heavier burden of unpaid care work, spending more time sourcing water and food for their households and deepening their time poverty. Poverty in Zambia is already disproportionately female, and the drought has intensified this feminisation of poverty. With a Gini index of 51.5, among the six highest in the world, the distributional consequences of this budget matter as much as its aggregate size.

The 2027 Budget, totalling K284.8 billion, contains measures that advance the health, gender and environmental Sustainable Development Goals (SDGs). These include new excise duties on sugar and plastic bottles, a doubling of the excise duty on single-use plastics to 200 per cent, and a full customs duty and VAT exemption on imported raw materials for locally manufactured sanitary products. It also contains measures that carry distributional risk: the planned transition of the Farmer Input Support Programme (FISP) towards an agricultural loan scheme, an increase in VAT from 16 to 16.5 per cent, and import-substitution tariffs that will affect the prices of essential goods. The FISP shift carries a gendered risk: women have less access to the land and collateral needed to secure loans, and are more likely to be excluded. Women make up 70 per cent of small-scale farmers in Zambia, yet they own only a small fraction of titled land. These choices will shape the cost of living, the viability of smallholder agriculture and the purchasing power of the bottom 40 per cent. Part of this analysis examines the 2027 Budget through the lens of the SDGs. It assesses the budget's potential to accelerate human development, as well as the risks embedded in its design and the implementation gaps that could undermine its stated objectives. It recognises the expansion of the Social Cash Transfer from 1.5 million to over 1.6 million households and the integration of health insurance for the ultra-poor. It also asks whether the fiscal architecture and social safeguards are sufficient to ensure that the benefits of growth reach those who need them most.

The ultimate test of this budget will not be the volume of copper or maize produced, but whether growth translates into measurable improvements in the lives of Zambians. This analysis is offered in support of that objective.

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Resident Representative
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# UNDP ANALYSIS

### 1. SDGs & Human Development Impact Analysis

The 2027 Budget allocates approximately K84.7 billion (29.7% of the total budget) to core social sectors (Education, Health and Social Protection). The composition of these allocations reveals tensions between fiscal consolidation and social protection objectives.

### A. Poverty Eradication & Social Protection (SDGs 1 & 2)

The budget demonstrates a clear expansion of the social safety net. The Social Cash Transfer (SCT) allocation has increased to K10.4 billion, covering 1.6 million households, with transfer values increased to K450 (and K650 for households with persons with disabilities). Investment in social safety nets advances gender equality and reaches those furthest left behind. However, this expansion is set against a significant policy shift: the transition of the FISP from a subsidy to an agricultural loan scheme. While fiscally prudent, this represents a major risk to subsistence smallholders, particularly women and youth, who make up a large share of this group and may lack the collateral or financial literacy for commercial credit. Without a linkage to a guarantee scheme (such as the K5 billion Bank of Zambia SME Guarantee Scheme), this transition poses a threat to maize production and food security during the post-drought recovery period.

Allocation of resources under MCDSS towards supporting women's livelihoods is a plus and will help empower women and reduce poverty. We note that the 2027 national budget is silent on allocations for old people's care homes, which could affect the running of these facilities.

### B. Reduced Inequalities & Decentralisation (SDG 10)

The budget allocates K9.0 billion to the Constituency Development Fund (CDF), maintaining K40 million per constituency. The government's stated intention to review the CDF allocation formula to prioritise "equity" over "equality" is a notable shift in sub-national resource distribution. To effectively address SDG 10, this concept of equity would require operationalisation using a metric such as the Zambia Multidimensional Poverty Index (MPI), which would allow for higher allocations to districts with severe deprivations and correct historical disparities. There is also a need to increase the share of each constituency's K40 million CDF allocation directed to gender-related projects, which currently remains small.

### C. Health, Well-being & Gender Equality (SDGs 3 & 5)

The health sector receives K30.3 billion (10.6 percent of the budget), including K6.4 billion for medicines and K360 million for NHIMA. The introduction of health taxes (an excise duty of K1/kg on sugar and 20 percent on confectionery) aligns with WHO recommendations to curb Non-Communicable Diseases (NCDs) and advances SDG 3. Because these taxes fall more heavily on lower-income households, earmarking the revenue for health spending would strengthen their equity case. Additionally, the 100 percent customs duty and VAT exemption on raw materials for sanitary products lowers production costs, which could improve adolescent girls' school retention through reduction of period poverty among girls and women and advance SDG 5. The integration of NHIMA contributions into the SCT programme is a progressive measure that effectively shields the ultra-poor from out-of-pocket health expenditures particularly women, who bear the brunt of health care in Zambia.

### D. Quality Education & Decent Work (SDGs 4 & 8)

The education sector is allocated K38.2 billion (13.4 percent), with key expenditures including K1.0 billion for the Home-Grown School Feeding Programme and K3.2 billion for infrastructure, including six new provincial universities. The budget mandates a realignment of TEVET bursaries toward the priority sectors of the Grow Zambia Agenda (agriculture, mining, tourism, manufacturing), aiming to calibrate skills development to industrialisation goals. The lack of allocation of resources towards teacher recruitment in this year's budget has implications for the already high pupil–teacher ratios given the proposed infrastructure developments that needed to be matched with teacher recruitment.

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## 2. Fiscal Policy, Tax Measures & SDG Localisation

The 2027 Budget proposes revenue measures expected to yield a net K10.8 billion. The tax policy balances protection of local industry, promotion of green growth, and broadening the tax base, but carries distinct distributional risks.

| Thematic Area | Key Tax Measures | SDG Alignment & Impact Analysis |
|---|---|---|
| Green Economy & Health (SDGs 3, 12, 13) | Excise on single-use plastics raised to 200%; eighty ngwee specific excise on plastic bottles; K1/kg excise on sugar; 20% on confectionery. | Positive for health and the environment. Discourages environmental degradation, stimulates the local recycling industry and curbs NCDs. However, the sugar excise falls more heavily on lower-income households. |
| Gender Equity (SDG 5) | 100% customs duty and VAT exemption on raw materials for sanitary products. | Transformative. Addresses period poverty, supporting girls' education retention and women's economic participation. |
| Local Manufacturing (SDGs 8, 9) | Customs duty on ceramic tiles to 40%; 15% duty + 10% surtax on crude cooking oils; 30% surtax on processed meats. | Import Substitution vs. Cost of Living. Protects local jobs and promotes value addition. However, these tariffs risk inflating consumer prices for essential food items (cooking oil and protein), disproportionately affecting the bottom 40% (SDG 1 & 2). |
| Equity & Formalisation (SDGs 8, 10) | New PAYE bracket of 39.5% for earners more than K 37,000; CIT increased by 5 percentage points on preferential rates; Gold mineral royalty reduced to 3% for artisanal miners selling to approved aggregators. | Mixed but Strategic. The PAYE hike ensures the wealthy contribute more. The artisanal gold royalty reduction is an incentive for formalization, curbing illicit financial flows. |
| Revenue & Regressive Risks (SDGs 1, 10) | VAT increased to 16.5%; Increase in mobile money levy across all bands. | Regressive Risk. The VAT increase and mobile money levy hikes will disproportionately impact low-income households and the unbanked/ underbanked, potentially reversing gains in financial inclusion and purchasing power. |

## 3. Sectoral Deep-Dive: Risks & Opportunities

### 3 a) Agriculture: The FISP Transition & Commercialisation

The government's strategy centres on transitioning FISP into an agricultural loan scheme, establishing a Farm Block Development Agency, and setting ambitious production targets. Because smallholder farmers currently produce the majority of Zambia's food, an abrupt shift to credit without adequate risk-mitigation poses a significant risk of collapsing smallholder production and triggering food price inflation. Linking the transition to the K5 billion Bank of Zambia small business guarantee scheme, alongside the Zambia Credit Guarantee Scheme, to underwrite loans for smallholder cooperatives would be a critical risk-mitigation step. Furthermore, ring-fencing the Food Reserve Agency to focus exclusively on strategic food reserves would be necessary to stabilise markets during this transition. Ensuring existing gender land allocation quotas (30% allocations for women) in the farm blocks to be developed will be key to increasing women's land ownership and their access to the credit the new scheme will require.

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### 3 b) Energy & Mining: The Green Transition & Logistics

The policy framework targets 10,000 megawatts of power through diversification and three million tonnes of copper production, supported by the vertical separation of Zambia Railways and the TAZAMA Open Access Framework. A significant opportunity lies in the K391.3 million allocation to the Grid Resilience Programme, funded by Eurobond buyback savings. However, the rapid expansion in mining poses environmental and land-rights risks. The Zambia Environmental Management Agency (ZEMA) would require adequate funding and empowerment to enforce statutory timelines and monitor pollution effectively. The expansion of energy infrastructure also offers opportunities for employment for many youths and women and green entrepreneurship opportunities through the productive uses of electricity.

### 3 c) Digitalisation & Governance

The government is fast-tracking the Integrated National Registration Information System (INRIS) and expanding the e-Council platform. A robust Digital ID serves as the backbone of modern social protection and tax administration. Linking INRIS to the Unified Social Registry and the Zambia Revenue Authority (ZRA) could drastically reduce the prevalence of ghost workers and beneficiaries on social protection, plug tax leakages, and ensure that CDF resources are tracked with transparency. However, investments in digitalisation infrastructures should be matched with safeguarding measures against online risks and ensuring equitable connectivity so as not to leave behind those already furthest behind, such as rural populations and women, who are still grappling with low connectivity levels.

## 4. Strategic Recommendations for 2027 and Beyond

To ensure the 2027 Budget translates into tangible human development outcomes and mitigates the risks of the Grow Zambia transition, the following strategic interventions are recommended:

i. Implement a "Pro-Poor" VAT Safeguard Mechanism: The VAT increase to 16.5% and the new tariffs on cooking oils and processed meats call for the existing VAT exemption on basic food staples, such as mealie-meal, cassava and fresh vegetables, to be maintained and strictly enforced to protect the purchasing power of the lowest income deciles. In addition, the new customs duty and surtax on crude edible oils should be phased in line with growth in local oilseed processing capacity to prevent poor households from being adversely affected.

ii. De-risk the FISP Transition with State Guarantees: The shift to an agricultural loan scheme should be phased and de-risked. Explicitly linking the FISP transition to the K5 billion Bank of Zambia SME Guarantee Scheme to underwrite smallholder cooperatives would mitigate the risk of rural food insecurity and deepening gender inequalities.

iii. Operationalise the CDF "Equity" Formula using the MPI: The review of the CDF formula to prioritise equity should strictly define "equity" using the Zambia Multidimensional Poverty Index (MPI), ensuring districts with severe deprivations receive proportionally higher allocations.

iv. Accelerate Gender-Responsive Budgeting (GRB) & GBV Financing: While the exemption for sanitary pad raw materials is a positive step, the Budget omits explicit, dedicated budget lines for Gender-Based Violence (GBV) response. Allocations for gender rights protection have fallen for a second year, to K7.9 million. The grant for school-related GBV has not been funded since 2025, and the 2027 target of 3,030 GBV survivors supported is below the 3,474 already reached by June 2026. A Gender Budget Statement in the 2027 mid-year review and a specific GBV fund would address this gap.

v. Protect Financial Inclusion Gains: Financial inclusion rose to 80.1 per cent in 2025 from 69.4 per cent in 2020, driven largely by mobile money, which is now used by 76.1 per cent of adults. Women (79.2 per cent) and rural populations (72.5 per cent) recorded the fastest gains (FinScope 2025). The doubling of the mobile money levy across all bands, including the lowest band of K1–K150, risks reversing these gains. A tiered levy structure that exempts micro-transactions would ensure that the ultra-poor, women and rural populations are not priced out of the digital economy.

