

Zambia

Income Tax Act, 1967

Chapter 323

Legislation as at 31 December 1996

Note: There are **outstanding amendments** that have not yet been applied:

Act 3 of 1997, Act 9 of 1998, Act 6 of 1999, Act 4 of 2000, Act 8 of 2001, Act 3 of 2002, Act 1 of 2001, Act 3 of 2003, Act 1 of 2004, Act 1 of 2005, Act 7 of 2006, Act 4 of 2007, Act 1 of 2008, Act 1 of 2009, Act 27 of 2009, Act 49 of 2010, Act 27 of 2011, Act 10 of 2012, Act 18 of 2013, Act 7 of 2014, Act 6 of 2015, Act 11 of 2016, Act 19 of 2015, Act 45 of 2016, Act 16 of 2017, Act 17 of 2018, Act 15 of 2019, Act 20 of 2020, Act 22 of 2023.

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Zambia

Income Tax Act, 1967 Chapter 323

Commenced on 1 April 1966

[This is the version of this document as it was at 31 December 1996 to 31 March 1997.]

[This legislation has been revised and consolidated by the Ministry of Legal Affairs of the Government of the Republic of Zambia. This version is up-to-date as at 31st December 1996.]

[Act No. 32 of 1967; 23 of 1968; 11 of 1969; 26 of 1970; 27 of 1970; 17 of 1971; 16 of 1972; 11 of 1973; 14 of 1973; 46 of 1973; 11 of 1974; 11 of 1975; 14 of 1976; 9 of 1977; 9 of 1978; 10 of 1979; 19 of 1979; 6 of 1980; 10 of 1981; 13 of 1981; 12 of 1982; 21 of 1982; 11 of 1984; 11 of 1985; 8 of 1986; 14 of 1987; 17 of 1988; 28 of 1988; 33 of 1989; 15 of 1990; 29 of 1990; 12 of 1991; 11 of 1992; 4 of 1993; 13 of 1994; 14 of 1994; 2 of 1995; 27 of 1995; 7 of 1996; 3 of 1997]

An Act to provide for the taxation of incomes and matters connected therewith.

Part I – Preliminary and interpretation

1. Short title

This Act may be cited as the Income Tax Act.*

*This Act came into operation on the 1st April, 1966.

2. Interpretation

(1) In this Act, unless the context otherwise requires—

"**approved annuity contract**" means a contract providing for the payment to an individual of a life annuity which has been approved by the Commissioner-General under the Fourth Schedule;

"**approved fund**" means—

- (a) an approved pension fund;
- (b) an approved annuity contract;
- (c) any superannuation, pension, provident, widows' or orphans' fund established by law in the Republic;
- (d) a pension fund approved before the enactment of this Act under either subsection (1) or (2) of section eleven of the former Act;

"**approved pension fund**" means a pension fund or scheme which has been approved by the Commissioner-General under the Fourth Schedule;

"**assessable income**" means the amount of a person's income liable to tax which may be included in an assessment and which remains after allowing the deductions, to which that person is entitled under the provisions of this Act;

"**assessment**" means the determination of an amount of tax which a person shall be liable to pay under the provisions of this Act;

"**Authority**" means the Zambia Revenue Authority established under the Zambia Revenue Authority Act;

[Cap. 321]

"**bankrupt's estate**" means the property of a bankrupt vested by law in and under the control of the trustee in bankruptcy;

"**basic salary**" means the gross amount payable to an employee without any allowances;

"**beneficiary**", in relation to a terminal benefit, means the individual to whom such benefit is payable;

"**business**" includes—

- (a) any profession, vocation or trade;
- (b) any adventure or concern in the nature of trade whether singular or otherwise;
- (c) manufacturing; and
- (d) farming;

"**charge year**" means the year for which tax is charged, that is, the period of twelve months ending on the 31st March, and each succeeding such year;

"**Charging Schedule**" means the last Schedule to this Act, by which personal allowances, tax credits and rates of tax are fixed;

"**child**" includes a step-child, a lawfully adopted child, an illegitimate child and any child to whom an individual stands in place of a parent;

"**Commissioner-General**" means the Commissioner-General appointed under the Zambia Revenue Authority Act;

[Cap. 321]

"**company**" means any company incorporated or registered under any law in force in the Republic or elsewhere;

"**date of enactment of this Act**" means the 20th May, 1967, and "enactment of this Act" shall be construed accordingly;

"**deceased's estate**" means the estate of a deceased individual;

"**dividend**" means any amount distributed or credited (as construed in subsection

- (2) For the purposes of this Act, a beneficiary who was employed outside the Republic by the Government, or the Government of the former Federation, or a local authority or statutory corporation, during any period in which ordinary contributions were made, is, if he was resident outside the Republic only for the purpose of that employment, deemed to have been employed within the Republic during that period.
- (3) The reference in the definition of "dividend" to "amount distributed or credited" shall be read and construed—
 - (a) so as to include—
 - (i) in relation to a company that is being wound up or liquidated, any profits distributed, whether in cash or otherwise, other than those of a capital nature, earned before or during the winding up or liquidation;
 - (ii) in relation to a company that is not being wound up or liquidated, any profits distributed, whether in cash or otherwise, other than those of a capital nature, including the value of that element of any shares awarded to its shareholders which is

redeemable or capable of redemption by conversion and any debentures or securities awarded to its shareholders by a company;

- (iii) in the event of the partial reduction of the capital of a company, any cash or the value of any asset which is given to the shareholder in excess of the cash equivalent of the nominal value by which the shares of that shareholder are reduced; and
 - (iv) in the event of the reconstruction of a company, any cash or the value of any asset which is given to the shareholder in excess of the nominal value of the shares held by him before reconstruction;
- (b) so as not to include any cash or the value of any asset given to a shareholder, to the extent to which the cash or the value of the said asset represents a reduction of the share premium account of the company.
- (4) Any reference in this Act to bankruptcy shall be construed in accordance with the provisions of the Bankruptcy Act, and "bankruptcy" shall be construed accordingly.

[As amended by Acts No. 23 of 1968, No. 11 of 1969, No. 26 of 1970, No. 17 of 1971, No. 16 of 1972, No. 11 of 1973, No. 11 of 1975, No. 14 of 1976, No. 9 of 1977, No. 10 of 1979, No. 10 of 1981, No. 12 of 1982, No. 11 of 1984, No. 11 of 1985, No. 8 of 1986, No. 14 of 1987, No. 15 of 1990, No. 12 of 1991, No. 11 of 1992, No. 4 of 1993, No. 12 of 1994, No. 2 of 1995, No. 7 of 1996 and No. 3 of 1977]

[Cap. 82]

3. ***

[Repealed by Act No. 7 of 1996]

4. Resident

- (1) An individual is, for the purposes of this Act, not treated as a resident in the Republic who is in the Republic for some temporary purpose only and not with any view or intent of establishing his residence therein, and who has not actually resided in the Republic at one time or several times for a period equal in the whole to one hundred and eighty-three days in any charge year, but if any such individual resides in the Republic for the aforesaid period he shall be treated as resident for that year.
- (2) For the purposes of determining residence under this section, a husband and wife shall be treated as separate individuals.
- (3) In this Act, a person other than an individual is resident in the Republic for any charge year if the control and management of the person's business or affairs are exercised in the Republic for that year.

[As amended by Act No. 11 of 1969]

5. Receipt of income

- (1) In this Act, income is received by a person when, in money or money's worth, or in the form of any advantage, whether or not that advantage is capable of being turned into money or money's worth, it is paid, given or granted to him, or it accrues to him or in his favour, or it is in any way due to him or held to his order or on his behalf, or it is in any way disposed of according to his order or in his favour, and the word "recipient" is construed accordingly.
- (2) For the purposes of this Act—
 - (a) a dividend shall be deemed to accrue to share or stock holders, in the case of a dividend paid by a company which is being wound up or liquidated, on the day the dividend is received

as provided in subsection (1), and in the case of a dividend paid by a company which is not being wound up or liquidated, on the day of the resolution declaring the dividend:

Provided that where the resolution states that the dividend is to be paid to share or stock holders registered on a day in the future; and

- (i) the company paying the dividend is a company to which the provisions of section ninety-five may not apply; or
 - (ii) the company paying the dividend is a company to which the provisions of section ninety-five may apply and the day of the resolution was prior to the 26th January, 1973; the dividend shall be deemed to accrue to the share or stock holders on that day in the future; and
- (b) a dividend accruing to a person which is deemed by virtue of any provision of this Act to be income of some other person shall be deemed to accrue to that other person on the day the dividend is by virtue of the provisions of paragraph (a) deemed to accrue.

[As amended by Acts No. 23 of 1968, No. 11 of 1973, and No. 10 of 1979]

Part II – Administration

6. Appointment of staff

- (1) The Commissioner-General shall be responsible for carrying out the provisions of this Act.
- (2) The Commissioner-General shall appoint staff of the Direct Taxes Division of the Authority.

[As amended by Act [No. 7 of 1996](#)]

7. officers and delegation of functions

- (1) The Commissioner-General may delegate to any officer in the Direct Taxes Division any power or duty by this Act conferred or imposed upon him, other than those conferred on him by section one hundred and four and this power of delegation, and, save as especially provided by this Act, any decision made or any notice or communication issued or signed by any such officer may be amended or withdrawn by the Commissioner-General, or by the officer concerned, and shall, for the purposes of this Act, until it has been so withdrawn, be treated as having been made, issued or signed by the Commissioner-General.
- (2) Every officer appointed for the purposes of carrying out the provisions of this Act is under the Commissioner-General's direction and control, and shall perform such duties as may be required by the Commissioner-General.

[As amended by Acts No. 2 of 1995 and No. 7 of 1996]

8. Secrecy

- (1) Any individual who—
 - (a) is, or at any time has been, an officer appointed for the purpose of carrying out the provisions of this Act; or
 - (b) has at any time been given official access to documents or matters arising under this Act; or
 - (c) *[Repealed by Act [No. 7 of 1996](#)];*
 - (d) is, or at any time has been, the Chairman, Deputy Chairman, Special Chairman, or an employee of the Tax Appeal Court;

shall preserve and aid in preserving secrecy concerning the affairs of any person under this Act, save as the duty under this Act of that individual requires:

Provided that—

- (i) the Commissioner-General may disclose any information, record or document to the Minister or to any public officer authorised by the Minister in writing and to the Director of Public Prosecutions when acting in exercise of his powers under the Anti-Corruption Commission Act;
[Cap. 91]
- (ii) any individual appointed for carrying out the provisions of this Act may disclose any information, record or document to the Auditor-General and any officer authorised by the Auditor-General;
- (iii) no individual who is, or at any time has been, an officer appointed for the purpose of carrying out the provisions of this Act shall be required to produce in any court any document or to communicate to any court any information which has come into his possession or to his knowledge in the performance of his duties under this Act, except as may be necessary for the purpose of carrying out the provisions of this Act.

- (2) Any individual who is in contravention of subsection (1) who uses or reveals any information, record or document disclosed to him in accordance with the proviso to subsection (1) save as his official duties require shall be guilty of an offence punishable with imprisonment for a term not exceeding two years or with a fine not exceeding two hundred penalty units, or to both.

[Amended by Acts No. 17 of 1971, No. 14 of 1973, No. 14 of 1976, No. 8 of 1986, No. 13 of 1994, No. 14 of 1994 and No. 7 of 1996]

9. Regulations

The Minister may make regulations by statutory instrument in furtherance of and incidental to the provisions of this Act.

10. Record of assessment

The Commissioner-General shall cause a record to be kept of every assessment made under this Act.

11. Forms and notices

- (1) All forms required for the administration of this Act shall be as prescribed by the Commissioner-General from time to time.
- (2) Notices, forms, demands or other documents issued or given by the Commissioner-General under this Act may be signed by any officer authorised by the Commissioner-General in that behalf, and any such notice, form, demand or other document purporting to be signed by order of the Commissioner-General shall be as valid as if signed by the Commissioner-General.

[As amended by Acts No. 26 of 1970 and No. 7 of 1996]

12. Notices and service

- (1) References in this section to the giving of notice include any service of process under this Act.
- (2) Notice to any individual under this Act is given to him—
 - (a) at the time it is served on him personally; or
 - (b) at the time it is left with some adult individual apparently living or occupying or employed at his last known abode, office or place of business; or

- (c) unless the addressee proves to the contrary, ten days after it has been sent by post to his last known abode, or office, or to his postal address as notified by him to the Commissioner-General, or in care of his last known employer.
- (3) Notice is given to any company at the time it is given to that company's taxpaying agent (as determined in section sixty-six) in the manner provided by subsection (2), or at the time it is sent, in the case of a company incorporated in the Republic, to the registered office of the company, and in the case of a company incorporated outside the Republic, either to the individual authorised to accept service of process under the Companies Act at the address filed with the Registrar of Companies, or to the registered office of the company wherever it may be situated, or, in either case, to any premises in the Republic where the company is carrying on business.

[Cap. 388]

- (4) Notice is given to any body corporate, other than a company, at the time it is given to the principal officer, secretary, accountant or manager in the Republic of such body corporate in a manner provided by subsection (2), or at the time it is sent to the registered address, if any, of the said body corporate, or to any premises in the Republic where the said body corporate exercises any of its functions or powers.
- (5) Notice to the Commissioner-General under this Act is given to him—
 - (a) at the time it is served upon him personally or upon any officer of the Direct Taxes Division duly authorised by the Commissioner-General to receive such notice; or
 - (b) unless the Commissioner-General proves to the contrary, ten days after it has been sent by post addressed to the Commissioner-General or any officer of the Direct Taxes Division duly authorised by the Commissioner-General to receive such notice.

[As amended by Acts No. 11 of 1975 and No. 7 of 1996]

- (6) In this section, the term "post" means registered or unregistered post.
- (7) Notice of any change in the place of abode or the postal address of any person receiving income assessable to tax shall be delivered in writing by that person to the Commissioner-General within thirty days of such change.