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# 2026 Budget out-turn: a resilient economy

Growth remained strong as inflation eased and monetary policy became less restrictive.

**7.4%**
**H1 real GDP growth**
Agriculture, mining and ICT

**6.3%**
**Inflation, Oct. 2026**
Down from 11.2% in Dec. 2025

**10.75%**
**Monetary Policy Rate**
Down from 14.25% in Dec. 2025

**930,000 t**
**Copper output forecast**
Record projected production

### Drivers of the 2026 out-turn

**01**
**Food supply**
Maize bumper harvest supported lower inflation.

**02**
**Currency**
Kwacha appreciation reduced imported pressure.

**03**
**Sector growth**
Agriculture, mining and ICT supported GDP.

**04**
**Mining investment**
Expansion and rehabilitation supported output.

**KPMG insight:** Stronger growth and lower inflation created room for monetary easing. The durability of growth will depend on energy reliability, export performance and continued investment.

# 2026 out-turn: fiscal and external position

External indicators improved, but revenue underperformance and additional spending widened the fiscal deficit.

**5.9% of GDP**
**Fiscal deficit**
Initial target: 2.1%

**US$6.1bn**
**International reserves**
End-Aug. 2026; up from US$5.5bn

**US$0.5bn**
**Trade surplus**
Exports US$13.9bn; imports US$13.4bn

**2.7%**
**NPL ratio**
Below 10% prudential benchmark

### Debt and public-sector obligations

| Indicator | Dec. 2025 | 2026 position | Movement / interpretation |
|---|---|---|---|
| **External debt** | US$16.15bn | US$15.46bn | Declined following Eurobond buyback |
| **Government securities and loans** | ZMW253.7bn | ZMW280.9bn | Domestic stock increased |
| **Goods and services arrears** | ZMW57.1bn | ZMW51.4bn | Improved |
| **VAT refund claims** | ZMW61.1bn | ZMW 60.3bn | Marginal improvement |
| **External market signal:** Copper reached US$14,850 per tonne in August, supporting export and investment prospects. Oil reached US$114 per barrel in October, increasing domestic fuel-cost pressure. | | | |
| **KPMG insight:** The external position strengthened, but the fiscal position deteriorated. This creates a demanding starting point for the 2027 target of reducing the deficit to 3.0% of GDP. | | | |

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# 2027 Budget Outlook

Six objectives define the Government's intended macroeconomic landing point.

| | | |
|---|---|---|
| **At least 4.9%**<br>**Real GDP growth**<br>2027 target | **6%–8%**<br>**Inflation**<br>Target band | **Above 4 months**<br>**International reserves**<br>Import cover |
| **At least 23.3%**<br>**Domestic revenue**<br>Share of GDP | **3.0%**<br>**Fiscal deficit**<br>Share of GDP | **2.9%**<br>**Net domestic borrowing**<br>Share of GDP |

**STABILISATION — PRODUCTION — EXPORTS — INVESTMENT — JOBS**

**KPMG insight:** Reducing the deficit from 5.9% of GDP in 2026 to 3.0% in 2027 will require stronger revenue mobilisation, expenditure discipline and effective implementation.

*Source: Ministry of Finance and National Planning, 2027 Budget Speech.*

# How the ZMW284.8 billion Budget is funded

Domestic revenue carries most of the envelope, while debt service constrains fiscal space.

| | | | |
|---|---|---|---|
| **ZMW233.7bn**<br>**Domestic revenue**<br>82.1% of the envelope | **ZMW9.2bn**<br>**Grants**<br>3.2% of the envelope | **ZMW28.9bn**<br>**Domestic financing**<br>10.1% of the envelope | **ZMW13.0bn**<br>**Foreign financing**<br>4.6% of the envelope |

**Largest expenditure allocations**

| | | | |
|---|---|---|---|
| **General Public Services**<br>**ZMW90.5bn**<br>31.8% | **Economic Affairs**<br>**ZMW75.9bn**<br>26.7% | **Education**<br>**ZMW38.2bn**<br>13.4% | **Health**<br>**ZMW30.3bn**<br>10.6% |

**Debt service:** ZMW67.6 billion remains a significant claim on expenditure and limits fiscal space for developmental spending.

*Source: 2027 Budget Speech, 6 November 2026, and KPMG analysis.*

# Where growth is expected to come from

The strategy is private-sector-led, export-oriented and dependent on enabling infrastructure.

| | | |
|---|---|---|
| **MINING**<br>**3 million tonnes of copper by 2031**<br>Expansion, rehabilitation and new mines | **ENERGY**<br>**Additional generation capacity**<br>Reliable power enables investment | **AGRICULTURE**<br>**Production and export growth**<br>Transition from FISP towards agricultural loans |
| **MANUFACTURING AND TOURISM**<br>**Value addition and arrivals**<br>Local production and investment support | **MSMEs AND INFRASTRUCTURE**<br>**ZMW5 billion guarantee scheme**<br>Finance access and transport connectivity | **GROW ZAMBIA**<br>**Production • Exports • Investment • Jobs** |

**KPMG insight:** Execution matters as much as allocation. Reliable energy, transport connectivity, access to finance and regulatory certainty are the critical enablers.

*Source: 2027 Budget Speech, 6 November 2026, and KPMG analysis.*

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# What changes for taxpayers

Selected measures translate the Budget into immediate commercial and compliance implications.

| Measure | 2027 proposal | Potential implication |
|---|---|---|
| **VAT** | 16% to 16.5% | Review pricing, contracts, systems and working-capital effects. |
| **PAYE** | Top marginal rate of 39.5% | Updating payroll systems. |
| **Mining dividends** | 0% to 15% WHT | Higher cost of profit repatriation for affected investors. |
| **Minimum alternative tax** | After three consecutive loss years | Potential exposure for persistently loss-making businesses. |

# KPMG perspective

The opportunity is meaningful, but delivery and sequencing will determine the outcome.

**FISCAL DELIVERY**
Can revenue and expenditure measures close the deficit gap?

**COST PRESSURES**
VAT and other taxes may increase short-term business and household costs.

**DEBT SERVICE**
ZMW67.6 billion continues to limit room for development expenditure.

**PROJECT EXECUTION**
Energy, logistics and infrastructure delivery are growth critical.

### Business actions now

- Model the combined 2027 tax and cash-flow impact.
- Review VAT clauses and payroll configuration.
- Monitor the statutory instruments and ZRA guidance.
- Map opportunities in mining, energy, agriculture, tourism and infrastructure.

**Bottom line:** The 2027 Budget seeks to convert recent macroeconomic stability into higher production, investment, exports and employment. Delivery will determine whether fiscal consolidation and private-sector-led growth can be achieved together.

*Source: 2027 Budget Speech, 6 November 2026, and KPMG analysis.*

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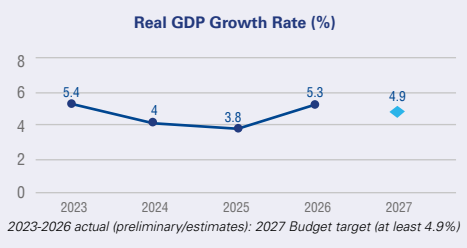
# Economic Indicators

## Real GDP Growth Rate (%)

Real GDP grew 3.8% in 2025, projected to grow by 5.3% in 2026 and the 2027 target is at least 4.9%.

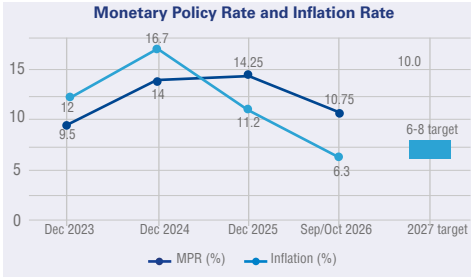



*2023-2026 actual (preliminary/estimates): 2027 Budget target (at least 4.9%)*

*Source: Zambia Statistics Agency, Ministry of Finance and National Planning*

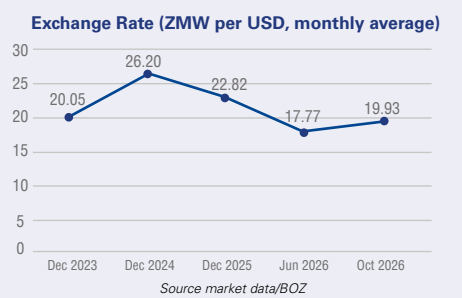
## Monetary Policy Rate and Inflation

Inflation declined to 6.3% in October 2026 from 11.2% in December 2025, mainly due to the maize bumper harvest and a stronger Kwacha, allowing the Bank of Zambia to cut the Monetary Policy Rate to 10.75% in September 2026 from 14.25% in December 2025. Inflation is targeted to remain within the 6-8% band in 2027.




## Year-end USD exchange rate

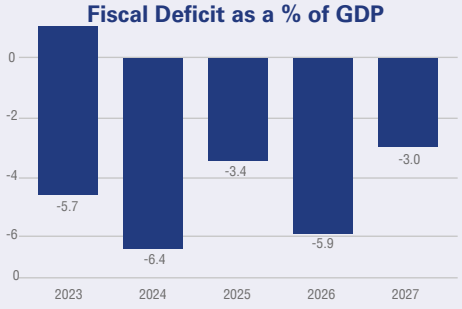
The Kwacha appreciated from a monthly average of about ZMW 22.82 per US dollar in December 2025 to about ZMW 19.93 market average in October 2026, supported by the positive trade balance.




*Source market data/BOZ*

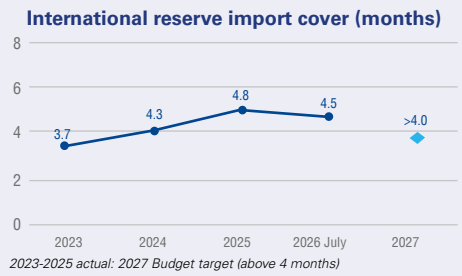
## Fiscal Deficit as a % of GDP

The fiscal deficit is projected at 5.9% of GDP in 2026 (target 2.1%), mainly due to the fuel tax suspension. The 2027 target is 3.0%.




## International reserve import cover

Gross international reserves rose to USD 6.1 billion at end-August 2026 from USD 5.5 billion (4.8 months of import cover) at end-December 2025. The 2027 target is to maintain reserves above 4.0 months of import cover.




*2023-2025 actual: 2027 Budget target (above 4 months)*

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# Policy Initiatives

**A) GROWING THE ECONOMY & CONNECTIVITY**

- Mining
- Agriculture, Livestock, and Fisheries Sector
- Energy
- Transport and Logistics
- Tourism
- Manufacturing
- Small and Medium Enterprise Development
- Information and Communication Technology

**B) IMPROVING LIVING STANDARDS**

- Education and Skills Development
- Health
- Water and Sanitation
- Social Protection

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**D) PUBLIC SECTOR AND FINANCING**

- Fiscal Policy
- Fight Against Corruption
- Debt Management
- State Owned Enterprises (SOE)
- Decentralisation
- Monetary Policy
- Financial Sector Policy
- External Sector Policy

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# A) GROWING THE ECONOMY & CONNECTIVITY

## Mining

- **Copper production targets** - The Grow Zambia Agenda aims to increase copper production to three million metric tonnes by 2031. Production is projected to reach a record 930,000 metric tonnes in 2026.

- **Mining investment and expansion** - Growth will be driven by three areas of investment:
- Expansion programmes at First Quantum Minerals, Barrick Lumwana, Konkola Copper Mines and Mopani Copper Mines;
- Rehabilitation of old mines, including Kalengwa and Luanshya; and
- Greenfield developments, including Kitumba and KoBold.

- **Geological exploration** - The nationwide aerial geophysical survey is expected to be completed by the end of 2026. Ground-based geological investigations will follow, supported by a ZMW 467.2 million allocation for geological mapping in the 2027 Budget.

- **Gold trading and formalisation** - Government will establish a gold trading agency to aggregate gold and formalise trading. To support this initiative, mineral royalty will be reduced from 6% to 3% for artisanal and small-scale miners selling gold to approved aggregators.

- **Fiscal policy, licensing and sector support** - Government will maintain a stable, predictable and competitive mining fiscal regime and digitalise mining licensing and permit processes.

  ZMW 450.7 million is allocated to training, certification and equipment for artisanal and small-scale miners.

- **Minerals Regulation Commission** - The Minerals Regulation Commission is now fully functional and decentralised, strengthening sector regulation, transparency and accountability.

## Agriculture, Livestock and Fisheries

- **Agricultural production and export targets** - Five of the eight Grow Zambia targets relate to agriculture and livestock: 10 million tonnes of maize, three million tonnes of soya beans, one million tonnes each of wheat and sugar, and US$1 billion of annual beef exports.

- **Farm block development and land use** - Government will establish a farm block development agency to coordinate governance, infrastructure and investment in farm blocks, and will review the policy on agricultural land to ensure productive use of arable land.

- **Agricultural production corridors** - The TAZARA and Lobito railway corridors are identified for large-scale production of maize, wheat, soya beans, sugar and forestry.

- **Mechanisation and irrigation** - Six mechanisation centres per district are planned by 2031 (on top of the existing 125), and irrigation is to reach 500,000 hectares by 2031.

- **Farmer Input Support Programme reform** - The Farmer Input Support Programme will transition from a subsidy into an agricultural loan scheme, with implementation expected to commence in 2027. ZMW 9.1 billion is allocated to FISP in 2027.

- **Agricultural export growth** - Agricultural exports surpassed US$1 billion, up from US$500 million in 2021, increasing farmers' incomes and diversifying the export base.

- **Agricultural productivity and finance** - Out-grower schemes, high-yielding and climate-resilient seed varieties, stronger extension services and wider access to agricultural finance will also be promoted.

- **Agricultural legislation** - Commencement orders will be issued for the Food Reserve Agency, Agricultural Marketing, and Agricultural Credit and Warehouse Receipts Acts, 2026.

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- **Beef exports and disease control** - For beef exports, Government will strengthen disease control, establish disease-free compartments (ZMW 100 million) and partner on cold chain and abattoirs.

- **Fisheries and aquaculture production** - Fish production is projected at 270,000 metric tonnes in 2026, rising to 300,000 metric tonnes in 2027, supported by aquaculture productivity, investment in feed production and improved genetics.

- **Export permit automation** - Export permit processes are being automated through the single window system, with bulk export permits for large-volume exporters and recognition of rail wagon loads.

## Energy

- **Electricity generation target** - The Grow Zambia Agenda targets electricity generation capacity of 10,000 megawatts by 2031.

- **Generation capacity and private investment** - Installed generation capacity increased by 42% to 4,722 megawatts from 3,318 megawatts over the last five years, mostly from private investment induced by cost-reflective tariffs, open access and streamlined approvals.

- **Transmission lines and interconnectors** - Transmission projects include the Zambia–Tanzania 330kV, Zambia–Malawi 400kV and Kalumbila–Kolwezi 330kV interconnectors, and the Kafue West–Muzuma, Muzuma–Nambala and Lusaka West–Kabwe 330kV lines.

- **Grid resilience funding** - ZMW 391.3 million is allocated to the Grid Resilience Programme, funded from savings arising from the Eurobond buyback, to modernise the distribution network.

- **Fuel supply and pipeline development** - The TAZAMA Open Access Framework has improved security of diesel supply. Government is working with Tanzania on a new multi-product pipeline and rehabilitation of the TAZAMA pipeline under a PPP model.

- **Non-hydro energy expansion** - More than 1,400 megawatts from non-hydro sources is expected to be added to the national grid in 2027, diversifying the energy mix and providing a buffer against droughts.

- **Mission 300, tariff reform and ZESCO** - Government will accelerate implementation of the Mission 300 energy compact, continue the transition to cost-reflective tariffs and strengthen ZESCO's operational and financial performance.

## Transport and Logistics

- **Transport and economic corridors** - Government is developing transport corridors that will double as economic corridors, and encourages exporters to locate investments along them.

- **Lobito Corridor infrastructure** - On the Lobito Corridor, works have commenced on the Mutanda–Kisasa–Mwinilunga–Jimbe road and the Kasempa turnoff–Mufumbwe–Kabompo road, with ground-breaking of the Lobito railway line expected in the fourth quarter of 2027.

- **Railway rehabilitation and dry port development** - TAZARA is being rehabilitated together with a dry port at Kapiri Mposhi, and EUR 60 million has been secured for the Kapiri Mposhi–Ndola section of Zambia Railways.

- **Road construction and rehabilitation** - Government will construct, upgrade and rehabilitate 787 kilometres of roads, including Kazungula–Sesheke, Kisasa–Mwinilunga and Chipata–Lundazi, with ZMW 18.1 billion allocated to road infrastructure.

- **Railway legislation and open access** - The Railways Act of 1984 will be repealed and replaced, with Zambia Railways Limited as infrastructure manager and open access for private train operators.

- **Airport development** - Mansa and Mfuwe airports will be completed in 2027, works on

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Nakonde will continue and works on Choma, Chipata, Mongu and Solwezi airports will commence (ZMW 2.4 billion allocated).

- **Border modernisation** - Border modernisation continues through the single window, customs-to-customs data exchange, AI-enabled scanners and smart gates.

- **Smart gate rollout** - The Kazungula smart gate is expected to be completed in 2027 and will be replicated at Kasumbalesa, Mokambo, Nakonde and Sakania.

## Tourism

- **Tourist arrivals and sector investment** - Government aims to increase international tourist arrivals to five million over the next five years from 2.3 million in 2025 by addressing infrastructure gaps, multiple licences, limited destination marketing and narrow product offerings. ZMW 1.4 billion is allocated to tourism programmes.

- **Tourism incentives and local sourcing** - Customs duty will be suspended on safari vehicles, hospitality equipment and communications infrastructure used in tourism. Government will also bid to host conferences, package multi-site visits and strengthen local sourcing of food, furniture and crafts.

## Manufacturing

- **Manufacturing growth and employment** - Government aims to raise manufacturing's share of GDP to above 8.5% and increase jobs in the sector beyond the current 320,000.

- **Industrialisation strategy** - The industrialisation strategy focuses on reducing regulatory costs and red tape, value chain and development finance, expanding multi-facility economic zones, industrial parks and export trade zones, and local content.

- **Fertiliser exports and regional trade** - Fertiliser export earnings increased by more than 500% to US$131.9 million in 2025 from US$19.9 million in 2021, demonstrating the potential of regional trade agreements.

- **Import duties and local industry protection** - Customs duty on ceramic tiles will increase to 40% and on selected aluminium products to 25%, with surtax on aluminium, processed meat and crude edible oils, to protect local industry.

- **Development finance institution** - A development finance institution will be established in 2027 (ZMW 400 million allocated) in place of the Development Bank of Zambia.

- **Manufacturing inputs and skills** - Government will strengthen local sourcing and aggregation of raw materials and invest in skills development to support manufacturing.

## Micro, Small and Medium Enterprise Development

- **Constraints on MSME growth** - MSME growth remains constrained by limited access to affordable finance and markets, inadequate business infrastructure, limited skills and low levels of formalisation.

- **Small business guarantee scheme** - The Bank of Zambia will launch a small business growth initiative through a special purpose vehicle managing a ZMW 5 billion guarantee scheme through financial service providers, complementing the Zambia Credit Guarantee Scheme and the Citizens Economic Empowerment Commission.

- **MSME market access and formalisation** - Government will promote partnerships with major retail outlets, local content, business development services and formalisation of MSMEs.

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## Information and Communication Technology

- **Digital infrastructure and internet access** - Since 2021, the national fibre-optic backbone has grown to over 42,000 kilometres from 15,000 kilometres, communication towers to 3,954 from 3,413, and active internet subscriptions to 15.5 million (end-September 2026) from 10.5 million.

- **Digital identity and land administration** - Government will fast-track the integrated national digital identity system in 2027 (ZMW 367.8 million allocated) and modernise land administration through integrated property management reforms.

- **Digital government services** - Only 572 of the targeted 1,578 services have been onboarded onto the Government Service Bus. A one-Government digitalisation approach will catalogue services, digitise records and onboard 35 more councils onto the e-Council platform.

# B) IMPROVING LIVING STANDARDS

## Education and Skills Development

- **Free education, teachers and school infrastructure** - Free education from early childhood to secondary school is now a legal right. Government has recruited 41,917 teachers and constructed 197 secondary schools since 2022, with a further 31 to be completed in 2027.

- **School feeding programme** - School feeding now covers all districts, reaching more than 5.6 million learners in over 8,800 schools; the 2027 allocation rises to ZMW 1.0 billion from ZMW 523 million.