[As amended by Acts No. 26 of 1970 and No. 11 of 1975]

13. ***

[Repealed by Act No. 7 of 1996]

Part III – Charge of tax

14. Charge of tax

- (1) Subject to the provisions of this Act, tax shall be charged at the rates set out in Part III of the Charging Schedule for each charge year on the income received in that charge year—
 - (a) by every person from a source within or deemed to be within the Republic; and
 - (b) by every person ordinarily resident within the Republic by way of interest and dividends from a source outside the Republic.
- (2) In the case of an individual, any income received as specified in subsection (1), other than income received by way of a lump sum payment and income which the Commissioner-General is prohibited from including in any assessment under the provisos to subsection (1) of section sixty-three, shall, before the charge of tax, be abated, pursuant to the Charging Schedule, by such tax credits as, under paragraphs 8A and 9 of the Charging Schedule, he is entitled to, and claims, in respect of the charge year in which the said income is received by him:

Provided that for the purposes of this subsection, "lump sum payment" excludes such payments as are referred to in paragraph (c) of the definition of "lump sum payment" contained in section two.

- (3) In the case of any individual, the charge of tax on any income referred to in subsection (2) shall be abated by the amount of a tax credit, pursuant to the Charging Schedule.
- (4) The provisions of this Part, and of the First Schedule, relating to particular forms of income, are without prejudice to the generality of the charge of subsection (1).

[As amended by Acts No. 11 of 1969, No. 17 of 1971, No. 12 of 1982, No. 11 of 1992 and No. 4 of 1993]

15. Exemptions from tax

- (1) There shall be exempt from tax the persons, funds, charities and income declared to be exempt in the Second Schedule to the extent specified therein.
- (2) The Minister may, by statutory order, approve, for the purposes of exemption from tax, any person, agency, organisation or foundation, which may be so approved by him by order in the *Gazette* pursuant to the Second Schedule, and may, by like order, exempt from tax the income or emoluments of any person, agency, organisation or foundation which may be so exempted by him by order in the *Gazette* pursuant to the said Schedule, and may, at any time, by like order, revoke any such order:

Provided that the Minister shall have the power to make or revoke such orders retrospectively.

[As amended by Acts No. 11 of 1969 and No. 11 of 1973]

15A. Suspension and rebate of income tax

- (1) The Minister may by regulation—
 - (a) suspend or provide for the suspension of the whole or part of any income tax due and payable under this Act;
 - (b) grant or provide for the grant of a refund of the whole or any part of income tax payable under this act;

in such circumstances, subject to such conditions and to such extent, as may be provided by or determined under the regulation.

- (2) Regulations under this section suspending any payment of income tax or granting a rebate or refund may, if the Minister considers it expedient, be made with retrospective effect.

[As amended by Act [No. 12 of 1991](#)]

16. Chargeability of income that cannot be remitted on accrual

Where the Commissioner-General is satisfied that any income cannot be remitted to the Republic in the charge year in which it accrues, then he may, if the person chargeable to tax in respect of that income so requests, determine that income shall not be chargeable to tax in the charge year in which it accrues but that it shall be chargeable to tax in the charge year in which it may first be remitted to the Republic:

Provided that the tax chargeable on such income shall not exceed the tax that would have been charged on the income if it had been charged to tax in the charge year or years in which it accrued.

[As amended by Act [No. 26 of 1970](#)]

17. Classification of income

For the purposes of this Act, income includes, for any charge year—

- (a) gains or profits from any business for whatever period of time carried on;

- (b) emoluments;
- (c) annuities;
- (d) dividends;
- (e) interest, charges and discounts;
- (f) royalties, premiums or any like consideration for the use or occupation of any property;
- (g) income from the letting of property; and
- (h) the income as further classified in the First Schedule.

[As amended by Acts No. 23 of 1968, No. 12 of 1982 and No. 14 of 1987]

18. Income deemed within the Republic

- (1) Income is deemed to be from a source within the Republic if that income—
- (a) arises under any agreement made in the Republic for the sale of goods, irrespective of whether those goods have been or are to be delivered in the Republic;
 - (b) is remuneration from employment exercised or office held in the Republic or if it is received by virtue of any service rendered or work or labour done by a person or partnership in the carrying on in the Republic of any business, irrespective of whether payment is made outside the Republic, or by a person resident outside the Republic;
 - (c) is remuneration for services rendered outside the Republic to the Government or any statutory corporation if the person rendering the services is resident outside the Republic solely for that purpose;
 - (d) is a pension granted by a person wherever resident, irrespective of where the funds from which it is paid are situated, or where payment is made, except where the employment or office for which the pension is granted was wholly outside the Republic, and the emoluments were never charged to tax in the Republic;
 - (e) arises from interest incurred in the production of income or in the carrying on of a business in the Republic or paid directly or indirectly out of funds derived from within the Republic;
 - (f) arises from a royalty incurred in the production of income or in the carrying on of a business in the Republic or paid directly or indirectly out of funds derived from within the Republic;
 - (g) arises from the carriage, by a person who is not resident in the Republic, of passengers, mails, livestock or goods embarked, shipped or loaded in the Republic other than passengers embarking in transit through the Republic or mails, livestock or goods shipped or loaded on transshipment through the Republic; or
 - (h) arises from a management or consultant fee incurred in the production of income or in the carrying on of a business in the Republic and is received by a person or persons in partnership for a service other than such part thereof as is rendered by the person or persons in partnership in the carrying on of a business in the Republic.
- (2) Where a business is carried on partly within and partly outside the Republic by a person ordinarily resident in the Republic, or where a person ordinarily resident in the Republic receives a share of the profits of a business carried on in partnership partly within and partly outside the Republic, the whole of the person's share of the profits of the business or partnership is deemed to have been received from a source within the Republic.

[As amended by Acts No. 23 of 1968, No. 26 of 1970, No. 17 of 1971, No. 16 of 1972 and No. 3 of 1997]

19. Income deemed received

- (1) Where under the terms of any settlement and during the life of the settlor any income, or assets representing it, will or may become payable or applicable to or for the benefit of any child of the settlor and at the commencement of the charge year the child is unmarried and has not attained the age of twenty-one years, the income or assets representing it shall be deemed to be income of the settlor and, subject to the provisions of subsection (1), not income of any other person.
- (2) If and so long as the terms of any settlement are such that—
 - (a) any person has or may have power, whether immediately or in the future, and whether with or without the consent of any other person, to revoke or otherwise determine the settlement or any provision thereof; and
 - (b) in the event of the exercise of the power, the settlor or the wife or husband of the settlor will or may become beneficially entitled to the whole or any part of the property then comprised in the settlement, or of the income arising from the whole or any part of the property so comprised;

all income arising under the settlement from the property comprised in the settlement shall be deemed to be income of the settlor and, subject to the provisions of subsection (1), not income of any other person:

Provided that this subsection shall not apply by reason only that the settlor or the wife or husband of the settlor will or may become beneficially entitled to any income or property relating to the interest of any beneficiary under the settlement in the event that such beneficiary should pre-decease him.

- (3) Where in any charge year the settlor or any relative of the settlor or any person under the direct or indirect control of the settlor or of any of his relatives, whether by borrowing or otherwise, makes use of any income arising or of any accumulated income which has arisen under a settlement to which he is not entitled thereunder, then the amount of such income or accumulated income so made use of shall be deemed to be income of the settlor for the charge year and not income of any other person.
- (4) Where under the terms of any settlement to which this section applies any tax is charged on and paid by the person by whom the settlement is made, that person shall be entitled to recover from any trustee or other person to whom income is paid under the settlement the amount of the tax so paid, and for that purpose to require the Commissioner-General to furnish a certificate specifying the amount of tax so paid, and any certificate so furnished shall be conclusive evidence of the facts appearing therein.
- (5) If any question arises as to the amount of any payment of income or as to any apportionment of income under this section, that question shall be decided by the Commissioner-General, whose direction thereon shall be final.
- (6) This section applies to every settlement wheresoever it was made or entered into and whether it was made or entered into before or after the commencement of this Act and shall (where there is more than one settlor or more than one person who made the settlement) have effect in relation to each settlor as if he were the only settlor.
- (7) In this section—

"settlement" includes any disposition, trust, covenant, agreement, whether reciprocal or collateral, arrangement or transfer of assets or income, but does not include—

 - (i) a settlement which in the opinion of the Commissioner-General is made for valuable and adequate consideration;
 - (ii) a settlement resulting from an order of a court;

- (iii) any agreement made by an employer to pay to an employee or to the widow or any relative or dependant of such employee after his death such remuneration or pension or lump sum as the Commissioner-General may determine;

"settlor", in relation to a settlement, includes any person by whom the settlement was made or entered into directly or indirectly, and any person who has provided or undertaken to provide funds or credit directly or indirectly for the purposes of the settlement, or has made with any other person a reciprocal arrangement for that other person to make or enter into the settlement.

[As amended by Acts No. 11 of 1969 and No. 7 of 1996]

20. ***

[Repealed by Act No. 7 of 1996]

21. Apportionment of gratuities and compensation for loss of office

- (1) Where, upon the termination of a written contract of employment after minimum period of two years completed service thereunder or such lesser period as the Commissioner-General may, in his discretion, deem reasonable, income is received under the terms of the contract by any individual by way of gratuity, then such income shall be charged in the charge year in which it is received at the appropriate rates applicable thereto pursuant to Part III of the Charging Schedule:

Provided however that—

- (i) any income received by way of gratuity in excess of twenty-five *per centum* of the basic salary earned during the period of employment to which such gratuity is related, shall, to the extent of such excess, be regarded and dealt with, for the purposes of this Act, as income received other than by way of gratuity;
 - (ii) any emoluments paid by way of gratuity by any company to any individual who is, or was at any time during the period of employment to which such gratuity is related, an effective shareholder of such company or who is, or was at any time a director of such company during the period of employment to which such gratuity is related, other than a whole time service director thereof, shall, for the purposes of this Act, be regarded and dealt with as income received by such individual other than by way of gratuity;
 - (iii) any emoluments paid by way of gratuity by an employer to an individual where the spouse of the individual, either alone or in partnership, is the employer of the individual shall, for the purposes of this Act, be regarded and dealt with as income received other than by way of gratuity;
 - (iv) any emoluments paid by way of gratuity by a company to an individual who or whose spouse is carrying on a business alone or in partnership and the services of the individual are provided to such a business by such company, shall for the purposes of this Act, be regarded and dealt with as income received other than by way of gratuity; and
 - (v) where the conditions of this subsection are not complied with in respect of any emoluments paid to any individual by way of gratuity, such emoluments shall for the purposes of this Act, be regarded and dealt with as income received by such individual other than by way of gratuity.
- (2) Where, upon the termination of a contract of employment, income is received by an individual by way of compensation for leave due but not taken, such income, if the individual irrevocably so elects, shall be regarded as accruing, and as being paid, proportionately on the last day of each month over the period during which the leave would have been taken, commencing with the first day after the date of termination of contract.
 - (3) Where, during the continuance of any employment, income by way of payment in advance for a leave period, is received by an individual proceeding on leave with the intention of resuming his

employment at the termination of such leave period, such income shall be regarded as accruing and being paid proportionately on the last day of each month during the continuance of the period of leave.

- (4) Where, as the result of any law, judicial order or judgement or the acceptance by an employer of any independent award or of representations by recognised association of employees, income is received by an individual by way of arrears of income in respect of present or past employment, such income shall be regarded as having accrued and as having been paid during the years to which such arrears relate, whether charge years under this Act or years of assessment under any previous law.
- (5) Where, upon the termination of the services of any individual in any office or employment, income is received by such individual by way of compensation for loss of office or employment, including termination for reason of redundancy or early retirement, normal retirement or death, the first two million kwacha of such income shall be exempt from income tax.

[As amended by Acts No. 11 of 1969, No. 16 of 1972, No. 14 of 1974, No. 14 of 1976, No. 14 of 1987, No. 29 of 1990, No. 11 of 1992, No. 4 of 1993, No. 14 of 1994 and No. 7 of 1996]

22. Apportionment of income

Where in the case of any business it is necessary in order to arrive at the income of the business for any charge year or other period to divide and apportion to specific periods the income for any period for which accounts have been made up or to aggregate such income or any apportioned parts thereof, it shall be lawful to make such a division and apportionment or aggregation, and any apportionment under this section shall be made in proportion to the number of days in the respective period, unless the Commissioner-General, having regard to any special circumstances, otherwise determines.

23. Provisions relating to income from business

- (1) Where in computing gains or profits for any charge year any expenditure or loss has been deducted or a deduction in respect of any reserve or provision to meet any liability has been made, and in a later charge year the whole or part of the expenditure or loss is recovered, or the whole or part of the liability is released, or the retention in whole or in part of the reserve or provision has become unnecessary, then any amount so recovered or released or no longer required as a reserve or provision shall be deemed to be gains or profits of the charge year in which it is recovered or released or no longer required:

Provided that any amount received by way of refund of mineral tax under the provisions of section seven of the Mineral Royalty Tax Act, shall not be deemed to be gains or profits.

[Cap. 214]

- (2) Any amount received under any insurance against loss of profits, or received by way of damages or compensation for loss of profits, shall be deemed to be gains or profits of the charge year in which it is received.

[As amended by Act [No. 27 of 1970](#)]

24. Provisions relating to income after cessation of business

Where any amount is received by any person after the cessation of his business which, if it had been received prior to the cessation, would have been included in the gains or profits from the business, then, to the extent to which that amount has not already been included in the gains or profits, that amount shall be income of such person for the charge year in which it is received.

25. Insurance business

The gains or profits of an insurance business are ascertained in accordance with the provisions of the Third Schedule.

26. Income of partner

Where a business is carried on by two or more persons in partnership, the income of any partner from the partnership for any period is the share to which he was entitled in that period, such income being ascertained in accordance with the provisions of this Act and that share shall be assessed and charged on him accordingly.