- **TEVET capacity and critical skills** - TEVET providers increased to 496 in 2026 from 341 in 2022. Bursaries will be re-aligned to critical skills in agriculture, tourism, mining and manufacturing, and training capacity expanded by 100,000 trainees from 2027.

- **New university construction**

Construction of six new universities in Eastern, Luapula, Northern, North-Western, Southern and Western provinces will commence in 2027, partly through PPPs.

## Health

- **Health workforce, medicines and facilities** - Over the past five years, Government recruited 21,500 health workers, improved medicine availability to 83% from 35% and increased mini hospitals to 137 from 26.

- **Medical recruitment and supplies funding** - A further 3,125 frontline medical personnel will be recruited in 2027, and ZMW 6.4 billion is allocated to drugs and medical supplies.

- **Specialised hospital development** - Government will complete the Ndola Cancer Diseases Hospital and the King Salman Bin Abdulaziz Specialised Hospital, and construct a cancer hospital in Livingstone.

- **Maternal and neonatal health outcomes** - Maternal mortality reduced to 187 from 253 per 100,000 live births between 2018 and 2024, while neonatal mortality declined to 17 from 27 per 1,000 live births.

- **National Health Insurance Scheme reform** - Reforms will address arrears and the financial viability of the National Health Insurance Scheme (ZMW 360 million allocated).

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## Water and Sanitation

- **Water and sanitation infrastructure progress** - Government has constructed 1,208 small piped water schemes, 7,044 boreholes and 10 dams, rehabilitated 15 dams and built 673 waterborne sanitation facilities, benefiting close to 5 million people since 2021.

- **Water harvesting and dam development** - In 2027, priority will be given to water harvesting infrastructure, including dam construction and rehabilitation, to support agriculture, mining, tourism, energy and livestock.

- **Water supply and sanitation works** - Construction and rehabilitation of boreholes, small piped schemes and waterborne sanitation facilities will continue.

- **Water and sanitation budget allocation** - ZMW 2.1 billion is allocated to water supply and sanitation in 2027.

## Social Protection

- **Social Cash Transfer coverage** - Social Cash Transfer beneficiaries increased to over 1.5 million households in 2026 from under one million in 2021.

- **Social Cash Transfer funding and payment levels** - In 2027, ZMW 10.4 billion will support over 1.6 million households, with monthly transfers increased to ZMW 450 (ZMW 650 for households with persons with disabilities).

- **Health insurance contributions in social transfers** - Contributions to the National Health Insurance Scheme will be incorporated into the Social Cash Transfer programme.

- **Food security and nutrition support** - The Food Security Pack will be integrated into other social protection programmes; nutrition support has reached 22,000 of a targeted 25,000 households.

- **Unified national social registry** - A unified national social registry will be operationalised in 2027, initially covering Social Cash Transfer and Keeping Girls in School beneficiaries.

- **Pension waiting times and funding** - Government aims to reduce the pension waiting time to three months from over one year, with ZMW 5.2 billion allocated to public service pensions.

- **Pension income replacement reforms** - Pension laws enacted in 2026 aim to raise the combined income replacement ratio for public service workers to 65%.

# C) ENVIRONMENTAL SUSTAINABILITY

- **Environmental approvals and digital licensing** - Government will enforce the amended statutory timelines for environmental approvals and digitalise licensing and environmental impact assessment processes.

- **Pollution monitoring and ZEMA laboratory** - Pollution control will be strengthened through modern monitoring equipment and operationalisation of the ZEMA laboratory.

- **Digital climate advisory services** - Digital climate advisory services will be expanded to four million farmers by 2029 from one million.

- **Carbon markets and credit verification** - Carbon markets will be strengthened through institutional capacity, the national carbon registry and improved verification of credits.

- **Forest conservation and plastics duties** - Forest conservation will be intensified by curbing illegal logging and bushfires. Excise duty on single-use plastics will double to 200%, with a new 80 ngwee duty per plastic bottle.

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# D) PUBLIC SECTOR AND FINANCING

## Fiscal Policy

- **Fiscal consolidation and deficit target** - Government will continue fiscal consolidation, with the objective of reducing the fiscal deficit to 1.2% of GDP by 2029.

- **Medium-Term Revenue Strategy** - The Medium-Term Revenue Strategy will be implemented to broaden the tax base and rationalise exemptions and incentives.

- **Public sector wage bill control** - The public sector wage bill will be contained within 35% of domestic revenues over the medium term.

- **Tax compliance and monitoring** - Compliance will be strengthened through data sharing, monitoring of the mineral value chain, transit cargo monitoring and the smart invoice system.

- **Non-tax revenue and international cooperation** - Non-tax revenue collection, including SOE dividends, will be automated and international tax cooperation strengthened.

- **PPP project preparation and viability funding** - Project preparation capacity will be enhanced and ZMW 507.3 million provided for PPP viability gap financing.

## Fight Against Corruption

- **Anti-corruption governance and oversight** - The Anti-Corruption Commission Act will be amended to strengthen the independence and governance of the Commission, and oversight of procurement, recruitment and licensing will be improved.

## Debt Management

- **External debt restructuring** - External debt restructuring is nearing completion, and Central Government external debt fell to USD 15.46 billion at end-June 2026.

- **Sovereign credit rating upgrade** - Moody's upgraded Zambia's rating to Caa1 from Caa2 with a positive outlook, which should lower the cost of external credit.

- **Liability management and benchmark bonds** - To reduce borrowing costs and refinancing risk, Government will commence liability management operations, prioritise fixed-rate securities and consolidate benchmark bonds, including the 20-year bond.

- **Operating expenditure and savings** - Spending on government operations will be rationalised and savings redirected to infrastructure and social sectors.

- **Arrears clearance and commitment controls** - Arrears clearance will continue (ZMW 4.7 billion allocated) with stronger commitment controls and liability management for legacy arrears, including VAT refunds.

- **Debt service allocation** - ZMW 67.6 billion is allocated to debt service in 2027 (domestic ZMW 50.8 billion; external ZMW 16.8 billion), down from ZMW 73.7 billion in 2026.

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## State-owned enterprise restructuring

The SOE Act was enacted in 2026. Underperforming SOEs will be reviewed and restructured, including through strategic partnerships and, where appropriate, partial divestment.

## Decentralisation and CDF

- **Devolution of functions** - Thirteen functions have been devolved and CDF allocations increased to support decentralisation.
- **CDF funding increase** - CDF increases to ZMW 9.0 billion in 2027 from ZMW 6.2 billion, a 45% increase, to accommodate the increased number of constituencies.
- **Constituency allocations and project completion** - The allocation per constituency remains at ZMW 40.0 million, with emphasis on completing on-going projects.

## Monetary Policy

- **Inflation target** - Monetary policy will continue to focus on maintaining inflation within the 6-8% target band over the medium term.
- **Credit pricing transparency** - The Bank of Zambia will promote transparency in credit pricing and publish lending rates.

## Financial Sector Policy

- **Banking and payment system legislation** - The Banking and Financial Services Act, 2026 and the National Payment System Act, 2026 will be operationalised by the end of 2026, with accompanying regulations.
- **Deposit insurance legislation** - The Zambia Deposit Insurance Corporation Act, 2026 will be operationalised.
- **Pension coverage expansion** - The Pension Scheme Regulation Act of 1996 will be repealed and replaced in 2027 to extend coverage to the self-employed and informal sector.

## External Sector Policy

- **Exchange rate regime and reserve accumulation** - Government will maintain a flexible exchange rate regime and continue to build international reserves.
- **International reserve coverage target** - Reserve coverage is to be progressively increased to more than five months of imports over the medium term.

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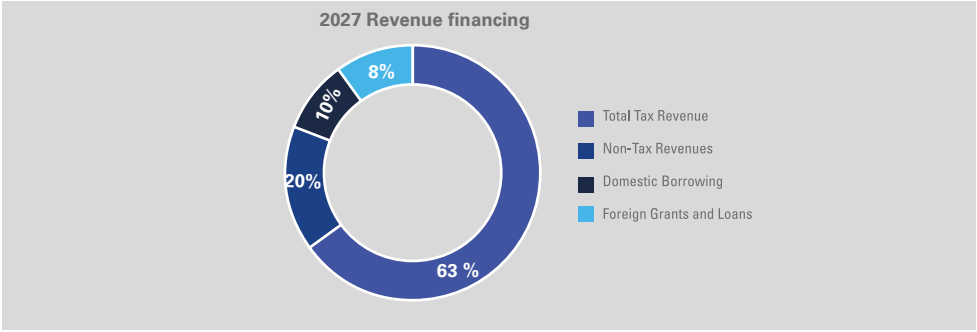
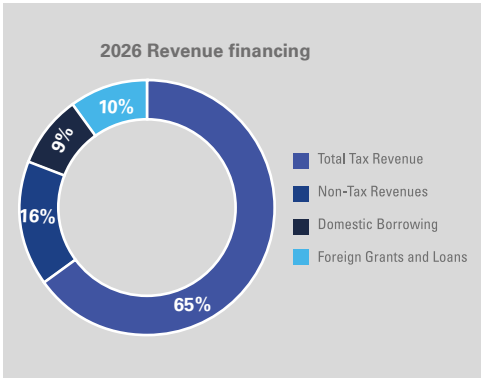
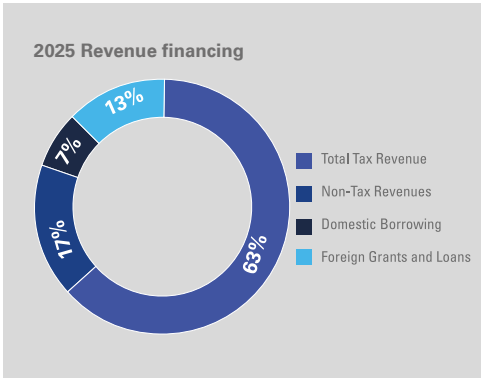
# The 2027 Budget

The Government intends to spend ZMW 284.8 billion representing 28.4% of GDP which will be financed by:

- Domestic revenues amounting to ZMW 233.7 billion or 23.3% of GDP, and grants from Cooperating Partners amounting to ZMW 9.2 billion or 0.9% of GDP.
- Debt financing, both domestic and external, amounting to ZMW 41.9 billion or 4.2% of GDP.




| Fact Sheet - Tax Revenue Targets as a percentage of GDP | | |
|---|---|---|
| 2025 | ZMW 137.4 billion | 16.8% |
| 2026 | ZMW 165.8 billion | 17.9% |
| 2027 | ZMW 178.1 billion | 17.8% |

| Fact Sheet - Non Tax Revenue Targets as a percentage of GDP | | |
|---|---|---|
| 2025 | ZMW 36.8 billion | 4.5% |
| 2026 | ZMW 40.7 billion | 4.4% |
| 2027 | ZMW 55.6 billion | 5.5% |