27. Special provisions relating to deceased's estate and trusts

- (1) This section applies to the income of a trust or of a deceased's estate.
- (2) For the purposes of this Act, an amount received or forming part of the assets of a deceased's estate which became due and payable before the death of the deceased person and which the deceased person had a right to claim in his lifetime shall be treated as income received by the deceased person on the date the amount became due and payable if the amount would have been income of the deceased person had it been received by him in his lifetime.
- (3) An amount received by a deceased's estate which did not become payable before the death of the deceased person shall be income of the deceased's estate for the purposes of this Act if the amount would have been income of the deceased person had it been received or been deemed to have been received by him in his lifetime:

Provided that any income received by way of emoluments earned by the deceased person during his lifetime shall be deemed to be income received by the deceased person on the date of his death.

- (4) Where a beneficiary is entitled to the whole or part of the income of a trust or deceased's estate, the Commissioner-General may, instead of assessing and charging the whole or part of the income on the trustees or executor or administrator, determine that the income of the trust or deceased's estate attributable to the beneficiary's interest for any charge year or any amount paid out of the income of the trust or deceased's estate on behalf of the beneficiary in any charge year shall, for the purposes of this Act, be assessed and charged on the beneficiary as if it were his income.

[As amended by Acts No. 23 of 1968 and No. 14 of 1976]

28. Income of non-resident air, sea or land transport business

- (1) The income that is deemed under paragraph (g) of subsection (1) of section eighteen to be from a source within the Republic for any period shall be an amount bearing the same proportion to the amounts received in respect of the carriage of passengers, mails, livestock or goods embarked, shipped or loaded in the Republic as the total gains or profits of such business for the period bear to the total amount received for the period for the carriage of passengers, mails, livestock or goods.
- (2) The Commissioner-General may accept as evidence of the total gains or profits and total amount mentioned in subsection (1), a certificate of such gains or profits and amount issued by or on behalf of any income tax authority which the Commissioner-General is satisfied computes the gains or profits of the business on a basis not materially different from that provided in this Act.
- (3) Where at the time of assessment, the provisions of subsection (1) cannot for any reason be satisfactorily applied, the income from the Republic may be computed at such percentage of the full amount received which is attributable to the carriage of passengers, mails, livestock or goods embarked, shipped or loaded in the Republic as the Commissioner-General may determine.
- (4) Any person assessed under the terms of subsection (3) in respect of any charge year may claim at any time within six years after the end of the charge year that his liability to tax be recomputed on the basis provided by subsection (1).

[As amended by Acts No. 11 of 1975, No. 14 of 1976, No. 9 of 1977, No. 10 of 1981 and No. 11 of 1984]

Part IV – Deductions

29. Deductions generally

- (1) Subject to the provisions of this Part—
 - (a) in ascertaining business gains or profits in any charge year, there shall be deducted the losses and expenditure, other than of a capital nature, incurred in that year wholly and exclusively for the purposes of the business; and
 - (b) in ascertaining income from a source other than business, only such expenditure, other than expenditure of a capital nature, is allowed as a deduction for any charge year as was incurred wholly and exclusively in the production of the income from that source.
- (2) Only one deduction is allowed under this Act in respect of the same matter in any charge year.

[As amended by Act [No. 26 of 1970](#)]

29A. Foreign currency exchange gains and losses

Notwithstanding the provisions of section twenty-nine or any other provisions of this Act, any foreign currency exchange gains or losses, other than those of a capital nature, shall be assessable or deductible, as the case may be, in the charge year in which such gains or losses are realised, that is to say, in the charge year in which the person or partnership concerned is required to pay the additional kwacha or is allowed a rebate or a reduction, as the case may be, in settlement of a foreign debt or liability.

[As amended by Act [No. 14 of 1987](#)]

30. Losses

- (1) Subject to the other provisions of this section, any loss incurred in a charge year on a source by a person, shall be deducted only from the income of the person from the same source as that in which the loss was incurred.
- (2) Subject to the other provisions of this section, where a loss referred to in subsection (1) exceeds the income of a person for the charge year in which the loss was incurred, the excess shall, as far as possible, be deducted from the income of the person from the same source as that in which the loss was incurred for the following charge year;

Provided that:

- (i) the loss shall not be carried forward beyond five subsequent years after the charge year in which the loss is incurred; and
 - (ii) losses brought forward as at 31st March, 1997, shall be deemed to have been incurred in the Charge year ending 31st March, 1997.
- (3) Where on the death of an individual his interest in a business passes to his spouse, any undeducted loss attributable to such interest shall be deducted from the spouse's income from that business in accordance with the provisions of sub-section (2).
- (4) *[Repealed by Act [No. 7 of 1996](#)].*

[As amended by Acts [No. 11 of 1969](#), [No. 11 of 1975](#), [No. 14 of 1976](#), [No. 9 of 1977](#), [No. 10 of 1981](#), [No. 11 of 1984](#), [No. 7 of 1996](#) and [No. 3 of 1997](#)]

30A. ***

[Repealed by Act [No. 27 of 1995](#)]

31. Transfer of losses

If a company has incurred a loss on a source for the purposes of this Act and that company in this section called the old company)—

- (a) was incorporated outside the Republic; and
- (b) carried on its principal business within the Republic; and
- (c) is about to be wound up voluntarily in its country of incorporation for the purposes of transferring the whole of its business and property wherever situate, to a company which has been or will be incorporated in the Republic (in this section called the new company) for the purposes of acquiring that trade and property and the only consideration for the transfer will be the issue to the members of the old company of shares in the new company in proportion to their shareholdings in the old company;

the new company after the transfer referred to in paragraph (c) shall be allowed the old company's loss as deduction from income from the same source as that in which the old company's loss was incurred to the extent that the loss has not been allowed as a deduction under this Act for any charge year and such loss shall be allowed in accordance with the provisions of section thirty.

Provided that the combined period of loss carried forward for both the old and new companies shall not exceed five years.

[As amended by Acts No. 14 of 1976, No. 14 of 1987 and No. 3 of 1997]

32. Losses prior to bankruptcy, etc

- (1) Subject to the provisions of subsection (2), no person may carry forward any loss incurred before he had been adjudged bankrupt.
- (2) Where any person has made a conveyance or assignment of his property for the benefit of his creditors, or has made an arrangement with them, or has entered into a composition with them which has been approved by the High Court pursuant to any Bankruptcy Act in force in the Republic, whereby the said person is released from his debts or from any proportion or part thereof, any loss incurred by him prior to his making of such conveyance, or assignment, or arrangement, or his entering into such composition, may be carried forward, reduced, however, pro tanto, by the amount of the debts released by or under the said conveyance, assignment, arrangement, or composition, as the case may be, and such loss shall be allowed in accordance with the provisions of section thirty.

[As amended by Acts No. 11 of 1969 and No. 14 of 1976]

33. Capital allowances

Capital allowances are deducted in ascertaining the gains or profits of a business and the emoluments of any employment or office for each charge year—

- (a) for buildings, implements, machinery and plant, and premiums, according to the provisions of Parts I to V inclusive of the Fifth Schedule;
- (b) for capital expenditure in relation to mining operations, according to the provisions of Parts I to VI inclusive of the Fifth Schedule; and
- (c) for farm improvements and works, according to the provisions of the Sixth Schedule.

[As amended by Acts No. 11 of 1969, No. 26 of 1970, No. 46 of 1973, No. 11 of 1975 and No. 3 of 1997]

34. Investment allowances

Where a person incurs capital expenditure on the construction of, addition to, or alteration of any industrial building, as defined in paragraph 1 of the Fifth Schedule, to be used by him for the purposes of his business as a manufacturer, an investment allowance of ten *per centum* of such expenditure shall be deducted in ascertaining the gains or profits of that business for the year in which the said building, addition or alteration is first used for the said purposes.

[As amended by Acts No. 11 of 1969, No. 26 of 1970, No. 11 of 1985 and No. 14 of 1987 and No. 4 of 1993]

34A. Development allowance

- (1) Where a person incurs expenditure on the growing of tea, coffee, or banana plant or citrus fruit trees, or other similar plants or trees, an allowance (in this Act referred to as a development allowance) of ten *per centum* of such expenditure shall be deducted in ascertaining the gains or profits of that business for the charge year.
- (2) The development allowance referred to in subsection (1) may, in the case of a person growing for the first time plants or trees referred to therein, be carried forward to the following charge years up to the first year of production, but in no case shall the development allowance in respect of more than three years be carried forward.

[As amended by Act [No. 10 of 1981](#)]

35. Preliminary business expenses

A deduction is allowed in ascertaining the gains or profits of a business for the charge year in which that business commences, in respect of any expenditure that—

- (a) was incurred within eighteen months before the commencement of the business; and
- (b) would have been allowed as a deduction in ascertaining the gains or profits of the business after its commencement.

36. Amount paid after cessation of business

Where any amount is paid by any person after the cessation of his business which, if it had been paid prior to the cessation, would have been deductible in computing his gains or profits from the business, then, to the extent to which that amount has not already been deducted in computing the gains or profits, it shall be deducted in the same manner and order as a loss within section thirty from his income for the charge year in which it is paid or, if he has not income in that charge year, from his income for the charge year in which the business ceased, and such deduction shall be made before deductions under sections thirty, thirty-one and thirty-two.

[As amended by Act [No. 26 of 1970](#)]

37. Approved fund deductions

- (1) (a) A deduction shall, subject to the provisions of this subsection and subsection (4), be allowed in ascertaining the income from emoluments of an employee for a charge year of any amount paid by him during that charge year by way of contribution to any approved fund including Zambia National Provident Fund if the fund to which the contribution is made continues to be an approved fund for that charge year:

Provided that no deduction shall be allowed under this paragraph in respect of any contribution other than a contribution—

- (i) which is not a contribution in arrear (hereinafter in this subsection referred to as a current contribution); or

- (ii) which is a special lump sum contribution allowed to be deducted under and in accordance with paragraph (b).
- (b) A contribution paid by an employee—
 - (i) in respect of services rendered by him whilst resident in the Republic to his employer prior to the date of the employee becoming a member of the approved fund to which the said contribution is paid; or
 - (ii) in respect of a period when the employee was resident and employed in the Republic prior to the date of the employee becoming a member of a fund within paragraph (c) of the definition of approved fund or a fund approved under paragraph 5 of the Fourth Schedule to which the said contribution is paid;

in order that the employee may qualify for benefits under the approved fund to which the contribution is paid in respect of such prior services or period as aforesaid shall be a special lump sum contribution and shall, for the purposes of paragraph (a), be treated as a current contribution for such charge year or as current contributions for such charge years and in such amounts as the Commissioner-General, in his discretion, may direct.

- (c) The deduction to be allowed to an employee for a charge year in respect of his current contributions to approved pension funds shall not exceed—
 - (i) fifteen *per centum* of his income from emoluments liable to tax which have been received for that charge year from any employer who established, adhered to or continued the said approved pension fund, the fifteen *per centum* to be calculated before any deduction under this subsection; or
 - (ii) One hundred and twenty thousand kwacha whichever is the less.
- (d) The total deductions to be allowed to an employee for a charge year in respect of current contributions to an approved fund within the meaning of paragraph (c) of the definition of approved fund and a fund approved under paragraph 5 of the Fourth Schedule shall not exceed fifteen *per centum* of the income from emoluments of the employee liable to tax before allowing any deduction under this subsection for that charge year or one hundred and twenty thousand kwacha, whichever is the less.
- (e) The total of the deductions to be allowed for a charge year under paragraphs (c) and (d) shall not exceed fifteen *per centum* of the income from emoluments of the employee liable to tax before allowing any deduction under this subsection for that charge year or one hundred and twenty thousand kwacha, whichever is the less, and in any case shall not exceed the assessable income of the employee for the charge year before allowing the deductions under this subsection, subsection (3) and sections thirty, thirty-two, thirty-six, forty and forty-one.
- (2) (a) A deduction shall, subject to the provisions of this subsection, be allowed in ascertaining the gains or profits of an employer for a charge year of any amount paid during that charge year by him by way of contribution to an approved fund established for the benefit of his employees (including an approved fund within the meaning of paragraph (c) of the definition of approved fund and a fund approved under paragraph 5 of the Fourth Schedule) if the fund to which the contribution is made continues to be an approved fund for that charge year:

Provided that no deduction shall be allowed under this paragraph in respect of any contribution other than a contribution—

 - (i) which is not a contribution in arrear (hereinafter in this subsection referred to as a current contribution); or
 - (ii) which is a special lump sum contribution which is allowed to be deducted under and in accordance with paragraph (b).

- (b) A contribution paid by an employer—
- (i) in respect of services rendered to him by an employee prior to the date of the employee becoming a member of the approved fund to which the said contribution is paid in order that the employee may qualify for benefits under that approved fund in respect of such prior services; or
 - (ii) for any other reason approved by the Commissioner-General;

shall be a special lump sum contribution and shall be treated as a current contribution for such charge year or as current contributions for such charge years and in such amounts as the Commissioner-General, in his discretion, may direct.

- (c) The deduction to be allowed for a charge year in respect of current contributions to an approved fund other than a fund approved under subsection (1) of section eleven of the former Act shall not exceed twenty *per centum* of the emoluments liable to tax received from the employer in that charge year by each employee in respect of whom the contributions are paid.
- (3) (a) A deduction shall, subject to the provisions of this subsection and subsection (4), be allowed from the income of an individual for a charge year of any amount paid by him during that charge year by way of a premium payable under an approved annuity contract if the pension fund to which the contribution is paid or the annuity contract under which the premium is paid continues to be an approved fund for that charge year and such deduction shall be deducted from the income of an individual before deductions under sections thirty, thirty-two, thirty-six, forty, and forty-one.
- (b) The deduction to be allowed for a charge year under this subsection shall not exceed one hundred and twenty thousand kwacha or the assessable income of the individual for the charge year before allowing the deduction under this subsection and deductions under sections thirty, thirty-two, thirty-six, forty and forty-one, whichever is the less, except that in the case of an individual who is not resident in the Republic, the deduction shall not exceed an amount equal to the contribution or premium paid as aforesaid multiplied by the fraction of his assessable income as above over his world income as defined in sub-paragraph (3) of paragraph 8 of the Charging Schedule.
- (4) The total of all deductions to be allowed to an individual under subsection (1) and (3) for a charge year shall not exceed one hundred and twenty thousand kwacha or the assessable income of that individual for that charge year before allowing the deductions under subsection (1) and (3) and deductions under sections thirty, thirty-two, thirty-six, forty and forty-one, whichever is the less.