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| Total Domestic Revenue, Grants, and Financing | | | | |
|---|---|---|---|---|
| Description | | 2027 | 2026 | 2025 |
| | | ZMW'million | ZMW'million | ZMW'million |
| 1 | **Total Tax Revenues** | **178 105** | **165 763** | **137 414** |
| | Income Taxes | **104 253** | 82 486 | 65 810 |
| | Company Tax | **42 702** | 30 065 | 22 950 |
| | Other Income Tax | **26 180** | 21 041 | 15 875 |
| | PAYE | **35 371** | 31 380 | 26 985 |
| | Value-Added Tax | **44 310** | 54 378 | 48 341 |
| | Customs Duty | **15 441** | 14 385 | 10 559 |
| | Export Duty | **400** | 419 | 408 |
| | Excise Duty | **13 701** | 14 095 | 12 296 |
| 2 | **Other Revenues** | **55 556** | **40 689** | **36 774** |
| | Mineral Royalty Tax | **22 009** | 18 200 | 17 355 |
| | Fees & Fines / Exceptional | **32 291** | 21 410 | 18 473 |
| | Other non-tax revenues | **1 256** | 1 079 | 946 |
| 3 | **Domestic Borrowing** | **28 851** | 21 620 | 15 359 |
| | **Total Domestic Revenue & Financing** | **262 512** | **228 072** | **189 547** |
| | **Foreign Grants** | **9 228** | 12 148 | 8 169 |
| | **Financing** | **13 029** | 12 869 | 19 389 |
| | **Total Foreign Financing & Grants** | **22 257** | **25 017** | **27 558** |
| | **Total Budget** | **284 769** | **253 089** | **217 105** |

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| Expenditure by Function | | | | | | |
|---|---|---|---|---|---|---|
| Function | 2027 Budget | | 2026 Budget | | 2025 Budget | |
| | ZMW 'million | Percentage of Budget | ZMW 'million | Percentage of Budget | ZMW 'million | Percentage of Budget |
| General Public Services | 90 526 | 31.8% | 92 607 | 36.6% | 73 815 | 34.0% |
| Defence | 14 649 | 5.1% | 11 869 | 4.7% | 10 321 | 4.7% |
| Public Order and Safety | 11 364 | 4.0% | 9 633 | 3.8% | 8 406 | 3.9% |
| Economic Affairs | 75 903 | 26.7% | 58 650 | 23.2% | 48 714 | 22.4% |
| Environmental Protection | 2 289 | 0.8% | 1 574 | 0.6% | 1 480 | 0.7% |
| Housing and Community Amenities | 4 629 | 1.6% | 3 203 | 1.3% | 2 989 | 1.4% |
| Health | 30 253 | 10.6% | 26 174 | 10.3% | 23 167 | 10.7% |
| Recreation, Culture and Religion | 736 | 0.3% | 669 | 0.3% | 559 | 0.3% |
| Education | 38 240 | 13.4% | 33 037 | 13.0% | 31 493 | 14.5% |
| Social Protection | 16 180 | 5.7% | 15 673 | 6.2% | 16 161 | 7.4% |
| **Grand Total** | **284 769** | **100%** | **253 089** | **100%** | **217 105** | **100%** |

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## General Public Services

- The Government has budgeted ZMW 90.5 billion (2026: ZMW 92.6 billion), or 31.8% of the total budget, towards general public services.
- From the allocation, ZMW 50.8 billion (2026: ZMW 52.0 billion) and ZMW 16.8 billion (2026: ZMW 21.7 billion) will be spent on domestic and external debt servicing respectively.
- ZMW 4.7 billion (2026: ZMW 4.7 billion) will be allocated to the dismantling of arrears.
- ZMW 1.7 billion is allocated to digitalisation of Government services, including ZMW 367.8 million for INRIS.
- Further, ZMW 1.5 billion (2026: ZMW 1.5 billion) will be allocated to the Local Government Equalisation Fund.

## Economic Affairs

- The Government has proposed to spend ZMW 75.9 billion (2026: ZMW 58.6 billion), making up 26.7% of the budget, an increase of 29.4%.
- Key allocations include ZMW 22.7 billion (2026: ZMW 15.5 billion) for agriculture, fisheries and livestock, with ZMW 9.1 billion (2026: ZMW 9.2 billion) for the Farmer Input Support Programme, ZMW 0.8 billion for Animal Health Services and ZMW 100 million for beef disease-free compartments.
- ZMW 18.1 billion (2026: ZMW 14.5 billion) will be used for road infrastructure.
- The constituency development fund allocation has been increased to ZMW 9.0 billion (2026: ZMW 6.2 billion). Each constituency will continue to get ZMW 40.0 million.
- ZMW 1.4 billion (2026: ZMW 1.5 billion) has been allocated to tourism programmes.
- ZMW 2.4 billion (2026: ZMW 1.1 billion) has been allocated to provincial airports.
- ZMW 1.2 billion has been allocated to mining related activities, including ZMW 467.2 million for geological mapping and ZMW 450.7 million for artisanal and small-scale mining.

## Education

- Government proposes to spend ZMW 38.2 billion (2026: ZMW 33.0 billion) on education, including ZMW 2.8 billion for school operations under free education.
- ZMW 3.2 billion (2026: ZMW 2.3 billion) has been allocated for school and university infrastructure.
- ZMW 1.9 billion (2026: ZMW 1.4 billion) has been allocated to student loans and scholarships.
- ZMW 1.0 billion (2026: ZMW 523 million) has been allocated to the Home-Grown School Feeding Programme.

## Health

- ZMW 30.3 billion (2026: ZMW 26.2 billion) has been allocated to health services, of which ZMW 6.4 billion (2026: ZMW 6.4 billion) is for drugs and medical supplies.
- ZMW 866.7 million has been allocated for the construction of district and mini hospitals.
- ZMW 360 million has been allocated to support the National Health Insurance Scheme.

## Public Order and Safety

- ZMW 11.4 billion (2026: ZMW 9.6 billion) has been allocated to public order and safety, including ZMW 1.2 billion for law enforcement agencies.

## Social Protection

- ZMW 16.2 billion (2026: ZMW 15.7 billion) has been allocated for social protection, including ZMW 10.4 billion for the Social Cash Transfer Programme and ZMW 5.2 billion for pension payments.

## Housing and Community Amenities

- ZMW 4.6 billion (2026: ZMW 3.2 billion) has been allocated to housing and community amenities, with ZMW 2.1 billion (2026: ZMW 1.8 billion) for water supply and sanitation and ZMW 362.9 million for housing development.

## Defence

- ZMW 14.6 billion (2026: ZMW 11.9 billion) has been allocated to defence.

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# Domestic Taxes

All proposed changes under Domestic Taxes for the 2027 fiscal year are effective 1st January 2027.

### Pay As You Earn (PAYE) exempt threshold

The exempt threshold remains the same in 2027 at ZMW 5,100 per month and ZMW 61,200 per annum.

### PAYE marginal rate and tax bands

A marginal tax rate of 39.5% is proposed for monthly income exceeding ZMW 37,000 while all other tax bands remain unchanged, as set out in the table below:

| Monthly | | | | | |
|---|---|---|---|---|---|
| **Current PAYE bands – 2026** | | | **Proposed PAYE bands – 2027** | | |
| **From** | **To** | **Tax rate** | **From** | **To** | **Tax rate** |
| 0 | 5,100 | 0% | 0 | 5,100 | 0% |
| 5,101 | 7,100 | 20% | 5,101 | 7,100 | 20% |
| 7,101 | 9,200 | 30% | 7,101 | 9,200 | 30% |
| above | 9,200 | 37% | 9,201 | 37,000 | 37% |
| | | | above | 37,000 | 39.5% |
| **Annual** | | | | | |
| **Current PAYE bands – 2026** | | | **Proposed PAYE bands – 2027** | | |
| From | To | Tax rate | From | To | Tax rate |
| 0 | 61,200 | 0% | 0 | 61,200 | 0% |
| 61,201 | 85,200 | 20% | 61,201 | 85,200 | 20% |
| 85,201 | 110,400 | 30% | 85,201 | 110,400 | 30% |
| above | 110,400 | 37% | 110,401 | 444,000 | 37% |
| | | | above | 444,000 | 39.5% |

### Tax credit for differently abled persons

The monthly tax credit for differently abled persons will remain the same at ZMW 600 per month in 2027 charge year.

### Exclusion of public service buses with a sitting capacity of 50 and above from Presumptive tax

Individuals operating public service vehicles with a seating capacity of 50 or more are not subject to presumptive tax. Instead, they must now register under either turnover tax or corporate income tax. This provision came into effect in 2026.

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Presumptive taxes for buses with a seating capacity of below 50 remain as follows:

| Vehicle Seating Capacity | 2026 Tax Per Annum (ZMW) | 2027 Tax Per Annum (ZMW) |
|---|---|---|
| 36 - 49 seater | 10,368 | 10,368 |
| 22 - 35 seater | 7,776 | 7,776 |
| 18 - 21 seater | 5,184 | 5,184 |
| 12 - 17 seater | 2,592 | 2,592 |
| Below 12 seater | 1,296 | 1,296 |

### Income tax concessions for the Railway sub-sector Public-Private Partnership "PPP"

The fiscal framework for PPPs involved in the rehabilitation, renovation, operation, maintenance, management and financing of the TAZARA railway, introduced in the 2026 Budget, is summarized below.

| S/No | Measure | Period | Proposed Rate (%) |
|---|---|---|---|
| 1 | Reduce the Corporate Income Tax rate from 30 percent of the SPV during the operation period as follows: | Year 1 to 5 | 0% |
| | | Year 6 to 15 | 10% |
| | | Year 16 to 25 | 12% |
| | | Year 26 to 28 | 30% |
| 2 | Exemption from the Minimum Alternative Tax for the first 12 years of operation; | | |
| 3 | Deductibility of losses incurred in a charge year to 70 percent from the current 50 percent of income tax from the same source. | | |
| 4 | Increase the carry forward period of losses from the current 5 years to 12 years | | |
| 5 | Increase the capping on interest deduction from 30 percent to 70 percent of EBITDA | | |

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### Corporate income tax (non-mining)

The various year-on-year non-mining and proposed 2027 tax rates are indicated in the table below:

| | Charge year | | |
|---|---|---|---|
| **Category** | **2027** | **2026** | **2025** |
| **Corporate Income Tax** | | | |
| Manufacturing and other | 30% | 30% | 30% |
| Manufacturing - value added to copper cathodes | **25%*** | 20% | 20% |
| Manufacturing of organic fertilisers | **20%*** | 15% | 15% |
| Manufacture of chemical fertilisers | **20%*** | 15% | 15% |
| Manufacturing of ceramic products | **5%*** | 0% | 0% |
| Tourism (hotels and lodges) | **20%*** | 15% | 15% |
| Farming | **15%*** | 10% | 10% |
| Agro processing | **15%*** | 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% | 30% |
| Public benefit organisations business income | **20%*** | 15% | 15% |
| Non-traditional exports | **25%*** | 20% | 20% |
| Non-traditional export from farming or agro - processing | **15%*** | 10% | 10% |
| Telecommunications companies | 35% | 35% | 35% |
| **Others** | | | |
| Commercial imports (advance income tax) | 15% | 15% | 15% |
| Insurance Premium Levy | 5% | 5% | 5% |
| 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% |
| Minimum Alternative Tax | **1%**** | 1% | 1% |

*2027 proposed changes

**Minimum Alternative Tax will only apply where a business has recorded tax losses for three consecutive years.

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### Corporate income tax (non-mining)

The various year-on-year non-mining and proposed 2027 tax rates are indicated in the table below:

| | Charge year | | |
|---|---|---|---|
| **Category** | **2027** | **2026** | **2025** |
| **Rental Income Tax** | | | |
| ZMW 0 to ZMW 12,000 | - | - | 0% |
| ZMW 0 to ZMW 30,000 | 0% | 0% | - |
| ZMW 12,001 to ZMW 800,000 | - | - | 4% |
| ZMW 30,001 to ZMW 800,000 | 4% | 4% | - |
| Excess ZMW 800,000 | 16% | 16% | 16% |
| **Carry forward of tax losses** | | | |
| 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 |
| **Capital allowances deductions** | | | |
| 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 and machinery used in manufacturing and tourism | 50% | 50% | 50% |
| Implements, machinery and 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 and other plant and machinery | 25% | 25% | 25% |
| Non-commercial motor vehicles | 20% | 20% | 20% |
| Farm works/improvements and improvement allowance under Multi Facility Economic Zones only | 100% | 100% | 100% |

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### Corporate income tax (mining)

The table below shows the various year-on-year tax rates and the proposed 2027 changes.

| | Charge year | | |
|---|---|---|---|
| **Category** | **2027** | **2026** | **2025** |
| **Corporate Income Tax** | | | |
| Mining – Base Metals /Gemstones /Precious Metals | 30% | 30% | 30% |
| Artisanal and small-scale mining | Turnover Tax | Turnover Tax | Turnover Tax |
| Gemstone Industry (Lapidary and Jewellery facilities) | 25% | 25% | 25% |
| Mineral processing | 30% | 30% | 30% |
| **Capital allowances deductions** | | | |
| Mining equipment and related capital expenditure (claim when asset is brought into use) | 20% | 20% | 20% |
| Commercial motor vehicles and 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. | | | |
| **Carry forward of tax losses** | | | |
| Mining operations | 10 years | 10 years | 10 years |
| Prospecting and exploration | 5 Years | 5 Years | 5 Years |
| Import duty on certain mining equipment | Rebate | Rebate | Rebate |
| VAT deferment scheme (annual application) | Yes | Yes | Yes |
| **Other rates** | | | |
| Withholding Tax on dividends | **15%*** | 0% | 0% |

**2027 proposed changes*

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## Corporate income tax (mining)

| Mineral Royalty Tax Rates | | |
|---|---|---|
| **Category** | **2027** | **2026** |
| **Mineral royalty tax scales on base metals** | | |
| Less than $4,000 per tonne | 4.00% | 4.00% |
| $4,000 per tonne or more but less than $5,000 per tonne | 6.50% | 6.50% |
| $5,000 per tonne or more but less than $7,000 per tonne | 8.50% | 8.50% |
| $7,000 per tonne or more | 10.00% | 10.00% |
| **Mineral royalty on other minerals** | | |
| Mineral Royalty on precious metals | 6.00% | 6.00% |
| Gold sold by artisanal and small-scale miners to Government-approved aggregators * | **3.00%*** | 6.00% |
| Mineral Royalty on gemstones | 6.00% | 6.00% |
| Mineral Royalty on cobalt and vanadium | 8.00% | 8.00% |
| Mineral Royalty to apply on incremental value for each price range | | |

**2027 proposed changes*

## Corporate income tax (mining)

| | Charge year | | |
|---|---|---|---|
| **Category** | **2027** | **2026** | **2025** |
| **Export / Import duty** | | | |
| Export duty on copper and cobalt concentrates | 10% | 10% | 10% |
| Import duty on copper and cobalt concentrates | 0% | 0% | 0% |
| Export duty on precious metals and gemstones | 15% | 15% | 15% |
| Export duty on manganese ores and concentrates | 15% | 15% | 15% |
| Export duty on zinc concentrates (2027 proposal) | 5% | - | - |
| Interest deductibility | EBITDA | EBITDA | EBITDA |
| **Property Transfer Tax** | | | |
| Property Transfer Tax on sale or transfer of land or shares and intellectual property | 8% | 8% | 8% |
| 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 | 8% | 8% | 8% |

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## Filing of tax returns: Tax Calendar

| 2027 Charge year | Due Date |
|---|---|
| **Corporate tax** | |
| Submission of provisional income tax return (electronic) | 31-Mar-27 |
| Submission of income tax provisional tax return (manual) | 05-Mar-27 |
| Payment of first quarter provisional tax instalment | 10-Apr-27 |
| Payment of second quarter provisional tax instalment | 10-Jul-27 |
| Payment of third quarter provisional tax instalment | 10-Oct-27 |
| Payment of fourth quarter provisional tax instalment | 10-Jan-28 |
| Submission of annual tax return for 2026 and payment of balance of tax (electronic) | 21-Jun-27 |
| Submission of annual tax return for 2026 (manual) | 05-Jun-27 |
| **2026 Charge year** | |
| **Corporate tax** | |
| Submission of provisional income tax return (electronic) | 31-Mar-26 |
| Submission of income tax provisional tax return (manual) | 05-Mar-26 |
| Payment of first quarter provisional tax instalment | 10-Apr-26 |
| Payment of second quarter provisional tax instalment | 10-Jul-26 |
| Payment of third quarter provisional tax instalment | 10-Oct-26 |
| Payment of fourth quarter provisional tax instalment | 10-Jan-27 |
| Submission of annual tax return for 2025 and payment of balance of tax (electronic) | 21-Jun-26 |
| Submission of annual tax return for 2025 (manual) | 05-Jun-26 |
| **Others** | |
| 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 and 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 |
| VAT (Cross Border Electronic Services) return and payment | 25th of the following month |
| Premium Levy return and payment | 18th of the following month |
| Transfer Pricing Local and Master file compliance for 2026 charge year | 21-Jun-27 |

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## Other Domestic taxes

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

| | Year | | |
|---|---|---|---|
| **Category** | **2027** | **2026** | **2025** |
| **Withholding tax and other rates** | | | |
| Non-mining dividend pay-outs - non-resident | 20% | 20% | 20% |
| Non-mining dividend pay-outs - resident | 15% | 15% | 15% |
| 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% | 0% | 0% |
| Interest on Treasury Bills for Individuals (Final tax) | 20% | 20% | 20%/15% |
| Interest on Treasury Bills (Final tax for Public Benefit Organisations) | 20% | 20% | 20%/15% |
| Interest on Green Bonds Listed on Securities Exchange in Zambia | 0% | 0% | 0% |
| Interest on Government Bonds (Coupon Income) | 20% | 20% | 20%/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% | 0% | 0% |
| Property Transfer Tax on intellectual property | 5% | 5% | 5% |
| Property Transfer Tax (Indirect control/ ownership change in a foreign country with an interest in a Zambian company) | 5% | 5% | 5% |

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## Other Domestic taxes

| | Year | | |
|---|---|---|---|
| **Category** | **2027** | **2026** | **2025** |
| Casino machine games | 35% | 35% | 35% |
| Lottery winnings | 35% | 35% | 35% |
| Betting | 15% | 15% | 15% |
| Gaming - per machine per month | ZMW500 | ZMW500 | ZMW500 |
| The Zambia Revenue Authority is the interim regulator for the gaming industry. Tickets to display the Withholding Tax payable on potential wins. | | | |
| **Turnover tax** | | | |
| ZMW 0 to ZMW12 000 (2025)<br>ZMW 0 to ZMW30 000 (2026 and 2027) | 0% | 0% | 0% |
| ZMW12,001 to ZMW800 000 (2025)<br>ZMW30 001 to ZMW5 000 000 (2026 and 2027) | 5% | 5% | 5% |
| **Turnover tax under declaration penalties** | | | |
| Penalty for negligence | 1.50% | 1.50% | 1.50% |
| Penalty for late return | ZMW100 | ZMW100 | ZMW100 |
| Penalty for late payment | 0.5% | 0.5% | 5% |
| Penalty for willful default | 3% | 3% | 3% |
| Penalty for fraud | 4.50% | 4.50% | 4.50% |
| **Carbon tax for transiting Vehicles** | | | |
| Motorcycles | | | ZMW140 or USD Eqv |
| Engine size less than 1 500cc | | | ZMW 140 or USD Eqv |
| Engine size between 1 500cc and 2000cc | | | ZMW 280 or USD Eqv |
| Engine size between 2 000cc and 3 000cc | | | ZMW 400 or USD Eqv |
| Engine size over 3 000cc | | | ZMW 550 or USD Eqv |

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# Direct Taxes

The following direct tax changes have been proposed for the 2027 fiscal year.

- **Mineral royalty on gold (concession) -** Reduced the mineral royalty tax from 6% to 3% for artisanal and small-scale miners who sell gold to aggregators approved by the Ministry of Mines and Minerals Development.

- **Company income tax rate increased for companies taxed below the standard rate of 30% -** Increased by 5 percentage points on income currently taxed below the standard 30% rate, such as farming/ agro-processing and related non-traditional exports (10% to 15%), organic and chemical fertiliser producers (15% to 20%), non-traditional exports and value addition to copper cathodes (20% to 25%).

- **Withholding tax on mining dividends -** Increase the withholding tax rate on mining dividends from 0% to 15% to harmonise the applicable rate with that of other sectors.

- **PAYE marginal rate increased from 37% to 39.5% for monthly income above ZMW 37,000 per month -** New 39.5% band on monthly income above ZMW 37,000 has been introduced; earnings of ZMW 37,000 and below are unaffected per month.

- **Minimum Alternative Tax application limited to businesses that make tax losses for three consecutive years -** This measure seeks to extend the exemption to businesses that have not declared tax losses for three consecutive years.

- **Online betting income subject to betting levy and not income tax -** The amendment clarifies that income from online betting services is liable to Betting Levy and not Income Tax

- **Introduces a legal framework for Automatic Exchange of Information -** The amendment provides a legal framework for Zambia to implement the Automatic Exchange of Information in accordance with Global Forum standards (Zambia joined in 2024).

- **Betting Levy widened to include non-brick-and-mortar betting and gaming activities that do not involve deposits into, or withdraw from, a customer's gaming account -** This measure seeks to ensure that all the betting and gaming activities are taxed including mobile phone lotteries where participants enter by sending a code and entry fee deducted directly from their airtime.