[As amended by Acts No. 29 of 1970, No. 12 of 1982, No. 11 of 1984, No. 14 of 1987, No. 11 of 1992, No. 4 of 1993, No. 14 of 1994, No. 2 of 1995 and No. 7 of 1996]

38. Technical education

A deduction shall be allowed in ascertaining the gains or profits of a business for any payment made for the purposes of technical education relating to that business or for the purposes of obtaining further experience, training or qualifications, relating to that business:

Provided that no deduction shall be allowed under this section in respect of any payment made—

- (a) on behalf of an individual who is related by blood or marriage to the person making the payment, or to a person who is able to control directly or indirectly the person making the payment;
- (b) in pursuance of an agreement or undertaking to the effect that the person making the payment will receive any reciprocal benefit for such payment where made on behalf of an individual who is related by blood or marriage to any other party to that agreement or undertaking.

[As amended by Act No. 26 of 1970]

39. Subscriptions

A deduction is allowed in ascertaining the gains or profits of a business or the emoluments of any employment or office for any subscription paid by a person in respect of his membership of a trade, technical or professional association which is related to his business, employment or office.

40. ***

[Repealed by Act [No. 3 of 1997](#)]

41. Charities

- (1) Subject to the provisions of this section, any amount paid by a person during a charge year to an ecclesiastical, charitable, research, educational institution of a public character or to a national amateur sporting association or to any fund of a public character wholly and exclusively established for the use of the Republic or for ecclesiastical, charitable, research, educational or amateur sporting purposes, shall be deducted from the income of that person for that charge year if—
 - (a) the payments are in money or money's worth;
 - (b) the payments are made for no consideration whatsoever;
 - (c) the Minister approves the institution, association or fund to which payment is made or to be made and the Minister may in like manner withdraw such approval and such withdrawal may be made retrospectively.
- (2) The deduction to be allowed in a charge year under this section shall be allowed before deductions under sections thirty, thirty-one, thirty-two, thirty-six and forty, and in no case shall exceed fifteen *per centum* of the assessable income of the person for the charge year.

[As amended by Acts No. 26 of 1970, No. 11 of 1973, No. 6 of 1980, No. 12 of 1982, No. 14 of 1987, No. 11 of 1992 and No. 7 of 1996]

42. ***

[Repealed by Act [No. 3 of 1997](#)]

43. Deduction for research

- (1) A deduction is allowed in ascertaining the gains or profits of a business of any expenditure, not being expenditure of a capital nature, incurred by the business during a charge year on experiments or research relating to the business.
- (2) A deduction is allowed in ascertaining the gains or profits of a business for any contribution to a scientific or educational society or institution or other like body of a public character approved by the Commissioner-General where a condition of the contribution is that it must be utilised by the society, institution or body, as the case may be, solely for the purposes of industrial research or scientific experimental work connected with the business.

43A. Deduction for bad and doubtful debts

A deduction shall be allowed in ascertaining the income from any source for debts to the extent that the debts have been included in the income from that source and to the extent that they are proved to the satisfaction of the Commissioner-General to be bad or likely to become bad and, where there is no income from that source for the charge year for which such deduction is due that deduction shall be deemed to be a loss under section thirty.

[As amended by Act [No. 27 of 1970](#)]

43B. ***

[Repealed by Act No. 17 of 1988]

43C. Deduction for mortgage interest

- (1) Subject to the provisions of this section, any amount paid during a charge year by way of interest on a loan secured by a mortgage on a property—
- (a) by an individual in respect of the period of the charge year for which the property was owned and occupied by the individual as his only or main place of residence in the Republic; or
 - (b) by an individual or his wife in respect of the period of the charge year for which his wife was living with him and the property was owned by one of them individually or by both of them jointly and was occupied by them as their only main place of residence in the Republic;

shall be deducted from the income of the individual for that charge year, and before deductions under subsection (3) of section thirty-seven and sections thirty, thirty-two, thirty-six, forty and forty-one:

Provided that—

- (i) a deduction may be allowed at the discretion of the Commissioner-General where he is satisfied that in the case of property which was not occupied during the charge year by an individual otherwise entitled to such deduction that this was due to circumstance beyond the control of the individual;
 - (ii) this section shall apply only to interest which is payable on such part of the loan as is used to defray money applied in the purchase, repair or improvement of the property in respect of the period from the date of such use, or for the payment of premium on a mortgage protection insurance policy and the loan has been used within what the Commissioner-General determines is a reasonable period in the circumstances from the date of such application.
- (2) The deduction to be allowed in a charge year under subsection (1) shall not exceed—
- (a) the amount which would have been allowable if the interest on the loan, or that part of it which is allowable, had been payable at the highest rate charged on loans to owner-occupiers of property by the building society in a charge year; or
 - (b) the assessable income of the individual for that charge year before allowing the deduction under subsection (1) and the deductions under subsection (3) of section thirty-seven and sections thirty, thirty-two, thirty-six, forty and forty-one;

whichever is the less.

- (3) Where in any charge year an individual or his wife living with him owns and occupies more than one property for the same period, he shall, by notice in writing to the Commissioner-General before the end of the charge year immediately following that charge year, irrevocably elect which property is his main place of residence and, where no election is made, the Commissioner-General shall, in his discretion, decide which property shall be the main place of residence for the purposes of subsection (1).
- (4) For the purposes of this section, "property" shall mean "residential immovable property".
- (5) *[Repealed by Act No. 11 of 1992].*

[As amended by Acts No. 17 of 1971, No. 11 of 1974, No. 10 of 1979, No. 8 of 1986, No. 14 of 1987, No. 33 of 1989 and No. 11 of 1992]

43D. Deduction for employing handicapped person

- (1) A deduction shall be allowed in ascertaining the gains or profits of a business in respect of each handicapped person who has been employed full-time by such business for the whole or substantial part of the charge year for which the deduction is claimed.
- (2) The amount of the deduction referred to in subsection (1) shall be two hundred and forty thousand kwacha.

[As amended by Act [No. 11 of 1985](#), No. 4 of 1993 and No. 7 of 1996]

43E. ***

[Repealed by Act [No. 7 of 1996](#)]

44. Case of no deduction

No deduction is made in respect of any of the following matters:

- (a) the cost incurred by an individual in the maintenance of himself, his family or establishment, or which is a domestic or personal expense, except such interest as is allowed by section forty-three C;
- (b) any loss or expense which is recoverable under any insurance contract or indemnity;
- (c) capital expenditure or loss of capital, other than loss of stock in trade, unless specifically permitted under this Act;
- (d) any payment to a pension or superannuation fund or scheme or premium payable under an annuity contract, except such payments as are allowed under section thirty-seven;
- (e) any tax or penalty chargeable under this Act;
- (f) *[Repealed by Act [No. 1 of 1997](#)];*
- (g) any amount which would be deductible in ascertaining the income from a source or from income which the Commissioner-General is prohibited from including in any assessment under the provisos to subsection (1) of section sixty-three;
- (h) any expenditure incurred or capital asset employed, whether directly or indirectly, in the provision of entertainment, hospitality or gifts of any kind:

Provided that this paragraph shall not apply to—

- (i) any expenditure incurred or capital asset employed in the provision of anything which it is the purpose of a person's business to provide and which is provided in the ordinary course of that business for payment or for the purpose of advertising to the public generally without payment;
 - (ii) *[Repealed by Act [No. 11 of 1992](#)];*
 - (iii) any expenditure incurred in the provision of a gift to any person consisting of an article incorporating a conspicuous advertisement for the donor the cost of which to the donor, taken together with the cost to him of any other such articles given by him to that person in the same charge year, does not exceed K20.00;
- (i) *[Repealed by Act [No. 3 of 1997](#)];*
 - (j) *[Repealed by Act [No. 3 of 1997](#)];*
 - (k) *[Repealed by Act [No. 4 of 1993](#)];*

- (1) the cost of any benefit advantage not capable of being turned into money or money's worth that is provided to employees, subject to such directions as shall be issued by the Commissioner-General.

[As amended by Acts No. 26 and 27 of 1970, No. 17 of 1971, No. 11 of 1973, No. 11 of 1975, No. 14 of 1976, No. 10 of 1981, No. 14 of 1987, No. 11 of 1992, No. 4 of 1993, No. 2 of 1995, No. 3 of 1997 and No. 1 of 1997]

Part V – Returns and assessments

45. Notice to Commissioner-General

Every person within thirty days from first receiving income liable to tax under this Act shall give written notice accordingly to the Commissioner-General.

[As amended by Act No. 26 of 1970]

45A. Duty to provide taxpayer identification number

- (1) Every person shall provide his taxpayer identification number with all forms, notices, certificates, documents, and other communications submitted to the Commissioner-General under this Act.
- (2) Any person carrying on any business in partnership shall provide the taxpayer identification number of every partner with all documents, forms, notices, certificates, and other communications submitted to the Commissioner-General under this Act.
- (3) Every person making payments for which it is required to submit to the Commissioner-General a return, notice, form, certificate, or other such document under sections fifty, fifty-two, seventy-one, eighty, eighty-one, eighty-one A, eighty-two, or ninety-five D of this Act shall furnish to the Commissioner-General on or along with that document the taxpayer identification numbers for all persons to whom the payments have been made.
- (4) This section shall have effect irrespective of the charge year to which the forms, notices, certificates, documents and other communications referred to in subsection (1) to (3) pertain.

[As amended by Act No. 11 of 1992]

45B. Tax payer identification number required for certain transactions

- (1) The institutions listed in column 1 of this subsection shall require a tax payer identification number from any person, applying for anything listed, or engaged in the types of transactions listed, whichever is applicable, in column 2 of this section.

Column 1	Column 2
Institution	Type of Transaction
Commissioner of Lands	Registration of titles
Registrar of Motor Vehicles	Registration and transfer of motor vehicles
Ministry of Commerce	Import licensing and trade licensing

Column 1	Column 2
Zambia Electricity Supply connection	Payment of deposit for power Corporation

- (2) Each institution listed in column 1 of subsection (1) shall avail the Commissioner-General or his authorised agent access to the documents, forms, notices, certificates, and other communications in which a tax-payer identification number is required to be used under subsection (1):

Provided that such access shall be as is necessary to assist in the enforcement of the tax laws.

- (3) Any person, including a person carrying on any business in partnership, who is required under subsection (1) to furnish a tax-payer identification number and who furnishes a false number shall be guilty of an offence under this Act.

[As amended by Act No. 4 of 1993]

46. Returns generally

- (1) Every person liable to tax for any charge year, other than an individual whose income consists entirely of emoluments within the provisions of Part VI (which relates to Pay As You Earn), shall furnish to the Commissioner-General a return of income and such particulars as may be required for the purposes of ascertaining the income chargeable, if any, and the tax liability due, if any under this Act.
- (2) The return required under this section shall—
- contain a statement of the person's income liable to tax, including income deemed under this Act to be the income of the person in respect of whom the return is submitted;
 - contain a computation, by or on behalf of the person liable to tax, of the amount of tax due based on rates of tax applicable for such charge year and, in the case of an individual, such personal allowances, deductions, and tax credit to which he is entitled; and
 - include a declaration by such person, or by the person in whose name he is assessable, that such return includes a full statement of income liable to tax and a proper computation of tax due for such charge year.
- (3) The return referred to in subsection (1) shall be furnished to the Commissioner-General not later than 30th September following the end of the charge year.
- (4) Where a person fails to submit a return on, or before, the date provided under subsection (3), there shall be charged a penalty of—
- in the case of an individual, one hundred and seventy penalty units per month or part thereof; or
 - in the case of a company, three hundred and forty penalty units per month or part thereof:

Provided that when the Commissioner-General is satisfied that due to the absence from Zambia, illness or any other reasonable cause, that person was prevented from furnishing the return on or before the due date, the Commissioner-General may remit the whole or part of any such penalty.

[As amended by Acts No. 11 of 1992, No. 13 of 1994, No. 2 of 1995 and No. 3 of 1997]

46A. Provisional income

- (1) Without prejudice to the requirement under section forty-six, every person, other than an individual whose income consists entirely of emoluments within the provisions of Part VI which

relates to (Pay As You Earn), shall submit in accordance with this section a return of provisional income for any charge year:

Provided that an individual who does not expect to receive assessable income (other than emoluments within the provisions of Part VI) in excess of six hundred thousand kwacha for such charge year need not submit such return.

- (2) The return of provisional income required under this section shall—
 - (a) contain an estimate (based on information reasonably believed to be true) of the person's income liable to tax, including income deemed under this Act to be the income of the person in respect of whom the return is submitted;
 - (b) contain a computation of tax based on rates of tax applicable for such charge year and, in the case of an individual, personal allowances, tax credit and which he is entitled; and
 - (c) include a declaration by such person or by the person in whose name he is assessable, that such provisional return includes a full and reasonable estimate of his income for such charge year.
- (3) The return of provisional income referred to in subsection (2) shall be furnished not later than the 30th June of the charge year to which such return relates:

Provided that—

- (i) where, during the course of the charge year, any person discovers that the return of provisional income furnished under this section is likely to be substantially incorrect because of changed circumstances, such person shall furnish an amended return of revised provisional income and in such case, any alteration in the amount of estimated tax payable shall be taken into account in the next instalment (pursuant to section seventy-seven) immediately following the date of such amended return;
 - (ii) where, upon the receipt of a return of income pursuant to section forty-six, it is discovered that income has been so underestimated that the tax on such estimate has been underpaid by at least one-third, then, in addition to the penalties contained in section seventy-eight, such person shall be liable to an additional penalty under this section calculated at the rate of ten *per centum* of the tax which has been underpaid.
- (4) Subject to subsection (1), any person chargeable with tax for any charge year who has not been required to furnish a return of provisional income under subsection (1) shall, within fourteen days of the expiration of the period prescribed under subsection (3), furnish the Commissioner-General with an estimate of his income for such charge year specifying therein the details required by subsection (2).