- **The Commissioner General is empowered to require an appointed agent to remit any Betting Levy withheld to the ZRA within such period -** This measure aims to facilitate prompt revenue collection by requiring appointed agents to remit Betting Levy withheld to ZRA within the prescribed period.

- **Introduces a penalty of 10,000 penalty units for each day, or part thereof, that an appointed agent fails to remit Betting Levy withheld to the ZRA within the prescribed period -** This measure seeks to improve compliance with the Betting Levy Act by promoting timely remittance of withheld Betting Levy and providing an effective mechanism for penalizing non-compliance.

- **Amends relevant tax laws and subsidiary legislation to recognise electronic means of communication as a valid mode of serving notices and other official communications -** The measure seeks to modernise and harmonise the legal framework governing the service of notices and official

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communications across various tax laws and subsidiary legislation by recognising electronic means of communication as a valid mode of service.

- **Prohibits the unlawful access, use, or handling of any information, records, or documents governed by the Tax Acts and provide penalties for non-compliance -** The measure seeks to align the Tax Acts with recommendation from the Global Forum in light of the planned implementation of Automatic Exchange of Information. The Global Forum requires that information exchanged is well secured and that only authorized persons have access to it.

- **Acts -** The measure seeks to remove the reference to the repealed Mines and Minerals Development Act, 2015 and replace it with the new Minerals Regulations Commission Act, 2024.

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# Value Added Tax

The following changes in Value Added Tax ("VAT") have been proposed for the 2027 fiscal year:

- **Increases the Value Added Tax (VAT) standard rate from 16% to 16.5% -** This measure is intended to increase revenue to fund Government programmes.
- **Discontinues the zero-rating of VAT on energy saving appliances -** This measure is intended to widen the VAT base by subjecting previously zero-rated energy appliances to VAT.
- **Clarifies that Cross-Border Electronic Services means the electronic services supplied in Zambia by a supplier who is based outside Zambia -** This measure is intended to clarify that cross border electronic services are services provided in Zambia by businesses operating outside the Republic.
- **Empowers the Commissioner General to waive fines imposed for failure to use Smart Invoices -** The measure seeks to empower the Commissioner General to waive fines in lieu of prosecution which are charged for failure to use Smart Invoice.
- **Extend the zero rating of goods supplied to or imported by a contractor who is contracted by a concessionaire or a special purpose vehicle to implement a public private partnership project -** This measure is intended to allow contractors of special purpose vehicles to buy or import goods for a PPP project without being subjected to VAT since they are simply implementing the project on behalf of a concessionaire or a special purpose vehicle.

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# Customs and Excise

The following proposed changes under customs and excise are effective 1st January 2027, subject to approval by Parliament.

- **Tourism (concession)** - Customs duty suspended on safari vehicles, hospitality equipment and communications infrastructure used in tourism.
- **Sanitary products (concession) -** 100 percent duty and VAT exemption on imported raw materials for sanitary pads, panty liners and related products.
- **Ceramic tiles (HS heading 69.07) -** Customs duty increased to 40 percent from 25 percent.
- **Aluminium bars, rods and profiles (HS heading 76.04)** - Introduce selected Goods Surtax at 20 percent. Increase customs duty to 25 percent from 0 and 5 percent.
- **Processed meat** - Selected Goods Surtax increased to 30 percent from 20 percent.
- **Crude edible oils** - Customs duty of 15 percent (from 0 percent) on crude soya bean, palm and sunflower oil; 10 percent surtax on crude soya bean and sunflower oil.
- **Float glass** - Customs duty harmonised at 25 percent from 15 percent.
- **Single-use plastics** - Excise duty increased to 200 percent from 100 percent.
- **Plastic bottles** - Introduce a specific excise duty of 80 ngwee per bottle.
- **Plastic articles (HS heading 3918, 3923, 3926)** - Introduced or harmonised excise duty at 30 percent.
- **Used second hand clothing and handbags** - Public Benefit Organisations excluded from customs duty relief.
- **Energy-saving appliances** - Customs duty exemption (SI No. 102 of 2021) discontinued.
- **Zinc concentrates** - Export duty of 5 percent introduced.
- **Sugar** - Excise duty of ZMW 1 per kilogram introduced.
- **Chocolate (HS heading 18.06) and sugar confectionery (HS heading 17.04)** - Excise duty of 20 percent introduced.
- **Cement packaging (HS code 6305.33.00) and woven bags (HS code 3923.29.99) -** Selected Goods Surtax harmonised at 30 percent.

### Housekeeping Measures

- **Inward reports (CE 1)** - New offence and penalty for carriers who fail to submit an inward report in the prescribed time and manner.
- **Hydrocarbons and other oil products removed from bonded warehouse** - Align the returns and duties due dates both due on the fifth day after the accounting period.
- **Defence Forces suppliers** - List of specified suppliers of excisable goods updated.
- **Direct bonding** - Imported goods may be bonded directly into a licensed bonded warehouse without a prior removal in bond.
- **Risk goods** - Rules may be issued by the Commissioner General on importing risk goods such as alcohol above 80 percent strength.
- **Gold** - Any person importing or exporting gold in any form must make a prescribed declaration.
- **Removal In Bond (RIB) and bonded warehouse operators guarantees - One consolidated guarantee for; warehouse bonds may cover goods for export.**
- **Bonded warehouses** - Commissioner General to call up bonds for goods not cleared from bonded warehouse for consumption and entered within 10 days after expiry of prescribed period.
- **Expired bonding entries** - Daily penalty on expired entries that remain outstanding for up to 10 days from date of entry expiry.

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- **Re-warehousing of goods** - Restriction of the subsequent re-warehousing in Zambia of goods previously exported from a bonded warehouse for a period of one year from the export date.
- **Interest and fines** - Commissioner General has express power to remit interest and fines in whole or part.
- **Escalatory penalty regime** - Enhancement of enforceability, consistency, and transparency in penalty administration.
- **Clearing and forwarding** - Anchor provision for a code of conduct with offences and penalties.
- **Post importation discrepancies** - Customs duties and taxes shall be based on substantive rates at the time of declaration, subject to post-importation adjustment if discrepancies are noted.
- **Exports** - Goods must exit within five days of the final export document (T1 or release order); Smart Invoices mandatory for export declarations.
- **Late exit** - Penalty applies where export goods exit Zambia after five days even if an extension was granted.
- **Smart invoice requirement** - Smart invoices shall be the only accepted invoices for all export unless a taxpayer is exempt from the requirement. Export declaration may be declined due to failure to attach a valid smart invoice.
- **Replacement of working days with calendar days** - Calendar days replace working days (Regulation 31(2)).
- **Extension of the bonded warehouse** - Extension to cover goods intended for export where the exporter owns or has a duly executed agreement for the bonded warehouse.
- **Correction of Inconsistency from SI No.16 of 2026** - Incorporation of amendments already made by earlier Statutory Instruments corrections to Regulations 78 (ATA Carnet).
- **Correction in Regulation 96 (7) paragraph 4** - Deletion of "shall include" and substitution with "shall be".
- **Drawback** - Claim period for re-exported unused goods reduced to 6 months from 2 years.
- **Correction of numbering** - Numbering of sub-regulations in Regulation 127 have been corrected.
- **Tariff Corrections** - HS code 8703.70.00 tariff description aligned to HS 2022.
- **Tariff corrections hatchback specific duty** - Specific duty on hatchback of engine capacity 1001cc but not exceeding 1500cc HS 8703.50.19 corrected to ZMW 16,129.30, and on HS 8703.50.39 to ZMW 23,794.24 (excise ZMW 30,932.51).
- **Self-clearance** - Agent appointment procedures clarified; Commissioner General may designate goods eligible for self-clearance.

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# Other Information

## Proposed measures

### Tourism and Industry Incentives

To support the Grow Zambia Agenda targets for tourism and local manufacturing, it has been proposed to:

- Suspend customs duty on safari vehicles, hospitality equipment and communications infrastructure used in tourism operations.
- Provide duty suspension and VAT exemption on raw materials for locally manufactured sanitary products.

### Key legislative and regulatory developments

The 2027 Budget Speech indicates that the following Acts will be operationalised with their regulations:

- Banking and Financial Services Act, 2026
- The National Payment System Act, 2026; and
- The Zambia Deposit Insurance Corporation Act, 2026.

Commencement orders will be issued for the following Acts:

- Food Reserve Agency Act, 2026;
- The Agricultural Marketing Act, 2026; and
- The Agricultural Credit and Warehouse Receipts Act, 2026.

### Further reforms announced

The following further legal reforms were announced:

- Railways Act Cap 453 of 1984 to be repealed and replaced;
- Amend relevant tax laws and subsidiary legislation to recognise electronic means of communication as a valid mode of serving notices and other official communications.
- Remove the reference to the Mines and Minerals Development Act, 2015 in all Tax Acts.
- Empower the Commissioner General in liaison with the Zambia Development Agency (ZDA), to recommend the suspension or withdrawal of incentives granted by ZDA where an investor fails to fulfil pledged investment and/or pledged employment creation.
- Pension Scheme Regulation Act of 1996 to be repealed and replaced;
- Securities Act, 2016 to be amended;
- Anti-Corruption Commission Act to be amended.

The following further institutional reforms were announced:

- The creation of a farm block development agency and a gold trading agency;
- The establishment of a new development finance institution to replace the Development Bank of Zambia (in Possession);
- Review of the CDF allocation formulae;
- FISP to become an agricultural loan scheme; and
- Introduction of Bulk export permits for large volume exporters.

### Other fee revisions

Upward revisions are proposed to passport, civil registration, immigration, NGO registration and mining licence fees, and mechanical horses will be reclassified to the class of heavy vehicle with 4 axle and above category and charge appropriate tolls.