[As amended by Acts No. 12 of 1982, No. 17 of 1988, No. 11 of 1992, No. 2 of 1995 and No. 7 of 1996]

47. Further provisions as to returns

- (1) The Commissioner-General may, by notice in writing require any person to furnish him, within a reasonable time specified in the notice, with further returns or particulars in relation to any matter contained in a return made under this Act or in relation to any transactions or matters appearing to the Commissioner-General to be relevant to the ascertainment of the income of that person.
- (2) The Commissioner-General may determine that any person shall make a return on another person's behalf, and any such return is the return of that other person for the purposes of this Act, save that the operation of this subsection shall not relieve that other person of any liability under this Act.
- (3) Any person preparing, signing or rendering any return or statement for the purposes of this Act is deemed to be aware of the contents of that return or statement.
- (4) Where the Commissioner-General determines that a person is not able to deliver a return in accordance with this Act, the Commissioner-General may require that person to prepare, sign and

deliver an estimated return of his income for any charge year, but such requirement only relieves that person of his liability to deliver a return in accordance with the provisions of this Act for so long as the Commissioner-General determines.

48. Information generally

Every person shall furnish to the Commissioner-General such information, whether relating to the affairs of himself or any other person, as the Commissioner-General determines is necessary for the purposes of this Act, and every provision of this Act relating to the delivery of information to the Commissioner-General is without prejudice to the generality of this section.

49. Statement of bank accounts, assets, etc.

The Commissioner-General may give notice in writing to any person requiring him to furnish within the time limited by such notice, not being less than thirty days from the date of service of such notice, a statement in writing containing particulars of—

- (a) all banking accounts, whether current or deposit business or private, in his own name or in the name or names of his wife or wives, or in any other name, in which he is or has been interested, or on which he has or has had power to operate, jointly or solely, and which are in existence or which have existed at any time during the period stated in the notice;
- (b) all savings and loan accounts, deposits, building society, and cooperative society accounts, in regard to which he has, or has held, any interest or power to operate jointly or solely during the period aforesaid;
- (c) all assets, other than those referred to in paragraph (a) or (b) which he and his wife or wives possess, or have possessed, during the period aforesaid;
- (d) all sources of income not referred to in paragraph (a), (b) or (c) and the income derived therefrom; and
- (e) all facts bearing upon his liability to income tax to which he is or has been liable.

50. Return of lodgers and inmates

The Commissioner-General may by notice in writing require any person whose business is to provide living accommodation to deliver a list of all persons he has so accommodated.

51. Information as to business matters

Whenever so required by the Commissioner-General, and in the prescribed form, everyone carrying on business shall deliver returns showing—

- (a) particulars of all payments in respect of any share or interest in the business;
- (b) particulars of all moneys received by him on deposit;
- (c) particulars of any interest received or paid by him; and
- (d) such other information as may be in his possession relating to the income received by any other person.

52. ***

[Repealed by Act [No. 3 of 1997](#)]

53. Public documents

Notwithstanding anything to the contrary in any written law, any officer in the service of the Government, a local authority or public body who has charge of documents which might aid the carrying out of the provisions of this Act shall permit the Commissioner-General or the Commissioner-General's authorised officer to inspect and copy those documents, and have custody of such of them as are necessary for production in proceedings.

54. Information as to companies

Every resident company shall deliver to the Commissioner-General a copy of its memorandum and articles of association, and copies of all amendments thereto, and, if the Commissioner-General so determines, all such particulars relating to the company's affairs and shareholders as the Commissioner-General may in writing require.

55. Accounts and records

- (1) Every person carrying on a business shall keep, in the English language, books and accounts of all his transactions, and, unless otherwise authorised by the Commissioner-General, shall retain for six years from the date of the last entry all documents relating to any business carried on by him, or otherwise recording the details from which his returns for the purposes of this Act were prepared.
- (2) A person who retains, in accordance with conditions specified by the Commissioner-General, photographic reproductions of the documents referred to in subsection (1) is deemed to retain those documents for the purposes of that subsection.
- (3) A person carrying out any mining operations may elect to keep books of accounts in United States Dollars of all transactions relating to, connected with, or incidental to, such operations if the Commissioner-General is satisfied that not less than seventy-five *per centum* of that person's gross income from mining operations is earned in the form of foreign exchange from outside the Republic.

Provided that such election shall not be reversed without the consent of the Commissioner-General.

[As amended by Act [No. 14 of 1994](#)]

56. Documents in support of returns

- (1) Every return furnished under subsection (1) of section forty-six by any person shall be accompanied by such accounts and other documents as are necessary to support the return and they shall be signed by the person furnishing the return.
- (2) Where such accounts were audited by a person in a professional capacity or where such accounts were not so audited but were prepared by a person in a professional capacity, that auditor or person shall furnish a certificate signed by him stating—
 - (a) the nature of the books of account and other documents from which such accounts were prepared;
 - (b) the extent of his verification of the books of account and other documents produced to him;
 - (c) whether and to what extent, if any, there are included any estimated amounts or balancing adjustments;
 - (d) whether and subject to what reservations, if any, he considers that such accounts present a true and fair view of the gains or profits from such business for the period and the state of business at the end of the period; and

- (e) the capacity in which he signs the certificate;
- and such certificate shall accompany the return.
- (3) Where a person furnishes a return supported by accounts and such accounts were not audited or prepared by a person referred to in subsection (2), then he shall furnish a certificate signed by himself stating—
- (a) the nature of the books from which such accounts were prepared;
 - (b) whether and to what extent, if any, there are included any estimated amounts or balancing adjustments;
 - (c) whether such accounts include all the transactions of his business and present a true and fair view of the gains or profits from such business for such period.
- (4) In this section, "accounts" means a balance sheet or statement of assets and liabilities together with a trading account, profit and loss account or an income and expenditure account or other similar statement, however named.
- (5) For the purposes of this section, "person in a professional capacity" shall mean an individual carrying on the profession of accountant or auditor or one who prepares accounts for reward or in the course of his business, either on his own or in partnership or as an employee.

[As amended by Act [No. 16 of 1972](#)]

57. Examination by Commissioner-General

Where the Commissioner-General determines that any person is able to impart information necessary for the purposes of this Act, the Commissioner-General may, on reasonable notice to that person, require him to attend to be examined at the time and place specified in the notice.

58. Production and preservation of books and documents

For the purpose of obtaining full information in respect of the income of any person or class of persons, the Commissioner-General may, by notice in writing, require, in the case of the income of any person, that person or any other person, and in the case of any class of persons, any person—

- (a) to produce for examination by the Commissioner-General, at such time and place as may be specified in such notice, any accounts, books of account and other documents which the Commissioner-General may consider necessary;
- (b) to produce forthwith for retention by the Commissioner-General for such period as may be reasonable for their examination any accounts, books of account and other documents which the Commissioner-General may specify in such notice;
- (c) not to destroy, damage or deface, on or after service of such notice, any of the accounts, books of account and other documents so specified without permission of the Commissioner-General in writing.

59. ***

[Repealed by Act [No. 7 of 1996](#)]

60. Amount of dividends, interest or royalties to be included in income

- (1) The amount of income received from which tax is deductible under sections eighty, eighty-one, eighty-one A, eighty-two or eighty-two A or on which tax is payable under section eightyone shall be the gross amount before deduction or payment:

Provided that the amount of income received by way of dividends from which tax has been deducted in accordance with the direction of the Commissioner-General made pursuant to the provisions of paragraph (a) of subsection (1) of section eighty-one shall be the amount that would have been received if tax had been deducted at the rate that would have been deductible but for the direction.

- (2) The amount of income received from a source outside the Republic (in this section called foreign income) shall be the gross amount of that income before the deduction of the amount of the foreign tax.
- (3) The amount of the income received by a beneficiary from a trust or deceased's estate on which tax has been paid or is payable by the trust or deceased's estate shall be the gross amount of that income before deduction of tax at the rate paid or payable on that income by the trust or deceased's estate.
- (4) In this section, "foreign tax" has the same meaning as in section seventy-five or seventy-six, as the case may require.

[As amended by Acts No. 16 of 1972, No. 11 of 1973, No. 11 of 1974, No. 9 of 1977 and No. 9 of 1978]

61. Partnership returns

Persons carrying on any business in partnership shall furnish a joint return of the income of the partnership for a charge year declaring therein the names and addresses of all the partners and the amount of the share of the income to which each partner is entitled for that year, together with such other particulars as the Commissioner-General may, in writing, require.

62. Business accounts

- (1) Where the accounts of the business of any person or partnership are made up for a period of twelve months ending on some date other than the last day of the charge year, the Commissioner-General may in his discretion accept such accounts for the purposes of determining the gains or profits of the business in respect of the charge year ending either before or after the closing date of such accounts, and the Commissioner-General may for the purposes of this subsection accept accounts for a period less than twelve months as though the accounts had been made up for a period of twelve months.
- (2) Where the Commissioner-General accepts the accounts of the business of a person or a partnership pursuant to subsection (1), the accounts of that business shall for the purposes of this Act be made up subject to subsection (3) for all subsequent charge years to the date corresponding in subsequent charge years to the date so accepted.
- (3) Where the accounts of the business of a person or partnership are not made up in respect of a subsequent charge year to the date in that year corresponding to the date so accepted, then the income of the business for that subsequent charge year and the preceding year may be computed or adjusted, as the Commissioner-General, in his discretion, may decide.
- (4) Where the Commissioner-General has accepted the accounts of the business of a person or partnership pursuant to subsection (1), and the business ceases, that person or partnership shall return for assessment accounts to include all income of the business in the period between the closing date of the last accounts so accepted for the immediately preceding charge year and the date when the business ceased.
- (5) Where the period referred to in subsection (4) exceeds twelve months, separate accounts shall be delivered for the period of twelve months ending on the date accepted under subsection (1) as the closing date of the accounts of the business, and for the balance of the period in excess of twelve months.

- (6) The income determined on the basis of the accounts referred to in subsections (4) and (5) is charged to tax as follows:
- (a) where the period is in excess of twelve months, the income determined on the basis of the accounts delivered for twelve months, as required under subsection (5), is deemed to be the income for the charge year succeeding that in which the income based on the accounts for the immediately preceding charge year was assessed, and the income for the remaining period is deemed to be income of the following charge year;
 - (b) where the period is one of less than twelve months, the income based on the accounts delivered under subsection (4) is deemed to be the income of the charge year succeeding that in which the income based on the accounts for the immediately preceding year was assessed.
- (7) Notwithstanding subsection (6), where a person or partnership has delivered accounts for the assessment of his business, and the whole or part of the income determined on those accounts has been charged to tax in more than one charge year, then when the business ceases the income for the last charge year is reduced by an estimate determined by the Commissioner-General of the income which has been so charged to tax in more than one charge year, and if that estimate exceeds the income for the last charge year, then the income for the penultimate charge year shall be reduced by the amount of such excess.
- (8) For the purposes of this section, a person may be assessed in respect of his income notwithstanding that he may not have been in existence during any part of the relevant charge year.

As amended by Act [No. 4 of 1976](#)

62A. Averaging of farming and fishing income

Where a person or partnership carries on in two consecutive charge years a business of fishing or of farming, excluding the letting of property for such purpose, and irrevocably so elects by notice in writing to the Commissioner-General before the end of the charge year immediately following the end of the second such consecutive charge year, the income received from, or loss incurred in, such business in each of the two charge years shall be averaged, and the average income or loss shall be deemed to have been received or incurred in each of the two said charge years:

Provided that there shall be no right of election under this section where an election has already been made under this section in respect of one or two consecutive charge years in respect of the same income or loss.

[As amended by Acts No. 17 of 1971 and No. 14 of 1987]

63. Commissioner-General's power to assess

- (1) Subject to the provisions of sections seventy-two and ninety-three, the Commissioner-General shall assess every person who is liable to tax under this Act or who claims, or is entitled to, a deduction under section thirty, thirty-one, thirty-two or thirty-six:

Provided that the Commissioner-General shall take into account the provisions of any agreement made under section seventy-four, if applicable, and shall not include in any such assessment for any charge year—

- (i) dividends from which tax in respect of that charge year has been deducted under section eighty-one;
- (ii) a lump sum payment from which tax in respect of that charge year has been deducted under section eighty-two;
- (iii) *[Obsolete]*.

- (iv) in the case of a person who is not resident in the Republic for any charge year interest or royalties from which tax, in respect of that charge year, has been deducted under section eighty-two A.
- (2) Subject to the provisions of subsection (1), an assessment shall be made in respect of every person for each charge year, and as many amended assessments may be made in respect of such person for any such charge year as are necessary to give effect to the provisions of this Act, and whereby his liability to tax may be increased, reduced or cancelled, as the circumstances require.
- (3) Wherever for the purposes of this Act income is chargeable to tax in any charge year following the charge year in which it is received, the Commissioner-General may assess any person in respect of such income at any time and may make such assessment at the current rate of tax.
- (4) The liability of any person to render a return or other information required under this Act for any charge year is not relieved because he is assessed for that charge year before such return or information is rendered.

[As amended by Acts No. 23 of 1968, No. 26 of 1970, No. 17 of 1971, No. 16 of 1972, No. 11 of 1973, No. 11 of 1974, No. 11 of 1975, No. 14 of 1976, No. 10 of 1979, No. 11 of 1984, No. 11 of 1985 and No. 4 of 1993]

64. Estimated assessments

An assessment may be made by the Commissioner-General in any amount according to the best of his judgement in respect of any person—

- (a) who has not delivered a return as required by this Act, or on whose behalf no return has been so delivered; or
- (b) whose return does not satisfy the Commissioner-General; or
- (c) who the Commissioner-General has reason to believe is about to leave the Republic:

Provided that—

- (i) where the Commissioner-General does not have sufficient information on which to estimate an assessment, the Commissioner-General may assess a base tax of two hundred and sixty-six penalty units in any charge year; and
- (ii) a credit shall be allowed for the amount of any base tax which has been paid in a charge year when establishing the amount of tax which is due and payable resulting from any subsequent assessment which the Commissioner-General may determine for the same charge year.