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### Mobile Money Transaction Levy

| S/N | Amount Range | Current Levy (Kwacha) | Proposed Levy 2027 (Kwacha) |
|---|---|---|---|
| 1. | Between K1 to K150 | 0.32 | 0.64 |
| 2. | Above K150 to K300 | 0.40 | 0.80 |
| 3. | Above K300 to K500 | 0.80 | 1.60 |
| 4. | Above K500 to K1,000 | 2.00 | 4.00 |
| 5. | Above K1,000 to K3,000 | 4.00 | 8.00 |
| 6. | Above K3,000 to K5,000 | 7.50 | 15.00 |
| 7. | Above K5,000 to K10,000 | 8.00 | 16.00 |

### Citizenship Fees

| S/N | Description | Current Fee (ZMW) | Proposed Fee |
|---|---|---|---|
| 1 | Application for Citizenship by Registration | USD 1,000 or Kwacha equivalent | USD 1,000 or Kwacha equivalent |
| 2 | Certificate of Citizenship by Registration | USD 10,000 or Kwacha equivalent | USD 10,000 or Kwacha equivalent |
| 3 | Application for Bestowal of Citizenship | K5,000.00 | K5,000.00 |
| 4 | Certificate of Bestowal of Citizenship | K25,000.00 | K25,000.00 |
| 5 | Declaration of Renunciation of Citizenship | K5,000.00 | K5,000.00 |
| 6 | Letter of Confirmation | K2,500.00 | K2,500.00 |
| 7 | Duplicate certificate of registration | None | K10,000.00 |
| 8 | Duplicate certificate of bestowal | None | K1,000.00 |

### Passport and Travel Documents Fees

| S/N | Description | Current Fee (Kwacha) | Proposed Fee (Kwacha) |
|---|---|---|---|
| 1 | Passport application form | 44.44 | Nil |
| 2 | Ordinary passport (32 pages) – first time/ renewal | 666.68 | 1,000 |
| 3 | Ordinary passport (48 pages) – first time/ renewal | 1,111.12 | 1,500 |
| 4 | Express issuance (5 days) – 32/48 pages | 1,111.12/755.56 | 2,000/3,000 |
| 5 | Premium issuance (2 days) | None | 5,000 |
| 6 | Replacement of lost/stolen passport (32/48 pages) | 88.88/133.32 | 500/1,000 |
| 7 | Stateless/undocumented person travel document | 22.40 | 1,000 |
| 8 | Passport record search / authentication | None | 500 |
| 9 | Travel document of identity (issue/renewal) | 70 | 200 |
| 10 | Replacement of lost/stolen travel document of identity | 120 | 300 |

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**Toll Fees**

| S/N | Vehicle Description | Current Tolls Fee (Kwacha) | | Proposed Tolls Fee(Kwacha) | |
|---|---|---|---|---|---|
| | | Michael Chilufya Sata Toll Plaza | All other Toll Plazas | Michael Chilufya Sata Toll Plaza | All other Toll Plazas |
| 1 | Medium heavy vehicle with 2 - 3 axles (more than 6.5 tons) (rigid) (single access) | 400 | 200 | 400 | 200 |
| 2 | Abnormal load vehicle (single access) | 1,000 | 3,000 | 1,000 | 3,000 |
| **Mechanical horses will be reclassified to the class of heavy vehicle with 4 axle and above category and charge appropriate tolls shown below.** | | | | | |
| 3 | Heavy vehicle with 4 axle and above (including mechanical horse) (single access) | 400 | 200 | 600 | 300 |

## Current Overview of Investment Regulations and Incentives

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

The Investment, Trade and Business Development Act, 2022 (ITBDA) empowers the ZDA to enter into an investment protection and promotion agreement on behalf of Government with an investor.

The provisions of the repealed Zambia Development Act, No. 11 of 2006 relating to trade, investments and incentives are now covered under the ITBDA.

The table below provides thresholds for investors in order to qualify for an incentive under the ITBDA.

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

### Eligibility Criteria

An investor will be eligible for incentives under the ITBDA if they invest in a:

a) special economic zone; or

b) business operating in a priority sector or rural area.

**Priority sectors for investment incentives**
**Manufacturing** - The tax incentives apply only if an investor is in a Multi Facility Economic Zone (MFEZ), a rural area or Industrial Park according to the Income Tax Amendment Act No. 16 of 2017.

**Construction and establishment of infrastructure excluding renovation, expansion and refurbishment particularly:**

i) Education: Construction of education and skills training institutions.

ii) Health: Construction of health centres as defined under the Health Professions Act of 2009.

iii) Housing: Development of fifty (50) or more houses erected or maintained under one management or control on land developed specifically for the citing 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.

iv) Agriculture: construction of crop and grain storage facilities and any form of agro processing.

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**Tourism**

(i) Construction and establishment of hotels.
(ii) Construction and establishment of convention centres.
(iii) Construction and establishment of exhibition centres.
(iv) Construction and establishment of museums.
(v) Construction and establishment of theme parks.
(vi) Construction and establishment of art galleries.
(vii) Construction and establishment of theatres.
(viii) Construction and establishment of a large retail complex containing a variety of ten or more stores, restaurants or other business establishments housed in a series of connected or adjacent buildings or in a single large building.

**Energy and Water Development**

**a) Energy:**
i) building, installation of power stations

**b) Fuel:**
i) Building and installation of processing and refinery plants for bio-fuel
ii) Construction of petroleum refineries
iii) Construction of pipelines
iv) Construction of rural filling stations
c) Water Supply
i) Construction of depots
(ii) Construction of dams
iii) Construction of irrigation canals; and
iv) Construction of water and sewerage treatment plants

**Available tax incentives**

The ITBDA offers the following incentives for companies investing in any of the priority sectors:

- 0% import duty rate on capital equipment and machinery for five years
- Accelerated depreciation on capital equipment and machinery

**MFEZ Incentives**

Investors in the Manufacturing sector that are export oriented are eligible for additional tax incentives if located in a Multi Facility Economic Zone (MFEZ) or Industrial Park:

- 0% tax for a period of 10 years from the first year of commencement of works in a Multi Facility Economic Zone or Industrial Park;
- 0% tax on dividends declared on profits made on exports from first year of commencement of works, for companies in a Multi Facility Economic Zone or Industrial Park, for a period of 10 years;
- 0% tax on profits made on exports from first year of commencement of works, for companies in a Multi Facility Economic Zone or Industrial Park, for a period of 10 years;
- For years 11 to 13 only 50% of profits to be taxed and; and
- For years 14 and 15, only 75% of profits to be taxed.

**Other Tax Holidays**

The following tax holidays apply to the cotton industry:

- 5-year tax holiday on profit for local producers of cotton seed;
- 5-year tax holiday on profit from ginning of cotton; and
- 10-year tax holiday on profit made from spinning of cotton and weaving of thread.

**Non-Fiscal Incentives**

Foreign investors and local investors who invest in any sector or product under the ITBDA will be entitled to the following non-fiscal incentives:

- Investment guarantees and protection against state nationalisation;
- Free facilitation for application of immigration permits, secondary licenses and land acquisition;
- Facilitation of business and partnership linkages; and
- Investment advisory on Zambia's Investment Climate, regulatory regime and investment opportunities.

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### Patents and Companies Registration Agency

Note: In accordance with Statutory Instrument No. 107 of 2022 paragraph A (1), the Registration fee for increase in capital, shall be 1.5% of the nominal capital, except that the total registration fee for increase in capital shall not exceed ZMW 3,333,333.33.

| | | |
|---|---|---|
| **Registration of a company** | | |
| 1 | Private Company - Minimum Nominal Capital | ZMW 20,000.00 |
| 2 | Public Company - Minimum Capital | ZMW 2,000,000.00 |
| 3 | Bureau de Change - Minimum Capital | ZMW 100,000.00 |
| 4 | Financial Institution - Minimum Capital | ZMW 1,000,000.00 |
| 5 | Bank - Local - Nominal Capital | ZMW 138,666,666.67 |
| 6 | Bank - Foreign - Nominal Capital | ZMW 693,333,000.13 |
| 7 | Insurance Broker - Minimum Capital (LCO & BN (to convert) already registered must increase capital) | ZMW 133,333.60 |
| 8 | Insurance Company - Minimum Capital (LCO already registered must increase capital) | ZMW 2,000,000.00 |
| 9 | Re-insurance Company - Minimum Capital (New) | ZMW 10,000,000.00 |
| **Annual Returns for Companies** | | |
| 10 | Private Company | ZMW 266.67 |
| 11 | Public Company | ZMW 1,333.33 |
| 12 | Bank - Private<br>- Public | ZMW 2,226.67<br>ZMW 3,333.33 |
| 13 | Insurance Company - Private<br>- Public | ZMW 2,226.67<br>ZMW 3,333.33 |
| **Alteration in Capital for Companies** | | |
| 14 | The registration fee for increase in share capital is 1.5% of the nominal capital | |

Proposed 2027 private sector permit fees (current — proposed) are shown below:

| Permit and Visa Fees | | |
|---|---|---|
| **Type** | **Application cost** | **Renewal cost** |
| Single entry visa | USD 50 | USD 50 |
| Double entry visa | USD 80 | USD 80 |
| Multiple entry visa | USD 80 | USD 80 |
| KAZA UNIVISA | USD 50 | USD 50 |
| Day tripper visa | USD 10 | USD 10 |
| Temporary employment permit | ZMW 18 000 — 22 500 | ZMW 21 000 — 26 500 |
| Employment permit | ZMW 24 000 — 30 000 | ZMW 28 000 — 35 000 |
| Temporary permit | ZMW 24 000 — 30 000 | ZMW 21 000 — 26 500 |
| Investors permit | ZMW 16 000 — 20 000 | ZMW 20 000 — 25 000 |
| Residence permit | ZMW 20 000 — 25 000 | - |
| Spousal permit | ZMW 3 000 — 9 000 | ZMW 6 000 — 18 000 |
| Study permit | ZMW 9 000 (no change) | ZMW 12 000 (no change) |
| Visiting permit | ZMW 6 667 — 8 500 | ZMW 10 000 — 12 500 |
| Transit permit | ZMW 4 500 (no change) | ZMW 5 625 — 5 800 |
| Cross-border permit | ZMW 6 000 — 7 500 | ZMW 9 000 — 11 500 |

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**Note:** Resident permit fee -There is a ZMW 2,500 fee for resident permit holders staying outside Zambia for over six months.

| 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 | Dividends | Interest | Royalties | Management and Technical fees |
|---|---|---|---|---|
| Botswana | 5%*/7% | 10% | 10% | 10% |
| 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% | 10%*** |
| Ireland | 7.5% | 10% | 10% | 0% |
| Italy | 5%/15%** | 10% | 10% | 0% |
| Japan | 0% | 10% | 10% | 0% |
| Kenya | 20%* | 20%* | 20%* | 20%* |
| Morocco | 10% | 10% | 10% | 10% |
| Netherlands | 5%/15%** | 10% | 7.5% | 0% |
| Norway | 5%/15% | 10% | 10% | 0% |
| Seychelles | 5%/10% | 5% | 10% | 0% |
| South Africa | 20%* | 20%* | 20%* | 20%* |
| Sweden | 5%/15%** | 10% | 10% | 0% |
| Switzerland | 5%/15%** | 10% | 5% | 0% |
| Tanzania | 20%* | 20%* | 20%* | 0%* |
| Uganda | 20%* | 20%* | 20%* | 0%* |
| United Arab Emirates (UAE) | 5% | 5% | 5% | 5% |
| United Kingdom | 5%/15%** | 10% | 5% | 0% |
| Non-Treaty Countries | 20% | 20% | 20% | 20% |

** 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*

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- Regulatory Audit

**Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.**

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- Deal Advisory Tax Services

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- 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

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