[As amended by Act No. 14 of 1994, and No. 3 of 1997]

65. Assessment rules

- (1) Notice of assessment shall be given to the person charged.
- (2) Save in case of fraud or wilful default or for the purposes of section twenty-one, eighty-seven, eighty-eight, ninety-one or one hundred and thirteen, or Part VII (which provides for double taxation relief), or paragraph (25) of the Fifth Schedule, or granting tax credits as provided in the Charging Schedule, no assessment shall be made for any charge year after six years from the end of that year.
- (3) No assessment shall be made in respect of the income of any deceased person after the expiry of three years after the end of the charge year in which such deceased person died.
- (4) An assessment made in accordance with generally prevailing practice is not affected by any change in that practice after the time for objection to the assessment has expired.

[As amended by Acts No. 26 of 1970, No. 14 of 1976 and No. 7 of 1996]

66. Taxpaying agents

- (1) For the purposes of this Act, a taxpaying agent is, in relation to income—
 - (a) of a company, any of the individuals mentioned in subsection (1) of section sixty-nine;
 - (b) managed by an agent, the agent;
 - (c) remitted by a person or partnership in the Republic to a person who or partnership which is outside the Republic, the person or partnership remitting the income;
 - (d) of a trust, a trustee of the trust;
 - (e) of a person who has died, his executor or administrator;
 - (f) of a deceased's estate, the executor or administrator of the deceased person's estate;
 - (g) of a bankrupt's estate, the trustee in bankruptcy;
 - (h) of an incapacitated person, his trustee, guardian, curator, committee or receiver appointed by a court, as the circumstances of the case may require;
 - (i) of a company which is being wound up or is under judicial management, the liquidator or judicial manager.
- (2) No provision concerning a taxpaying agent shall relieve any other person of any liability under this Act.
- (3) Every reference in this Act to a taxpaying agent is to him only as such, save where otherwise provided.

[As amended by Acts No. 23 of 1968 and No. 14 of 1976]

67. Assessment of taxpaying agent

- (1) Every taxpaying agent, in respect of the income which he receives as an agent, shall be subject in all respects to the same duties, responsibilities and liabilities as if that income were received by him beneficially and is assessed and charged in his own name in respect of that income, but any such assessment is deemed to be made upon him as an agent.
- (2) Any tax credits or deduction which might have been claimed by a person is allowed in the assessment made upon his taxpaying agent as such an agent.

[As amended by Acts No. 23 of 1968 and No. 7 of 1996]

68. Right of taxpaying agent

Every taxpaying agent who pays tax in respect of income assessed on him is entitled to recover the amount or that tax from the person on whose behalf the tax is paid or retain out of any moneys that are or may come into his possession on behalf of that person so much as is necessary to indemnify him for the payment.

69. Company's taxpaying agent

- (1) Where a company carries on business or has a place of business in the Republic, a director, the secretary or any individual concerned or appearing to be concerned in the management of the company's business, is that company's taxpaying agent (and where a company is being wound up or liquidated, the liquidator, receiver or manager of the company, is that company's taxpaying agent) and with necessary modifications the provisions of this Part relating to taxpaying agents apply accordingly.

- (2) The Commissioner-General may require a company's taxpaying agent to answer for all such acts and matters as the company might be required to answer for under this Act, and, if the company's taxpaying agent defaults in this requirement, he is liable to such penalties as are provided for by this Act in the case of like default by an individual.

[As amended by Act [No. 11 of 1973](#)]

70. Errors in form

No assessment, document or proceeding under this Act is invalid—

- (a) for any error in a person's name, if the erroneous name is or may be understood to be that person's name, or the person has at any time been known by the erroneous name, or one like it; or
- (b) for any other error or defect, if the assessment, document or proceeding is in substance in accordance with this Act.

Part VI – Pay as you earn

71. Assessment, charge, collection and recovery

- (1) On the making of any payment of, or on account of, any emolument, tax shall, subject to and in accordance with regulations made by the Minister, be deducted or repaid by the person or partnership making the payment, notwithstanding that when the payment is made no assessment has been made in respect of the emoluments, and notwithstanding that the emoluments are in whole or in part emoluments for some charge year other than the year during which the payment is made, and, for the purposes of this subsection, payment shall be deemed to be made when the emolument is received as provided in section five:

Provided that with reference to paragraph (1) of section forty-four the requirements of this subsection shall not apply to emoluments provided to employees in the form of non-money fringe benefits.

- (2) Tax deducted, as reduced by any tax refunded, under subsection (1), shall be payable to the Commissioner-General on the dates prescribed by the regulations made in accordance with subsection (6).
- (3) Where the tax payable in accordance with subsection (2) is not paid by the prescribed date, a penalty equal to five *per centum* of the amount of tax payable but not paid shall be chargeable thereto for each calendar month or part thereof for which, and to the extent that, such tax remains unpaid, and for the purpose of any regulations relating to collection and recovery of tax deducted under subsection (1), such penalty shall be deemed to be tax deducted.
- (4) The penalty prescribed in subsection (3) shall become due and payable on the issue by the Commissioner-General of a notice to that effect.
- (5) The Commissioner-General may, in his discretion, remit the whole or any part of the penalty due under subsection (3).
- (6) The Minister shall make regulations for the administration of this Part, and for the assessment, charge, collection and recovery of tax in respect of emoluments accordingly, and such regulations shall have effect notwithstanding anything in this Act.
- (7) The Commissioner-General shall devise tax tables to ensure, so far as possible, that—
 - (a) the total tax payable in respect of any emoluments for any charge year is deducted from the emoluments paid during the year; and
 - (b) the tax deductible or repayable on the occasion of any payment of, or on account of, emoluments is such that the total net tax deducted since the beginning of the charge year

bears to the total tax payable for the year the same proportion that the part of the year which ends with the date of the payment bears to the whole year.

- (8) In subsection (6), the references to the total tax payable for the year shall be construed as references to the total tax estimated to be payable for the year in respect of the emoluments, subject to a provisional allowance for personal allowances, deductions and tax credit and subject also, if necessary to an adjustment for amounts overpaid or remaining unpaid on account of tax in respect of emoluments to which this section applies for any previous year.
- (9) In estimating the total tax payable, it may be assumed, in relation to any payment of, or on account of, emoluments, that the emoluments paid in the part of the charge year which ends with the making of the payment will bear to the emoluments for the whole of that year the same proportion that part of the year bears to the whole year.
- (10) For the purposes of this section emoluments shall include any annuity or part thereof as is not exempt from tax under paragraph 10 of the Second Schedule.

[As amended by Acts No. 26 of 1979, No. 11 of 1974, No. 11 of 1975 and No. 11 of 1992]

72. Assessment not always necessary

- (1) Subject to the provisions of this section, no assessment need be made on an individual in respect of his emoluments for any charge year if the total net tax deducted in the year in question from his emoluments is the same as it would have been if all the relevant circumstances had been known to all parties throughout the year, and deductions and repayments had, throughout the year, been made accordingly, and had been so made by reference to cumulative tax tables.
- (2) In subsection (1)—
 - (a) "cumulative tax tables" means tax tables devised under the last preceding section so as to require the tax to be deducted or repaid on each payment in the year to be ascertained by reference to a total of emoluments paid in the year up to the time of making that payment; and
 - (b) references to the total net tax deducted shall be construed as references to the total tax deducted during the year by virtue of regulations made under the last preceding section, less any tax repaid by virtue of any such regulations.
- (3) Nothing in this section shall be construed as preventing an assessment being made on an individual in respect of his emoluments and, without prejudice to this generality, an assessment shall be made in respect of an individual's emoluments for any charge year if—
 - (a) the individual assessable, by notice in writing given to the Commissioner-General within five years from the end of the charge year, so demands; or
 - (b) the Commissioner-General so elects.
- (4) In any proceedings in regard to an assessment made under subsection (3), that assessment shall be treated as having been made in accordance with the practice generally prevailing at the end of the year to which the assessment relates.

73. Priority on insolvency

In the distribution of the property of a bankrupt and in the distribution of the assets of any company being wound up, any sums due on account of tax deducted under this Part shall be paid as if such sums were tax within the meaning of section three (d) of the Preferential Claims in Bankruptcy Act, or the corresponding provision of any Act replacing that Act.

[Cap. 83]

Part VII – Double taxation relief

74. Double taxation agreements

- (1) The President may enter into an agreement, which may have retrospective effect, with the government of any other country or territory with a view to the prevention, mitigation or discontinuance of the levying, under the laws of the Republic and of such other country or territory, of taxes in respect of the same income, or to the rendering of reciprocal assistance in the administration of and the collection of taxes under the income tax laws of the Republic and of such other country or territory.
- (2) The Minister shall lay a copy of an agreement referred to in subsection (1) before the Cabinet for ratification.
- (3) As soon as may be after the conclusion and ratification of any such agreement, the terms thereof shall be notified by the President by statutory instrument, whereupon, until such statutory instrument is revoked by the President, the agreement shall have effect as if enacted in this Act but only if, and for so long as, the agreement has the effect of law in the other country or territory.
- (4) The President may at any time revoke any such statutory instrument by a further statutory instrument and the agreement shall cease to have effect upon the date fixed in such latter statutory instrument, but the revocation of any statutory instrument shall not affect the validity of anything previously done thereunder.
- (5) The duty imposed by any law to preserve secrecy with regard to income tax shall not prevent the disclosure to any authorised officer of the country or territory mentioned in any statutory instrument issued, in terms of subsection (3), of the facts, knowledge of which is necessary to enable it to be determined whether immunity, exemption or relief ought to be given or which it is necessary to disclose in order to render or receive assistance in accordance with the arrangements notified in such statutory instrument.

[As amended by Act [No. 26 of 1970](#)]

75. Double taxation relief

- (1) This section applies where, by virtue of any agreement under this Part, tax (in this section called foreign tax) payable to another country in respect of any income (in this section called foreign income) is to be allowed as a credit against Zambian tax in respect of that foreign income.
- (2) The Zambian tax for any charge year in respect of foreign income is reduced by the amount allowed as a credit in respect of that foreign income under any agreement under this Part, but that reduction shall not exceed the amount of that foreign income included in the income liable to tax under this Act, multiplied by the Zambian tax before the reduction, divided by the sum of the income assessable under this Act and the income which the Commissioner-General is prohibited from including in an assessment under the provisos to subsection (1) of section sixtythree.
- (3) In this section, "Zambian tax" means income tax chargeable under this Act.

[As amended by Act [No. 16 of 1972](#)]

76. Unilateral double taxation relief

- (1) Where a person is liable to pay Zambian tax for any charge year in respect of income received from a source within a country which has not entered into an agreement under this Part (in this section called foreign income) and he has paid tax on that income in the country from which it was received (in this section called foreign tax), then the Zambian tax for that charge year in respect of the foreign income is reduced by the amount of foreign tax, but that reduction shall not exceed the amount of the foreign income included in the income liable to tax under this Act, multiplied by the

Zambian tax before the reduction, divided by the sum of the income assessable under this Act and the income which the Commissioner-General is prohibited from including in an assessment under the provisos to subsection (1) of section sixtythree.

- (2) In this section, "Zambian tax" means income tax chargeable under this Act.
- (3) This section shall not apply to income which the Commissioner-General is prohibited from including in an assessment under the provisions to subsection (1) of section sixty-three.

[As amended by Act [No. 16 of 1972](#)]

Part VIII – Collection, recovery and reliefs

77. When tax due is payable

- (1) The provisional tax under section forty-six A shall be due and payable in quarterly instalments as follows:
 - 1st installment on 30th June;
 - 2nd installment on 30th September;
 - 3rd installment on 30th December;
 - 4th installment on 30th March;of the charge year to which such return of provisional income relates.
- (2) All persons liable to tax and required to submit a return under section forty-six shall remit, along with such return, payment equal to the balance of tax liability due, if any, as computed by the taxpayer under subsection (2) of section forty-six.
- (3) The payment referred to in subsection (2) shall be remitted by every person liable to tax no later than 30th September, following the end of the charge year, and shall be paid by that person in such form as the Commissioner-General may determine.
- (4) The tax liable to be paid under any assessments made pursuant to section sixty-three or sixty-four shall be due and payable by the person assessed within thirty days of the service of notice of assessment, and shall be paid by that person in the manner specified in the notice:

Provided that the tax liable to be paid under any assessment made pursuant to subsection (3) of section sixty-three or to paragraph (c) of section sixty-four, shall be due and payable on demand.
- (5) The Commissioner-General, in his discretion, may extend the time, limited by subsections (1), (2), (3) or (4), in which taxes shall be paid.
- (6) Subsection (4) shall have effect notwithstanding that the person assessed objects to or appeals against that assessment.
- (7) Subsections (2) and (3) of this section shall have effect in relation to assessments for the charge year which ends on 31st March, 1992, and in relations to each subsequent charge year.

[As amended by Act [No. 11 of 1992](#)]

78. Penalty for non-payment of tax

- (1) Subject to the provisions of subsection (5) any tax assessed under sections forty-six, sixty-three, sixty-four or seventy-one shall be overdue if the tax has not been paid on or before the dates prescribed in—
 - (a) section seventy-one;

- (b) subsections (1) and (2) or as extended under the provisions of subsection (5) of section seventy-seven; or
- (c) subsection (3) of section seventy-seven or as extended under the provisions of subsection (5) of section seventy-seven;

Provided that the Commissioner-General may apply the date prescribed in subsection (3) of section seventy-seven to cases referred to under paragraph (b).

- (1A) On any tax deemed overdue by one month, under subsection (1), a sum equal to five *per centum* of the tax paid shall become chargeable by way of penalty.
- (1B) Subsections (1) and (1A) shall have effect in relation to assessment for the charge year which ends on 31st March, 1992, and in relation to each subsequent charge year.
- (2) Subject to the provisions of subsection (5), if any tax or provisional tax remains unpaid for one month after the dates referred to in subsection (1), a further sum equal to five *per centum* of the tax or provisional tax unpaid shall become chargeable by way of additional penalty and further penalties of five *per centum* shall become payable in respect of any part of the tax or provisional tax remaining unpaid at the end of each month thereafter:

Provided that in the case of tax or provisional tax which became due and payable prior to the 1st April, 1972, the date on which such tax or provisional tax became due and payable pursuant to the provisions of subsections (1) and (2) of section seventy-seven and the Eighth Schedule shall, for the purposes of this subsection only, be deemed to be the 31st March, 1972.

- (3) Any penalties imposed under this section shall, for the purposes of this Act relating to collection and recovery, be deemed to be tax.
- (4) The penalty prescribed in subsection (1) and subsection (2) shall become due and payable on the date of issue by the Commissioner-General of a notice to that effect.
- (5) For the purposes of claiming relief under any of the provisions of this Act, any penalties imposed under this section shall not be deemed to be part of the tax paid.
- (6) The Commissioner-General may, in his discretion, remit the whole or part of any penalties due under this section.
- (7) In the event of any refund of tax or any part thereof, the penalties imposed under this section shall be reduced to the extent that the tax to which the penalties relate is set off or refunded and the amount of such reduction shall be deemed to be tax paid in excess to which the provisions of section eighty-seven shall apply.
- (8) For the purposes of this Act, "provisional tax" means the tax as calculated on the return of provisional income required to be furnished under section forty-six A.

[As amended by Acts No. 26 of 1970, No. 16 of 1972, No. 11 of 1975, No. 14 of 1976, No. 9 of 1977, No. 12 of 1982, No. 11 of 1992 and No. 3 of 1997]

78A. Interest on overdue payments

- (1) Subject to subsection (3), any payment of tax which is overdue under section seventy-eight shall attract interest at the rate prescribed in subsection (2) and shall continue to attract such interest until such time as the payment of the tax has been remitted.
- (2) The rate of interest prescribed for the purpose of subsection (1) shall be the discount rate published from time to time by the Bank of Zambia plus two *per centum per annum*.
- (3) The Commissioner-General may remit the whole or part of any interest due under this section.

[As amended by Act [No. 14 of 1994](#)]

79. Recovery and proceedings

- (1) Tax is a debt due to the Government and may be recovered by the Commissioner-General either by distress or by suit in any court of competent jurisdiction.

[As amended by Act [No. 17 of 1971](#)]

79A. Recovery by distress

- (1) Any officer appointed for the purpose of carrying out the provisions of this Act may, under warrant by the Commissioner-General, levy distress upon the goods and chattels of the person or partnership from whom tax is recoverable.
- (2) For the purposes of levying any such distress, the officer authorised under warrant by the Commissioner-General, together with such servants or agents as the officers may consider necessary, may break open at any time between sunrise and sunset, any premises; and the officer so authorised may require any police officer to be present while such distress is being levied and any police officer so required shall comply with such requirement.
- (3) A distress levied under this section shall be kept for ten days either at the premises at which such distress is levied or at such other place as the person authorised under warrant may consider appropriate at the cost of the person or partnership from whom such tax is recoverable.
- (4) If the person or partnership from whom such tax is recoverable does not pay the tax due together with the costs incurred in levying the distress and all other costs incidental thereto within the period of ten days mentioned in subsection (3), the goods and chattels upon which distress has been levied shall be sold by public auction and the proceeds realised from such sale shall be applied towards the payment of the said costs and all further costs incurred in completing such sale and, the surplus, if any, shall be applied in the payment of the tax and, the balance, if any, shall be paid to such person or partnership after deducting any further tax liable to be paid by such person or partnership.
- (5) Where the full amount of the tax due and all the costs mentioned in subsection (4) are not recovered, the Commissioner-General may recover the deficiency either in accordance with section seventy-nine B or any other provisions contained in this Act.
- (6) No civil or criminal proceedings shall be instituted against any officer for any act or omission arising out of the levying of distress.
- (7) If the person or partnership upon whose goods or chattels distress is to be levied, or has been levied, fraudulently removes and conveys away such goods or chattels to prevent the Commissioner-General from distraining them or completing the distress so levied, or if any person or partnership wilfully and knowingly aids or assists such person or partnership in such fraudulent conveying away or carrying off any part of such goods or chattels or in concealing the same, every person or partnership so offending—
 - (a) shall forfeit to the Commissioner-General a sum equal to double the value of goods or chattels carried off or concealed as aforesaid, to be recovered by action; and
 - (b) shall be guilty of an offence and liable on conviction to a fine not exceeding ten thousand penalty units or to imprisonment for a term not exceeding twelve months, or to both.

[As amended by Acts [No. 17 of 1971](#), [No. 14 of 1974](#), [No. 14 of 1976](#), [No. 9 of 1977](#), [No. 11 of 1992](#) and [No. 13 of 1994](#)]

79B. Recovery through court

- (1) Notwithstanding anything to the contrary contained in any law, the Commissioner-General may institute proceedings in any subordinate court of the first or second class for the recovery of any tax or other amount recoverable under this Act.

- (2) Any officer appointed for the purposes of carrying out the provisions of this Act may represent the Commissioner-General in the proceedings referred to in subsection (1) and for that purpose may conduct any such proceedings and shall have a right of audience in subordinate courts of the first or second class, notwithstanding any law to the contrary.
- (3) Proceedings in any court for the recovery of any tax or other amount are deemed to be proceedings for the recovery of a debt validly acknowledged in writing by the debtor.
- (4) In any proceedings for the recovery of tax—
 - (a) it is not competent to question any assessment whether or not an objection or appeal has been made against such assessment; and
 - (b) the mere production of an assessment or any document under the Commissioner-General's hand or the hand of any officer duly authorised by him is conclusive evidence as to the contents of the assessment or document.

[As amended by Act [No. 17 of 1971](#)]

79C. Charge on land

- (1) Notwithstanding anything to the contrary contained in any other law, where a person or partnership from whom tax is due is the owner of land situated in the Republic, the Commissioner-General may give notice to the person or partnership in writing that the amount of tax due shall be a charge on such land and such charge shall, without registration that may be required under any law relating to the registration of charges upon land, be effective from the date of service of the notice for so long as such land remains in the ownership of such person or partnership or until the notice is withdrawn.
- (2) For the purposes of this section, "land" includes any vacant piece or parcel of land and also any buildings or improvements on any piece or parcel of land.

[As amended by Acts [No. 17](#) and [No. 14 of 1976](#)]

79D. Recovery of partner's tax from partnership

Where the tax due by a person relates in whole or in part to tax charged on income derived from a partnership, the tax charged on such income shall, where notice in writing to this effect is given by the Commissioner-General to the partnership, be due from such partnership and the provisions of this Act relating to collection and recovery shall apply as if such tax had been charged on the partnership.

[As amended by Act [No. 14 of 1976](#)]

80. Deduction of tax from interest and royalties

- (1) The Commissioner-General may give written notice to any person that he is to deduct tax from each payment of interest or royalties, other than interest or royalties from which tax is deductible under section eighty-two A, made by him to any other person and he shall thereupon, until otherwise notified by the Commissioner-General, deduct tax at the rate and with effect from the date specified in such notice from all such payments and shall pay the tax to the Commissioner-General.
- (2) The rate of tax to be deducted under subsection (1) shall be at any rate mentioned in Part III of the Charging Schedule as the Commissioner-General may specify..
- (3) Where a person deducts tax as provided by this section, he shall furnish the person to whom he makes the payment of interest or royalties with a certificate showing the name and address of the person to whom it is made, the gross amount of the interest or royalties, and the amount of tax deducted; and he shall deliver a copy of that certificate to the Commissioner-General.

[As amended by Act [No. 17 of 1971](#) and [No. 9 of 1978](#)]

81. Deduction of tax from dividends

- (1) Subject to the provisions of this section, every company incorporated in the Republic shall deduct from every payment of dividend, other than a pioneer industry dividend or a dividend paid to Government, tax at the rate specified in Annexure "H" of Part III of the Charging Schedule, or as the Commissioner-General directs to—
 - (a) give effect to the provisions of any agreement made under section seventy-four; or
 - (b) give effect to the provisions of the Second Schedule;and shall account for such tax as if the payment were subject to Part VI (which relates to Pay As You Earn); and for the purposes of this subsection payment shall be deemed to be made on the day the dividend accrues to the share or stock holders as provided in paragraph (a) of subsection (2) of section five.
- (2) Subject to the provisions of this section, where, in a charge year a company has received dividends from which tax has been deducted under subsection (1), the total amount which the company is liable to account for under subsection (1) on dividends paid in the charge year shall, as far as possible, be reduced by the amount of the tax so deducted, and the company shall be liable to account only for the balance remaining after such reduction.
- (3) Subject to the provisions of this section, where the total amount of tax deducted from dividends in a charge year as referred to in subsection (2) exceeds the amount which a company is liable to account for on dividends paid in the charge year before the operation of subsection (2), the excess shall, as far as possible, be deducted from the total amount which the company is liable to account for on dividends paid, after the operation of subsections (2), in the following charge year and so on from year to year until the excess is extinguished.
- (4) Where in any charge year after the operation of subsection (2) and (3) there is an excess available to be deducted in accordance with subsection (3) from the amount which a company is liable to account for in the following or a subsequent charge year and the company was directed by the Commissioner-General to deduct tax from dividends paid in the charge year in accordance with paragraph (a) or (b) of subsection (1), then the difference between what the company would have been liable to account for but for the said direction and the amount the company is liable to account for before the operation of subsections (2) and (3) (not exceeding the amount of excess available), shall be deemed to be tax paid in excess to which the provisions of section eighty-seven shall apply and the excess available to be deducted in the following or a subsequent charge year shall be reduced by the amount so treated as tax paid in excess.
- (5) Every company, upon payment of a dividend as provided in subsection (1), shall furnish the share or stock holder to whom the dividend is paid with a certificate stating in relation to the dividend—
 - (a) the share or stock holder's name and address;
 - (b) the date of payment;
 - (c) the amount of dividend payable before the deduction of tax;
 - (d) the amount of tax deducted;
 - (e) the net amount paid; and
 - (f) such other particulars as the Commissioner-General may by notice in writing require;and shall send a copy of the certificate to the Commissioner-General.
- (6) The certificate furnished under subsection (5) shall be treated as if it were an assessment for the purpose of Part XI only, and the date of service shall be deemed to be ten days after the date of payment shown thereon.
- (7) For the purposes of this section—

"pioneer industry dividend" means a dividend exempted by sub-paragraph (i) of paragraph (7) of the Second Schedule.

[As amended by Acts No. 11 of 1974, No. 11 of 1975, No. 14 of 1975 and No. 10 of 1979]

81A. ***

- (1) *[Repealed by Act No. 7 of 1996]*

81B. Tax clearance certificate

- (1) Every person, partnership, institution, authority, organization or association responsible for the issue of any of documents referred to in subsection (6) shall not issue that document to any applicant unless he produces a valid tax clearance certificate.
- (2) *[Repealed by Act No. 7 of 1996].*
- (3) Where any authority or person is empowered by any written law or otherwise to register the transfer of any property, that authority or person shall not register the transfer unless there is produced a tax clearance certificate issue in respect of the person or partnership transferring the property.
- (4) The Commissioner-General may by notice in writing cancel a tax clearance certificate and the cancellation shall have effect from the date of service of the notice on the holder of the tax clearance certificate.
- (5) The holder of a tax clearance certificate shall, within thirty days after the date of service and of the notice of cancellation of the certificate, return the certificate to the Commissioner-General.
- (6) For the purpose of this Act the documents referred to in sub-section (1) include retail and wholesale trade, liquor, bar, restaurant, canteen, manufacturing (including assembly activities), export, taxi, bus or minibus operator licences and permits; professional practitioner certificates and permits and documents of a similar nature.
- (7) In this section:
"property" means—
 - (a) any land in the Republic;
 - (b) any share issued by a company incorporated in the Republic; and

"tax clearance certificate" means a certificate issued by the Commissioner-General, valid for such period as may be specified in it, stating that the person or partnership to whom or to which it is issued fulfilled all obligations imposed upon him or it by this Act and by any other Act for which the Commissioner-General is responsible or has made arrangements satisfactory to the Commissioner-General for doing so.

[As amended by Acts No. 28 of 1988 and No. 7 of 1996]

81C. Deduction of tax for use of patent, design, trade mark, etc

- (1) Every person or partnership on making a payment to or on behalf of any person, other than a payment to a person who produces a valid certificate of exemption, for the use of any patent, design, trademark, process or other payment of a similar nature, irrespective of whether the payment is made outside the Republic, shall, before making any other deductions whatsoever, deduct tax from such payment at the rate specified in Annexure "J" of Part III of the Charging

Schedule and that person or partnership shall account for the tax as if it were a payment subject to Part VI (which relates to Pay As You Earn).

(2) *[Repealed by Act No. 7 of 1996]*

[As amended by Acts No. 14 of 1994 and No. 7 of 1996]

82. Deduction of tax from lump sum payments

- (1) Every person or partnership on making payment from an approved fund of a lump sum payment shall, before making any other deductions, deduct tax from such part of the payment as is liable to tax at the rate specified in Part I of Annexure B of Part III of the Charging Schedule and that person or partnership shall account for such tax as if the payment were subject to Part VI (which relates to Pay As You Earn) and for the purposes of this subsection payment shall be deemed to be made when the income is received by the recipient as provided in section five.
- (2) Every person or partnership on making a payment referred to in subsection (1) shall furnish the person or partnership to, or on behalf of whom it is made with a certificate stating, in relation to the payment—
 - (a) the title of the approved fund;
 - (b) the date of approval of the fund;
 - (c) the date of the payee's admission to the fund;
 - (d) the date of change in contribution rates if increased since 30th June, 1960;
 - (e) the payee's name and address;
 - (f) the date of payment;
 - (g) the gross amount of the payment;
 - (h) the amount of tax deducted under subsection (1);
 - (i) the net amount of the payment; and
 - (j) such other particulars as the Commissioner-General may, by notice in writing, require;and shall send a copy to the Commissioner-General.

[As amended by Acts No. 26 of 1970, No. 11 of 1974 and No. 14 of 1976]

82A. Deduction of tax from certain payment

- (1) Every person or partnership making a payment of—
 - (a) a management or consultancy fee deemed under section eighteen to be from a source within the Republic; or
 - (b) interest and royalties from a source within or deemed, under section eighteen, to be within the Republic:

Provided that where the interest payment to an individual during any one month on any single saving account, deposit account or building society account, does not exceed twenty-thousand kwacha, then that interest payment shall be exempt from the requirement of this section; or
 - (c) rent from a source within the Republic;

Provided that the Commissioner-General may determine that the provision of this paragraph shall not apply in any particular case and shall, in writing direct the person or partnership

concerned in that behalf; and the provisions of this paragraph shall not apply to such person or partnership to the extent and for the period specified in such direction; or

irrespective of whether such payment is made outside the Republic, shall, before making any other deductions, deduct tax from the payment referred to in paragraphs (a), (b), (c) and (d) at the rate specified in Annexures E, F, G and I, respectively, of Part III of the Charging Schedule or as the Commissioner-General directs to give effect to the provisions of any agreement made under section seventy-four or the provisions of the Second Schedule and that person or partnership shall account for such tax as if that payment were subject to Part VI (which relates to Pay As You Earn) and for the purposes of this subsection, payment shall be deemed to be made when the income is received by the recipient as provided in section five.

Provided that:

- (i) this section shall not apply to interest payable on a bill of exchange drawn for one hundred and eighty days or less; and
 - (ii) the payment of any amount in excess of the original issue price for any Treasury Bill or any other similar financial instrument sold at a discount from face value shall be deemed for the purpose of this section to be a payment of interest when any such Treasury Bill or any other similar financial instrument is presented to the Bank of Zambia for redemption of re-discount.
- (d) dividends.
- (2) Every person or partnership shall, on making the payment referred to in subsection (1), record on the form prescribed by the Commissioner-General the amount of the payment, the amount of tax deducted therefrom and such other particulars as the Commissioner-General may require.
 - (3) Within fourteen days from the end of each charge year, or such longer period as the Commissioner-General may generally or in any particular case allow, every person who or partnership which has made a payment referred to in subsection (1), shall forward to the Commissioner-General the form referred to in subsection (2) together with a statement and declaration in the form prescribed by the Commissioner-General.
 - (4) At the end of each charge year, every person who or partnership which has made any payment referred to in subsection (1) shall furnish each person or partnership to or on behalf of whom a payment has been made with a certificate stating in relation to such charge year the total amount of the payments made to or on behalf of such person or partnership, the amount of tax deducted therefrom, the date of issue of the certificate and such other particulars as the Commissioner-General may require.
 - (5) The certificate issued under subsection (4) shall be treated as if it were an assessment for the purposes of Part XI only, and the date of service shall be deemed to be ten days after the date of payment shown thereon.
 - (6) For the purposes of this section "rent" means a payment in any form, including a fine, premium or any like amount, made as a consideration for the use or occupation of or the right to use or occupy any real property including personal property directly connected with the use or occupation of, or the right to use or occupy such real property.
 - (7) Any person who, or partnership which, receives from the Commissioner-General a receipt showing that such person or partnership has deducted tax under this section from any payment of rent shall, within fourteen days from the day of receiving such a receipt, furnish that receipt to the payee of the rent.

[As amended by Acts No. 11 of 1973, No. 11 of 1974, No. 11 of 1975, No. 14 of 1976, No. 9 of 1977, No. 11 of 1984, No. 11 of 1985, No. 8 of 1986, No. 14 of 1987, No. 17 of 1988, No. 11 of 1992, No. 4 of 1993, No. 14 of 1994, No. 2 of 1995 and No. 7 of 1996]

82B. Definition of property

For the purposes of sections eighty-three, eighty-four and eighty-six, "property" shall include moneys, cheques, promissory notes and all other kinds of bills of exchange, and movable and immovable property of whatsoever nature and kind.

[As amended by Act No. 17 of 1971]

83. Property not in possession

Any person or partnership who holds or is in possession of any kind of property whatsoever on behalf or on account of another person or partnership shall give the Commissioner-General all such information in relation to that property as the Commissioner-General may require, and, in relation to any tax due by that other person or partnership, the Commissioner-General's rights in regard to any such property are the same and may be exercised in as full and ample a manner as if the property were held or in the possession of that other person or partnership.

[As amended by Act No. 14 of 1976]

84. Agent for payment of tax

- (1) Any person or partnership may be declared by the Commissioner-General to be an agent for the payment of tax due by another person or partnership.
- (2) Any person or partnership declared to be an agent in pursuance of subsection (1) shall apply to the payment of the tax due so much of any kind of property whatsoever held by him or coming into his hands on behalf of the person or partnership from whom the tax is due as is sufficient to pay such tax, and any such agent is hereby indemnified against any person or partnership whatsoever in respect of all payments so made by him.
- (3) Where the Commissioner-General has reasonable grounds to believe that a person or partnership has disposed of any kind of property whatsoever without full consideration in money or money's worth to another person or partnership with the intention of avoiding payment of tax that is or may become due, he may declare such other person or partnership an agent for the payment of tax due from the person or partnership which has disposed of the said property and such property shall, for the purposes of subsection (2), be deemed to be property held by such other person or partnership on behalf of the person or partnership which has disposed of the said property to the extent that the open market value of the said property at the time of the disposal exceeds the consideration given.
- (4) Any person or partnership declared by the Commissioner-General to be an agent for the payment of tax due by another person or partnership under the provisions of any previous enactment shall be deemed to have been declared an agent under the provisions of subsection (1).
- (5) Notwithstanding the other provisions of this section, where a shareholder of a company is absent from Zambia the company shall be deemed to have been declared an agent for the payment of tax due by the shareholder under subsection (1):

Provided that this subsection shall not apply to a company the ordinary share capital of which may be bought or sold on a stock exchange or which is controlled by any such company or any company controlled directly or indirectly by Government.

- (6) Any person who wilfully obstructs or wilfully attempts to obstruct an agent in the execution of the duties imposed upon him by this section shall be guilty of an offence and shall, upon conviction, be liable to a fine not exceeding thirty thousand penalty units or to imprisonment for a term not exceeding three years, or to both.

[As amended by Acts No. 17 of 1971, No. 11 of 1974, No. 14 of 1976, No. 9 of 1977, No. 11 of 1992 and No. 13 of 1994]

85. ***

[Repealed by Act No. 7 of 1996]

86. Liability where property alienated

Every person who or partnership which is an agent in accordance with the provisions of section sixty-six or declared to be an agent in accordance with the provisions of section eighty-four and who or which alienates or charges any kind of property whatsoever from which tax ought to have been paid by such person or partnership shall be liable for such tax as if it were tax charged on that person or partnership.

[As amended by Act No. 14 of 1976]

87. Refunds in general

- (1) Where for any charge year any person or partnership claims that tax has been paid or is deemed to have been paid by deduction or otherwise in excess of the amount—
 - (a) liable to be paid by the person or partnership in accordance with the provisions of this Act;
 - (b) deductible by the person or partnership in accordance with the provisions of this Act;
 - (c) liable to be paid by the person or partnership because relief is due in accordance with the provisions of sections seventy-eight, eighty-eight, eighty-nine, ninety, ninety A, ninety-one, ninety-five, ninety-five D, or one hundred and thirteen;

the Commissioner-General shall make such assessments or adjustments as are necessary to determine the amount of such excess and shall give written notice to the person or partnership of the amount so determined as paid or deemed to have been paid in excess.

- (2) A claim under subsection (1) shall be made in accordance with the provisions of the section or Schedule under which it is made, or if none, the claim shall be made in writing to the Commissioner-General not later than six years after the end of the charge year to which the claim relates, or if later, six years after the date of service of the notice of assessment or of the notification of an amount of tax deductible under the provisions of this Act in the charge year, to which the claim relates.
- (3) Where any tax is due and payable to the Commissioner-General for any charge year under this or any other Act, the amount of the excess shall first be applied towards the satisfaction of the tax so due and payable to the extent of such tax, and the Commissioner-General shall give written notice to the person or partnership of the amount so applied:

Provided that—

- (i) such part of the excess which relates to tax paid by deduction shall be deemed to be available for application on the last day of the charge year to which the excess relates; and
 - (ii) subject to the provisions of section ninety-five D, such part of the excess which relates to tax paid or deemed to have been paid other than by deduction shall be available for application on the day such part was paid or deemed to have been paid.
- (4) Where any person or partnership claims a refund of the amount of the excess adjusted in accordance with the provisions of subsection (3), the Commissioner-General shall refund such adjusted excess.
- (5) A claim under subsection (4) shall be made in writing to the Commissioner-General not later than six years after the end of the charge year to which the excess relates or, if later, six years after the date of service of the written notice of the amount of the excess given in accordance with the provisions of subsection (1).

[As amended by Acts No. 11 of 1975, No. 14 of 1976 and No. 10 of 1979]

88. Refunds in cases of accumulated income

- (1) Where under any will or settlement, other than a settlement to which section nineteen or section ninety-seven applies, any income (in this section referred to as the trust income) arising from any fund is accumulated for the benefit of any individual contingently on his attaining some specified age or marrying, then, if such individual claims and the Commissioner-General determines that such contingency has happened, the sum equal to the amount by which the total amount of tax paid on the trust income during the period of accumulation exceeds the total amount of additional tax which would have been paid by him during such period if such trust income and the income from any other fund subject to the like trust for accumulation has been included in his income shall be deemed to be tax paid in excess to which the provisions of section eighty-seven shall apply; but in calculating such sum a deduction shall be made in respect of any tax paid by the trust and already repaid to him.
- (2) Every claim under this section shall be made in writing to the Commissioner-General within six years after the expiry of the charge year in which the contingency happened.

[As amended by Act [No. 14 of 1976](#)]

89. Refund or set-off of tax chargeable on a beneficiary

Where a beneficiary entitled to the whole or part of the income of a trust or deceased's estate is assessed and chargeable to tax for any charge year in respect of that income, any tax paid by a trust or deceased's estate and attributable to the income so assessed and charged on the beneficiary shall be set off against the tax chargeable for that charge year on the beneficiary and the provisions of section eighty-seven shall apply to any amount so paid in excess of such tax chargeable.

[As amended by Act [No. 14 of 1976](#)]

90. Refund or set-off of tax deducted from dividends, etc.

The amount of tax deducted from or paid under sections eighty, eighty-one, eighty-one A, eighty-two or eighty-two A on income received by a person for any charge year shall be set-off against the tax chargeable on his income for that charge year and the provisions of section eighty-seven shall apply to any tax so deducted or paid in excess of the tax so chargeable:

Provided that—

- (i) in the case of a person who was not resident in the Republic for a charge year ending on or before the 31st March, 1972, and who received a dividend in such charge year, the tax deducted under section eighty-one shall not be set off or refunded;
- (ii) in the case of a person who is not resident in the Republic for a charge year and who receives dividends in such charge year, subject to the provisions of any agreement under section seventy-four, the tax deducted under section eighty-one shall not be set off or refunded;
- (iii) in the case of a person who receives a lump sum payment, the tax deducted under section eighty-two shall not be set off or refunded;
- (iv) in the case of a person who is not resident in the Republic for a charge year and who receives interest, royalties, management or consultant fees, or public entertainment fees in such charge year, subject to the provisions of any agreement made under section seventy-four, the tax deducted under section eighty-two A shall not be set off or refunded.

[As amended by Acts [No. 11 of 1975](#), [No. 4 of 1976](#), [No. 9 of 1978](#) and [No. 10 of 1979](#)]

90A. Job credits

The Minister may, by statutory order, provide for the granting of job credits in such amounts, for such periods and for such employees of such businesses as may be prescribed therein:

Provided that any such order may be made with retrospective effect.

[As amended by Act [No. 6 of 1980](#)]

90B. ***

[Repealed by Act [No. 9 of 1977](#)]

91. Error or mistake relief

- (1) If any person alleges that an assessment is excessive by reason of some error or mistake in the return or statement made by him for the purposes of the assessment, he may, at any time, not later than six years after the end of the charge year in respect of which the assessment was made, make an application in writing to the Commissioner-General for relief.
- (2) On receiving any such application, the Commissioner-General shall inquire into and determine the matter and shall, subject to the provisions of this section make any assessment or other adjustment necessary to give effect to such determination and the provisions of section eighty-seven shall apply to any tax paid in excess as a result of such determination.
- (3) In determining any application under this section, the Commissioner-General shall have regard to all the relevant circumstances of the case, and in particular shall consider whether the granting of relief would result in the exclusion from the charge to tax of income of the applicant, and for this purpose the Commissioner-General may take into consideration the liability of the applicant and assessments made upon him in respect of the other years.

[As amended by Acts [No. 26 of 1970](#) and [No. 14 of 1976](#)]

92. Remission of tax

- (1) The Commissioner-General may remit tax if he is satisfied that it is not recoverable; and where the person to be charged with tax is also subject to equity levy under the Equity Levy Act, 1982, and the amount of the equity levy is greater than the amount of tax payable under this Act, the Commissioner-General shall remit such tax.
- [Cap. 338]*
- (2) On the Commissioner-General's recommendation the Minister may remit tax if he is satisfied that it is just to do so.
 - (3) This section shall not give rise to any appeal or other proceedings.

[As amended by Act [No. 23 of 1968](#) and [No. 12 of 1982](#)]

93. Tax less than K3,000 not payable

Notwithstanding anything contained in this Act, no tax in respect of a charge year shall be payable by a person if the tax with which the person is chargeable in respect of that year is less than three thousand kwacha.

[As amended by Act [No. 11 of 1992](#), [No. 2 of 1995](#) and [No. 7 of 1996](#)]

Part IX – Avoidance

94. No set-off or refund where that is the object of change of ownership of shares in company

The Commissioner-General shall not allow any set-off or refund of tax deducted under section eighty-one where he determines that the object, or one of the objects of a change in the ownership of shares in a company, whether direct or indirect, was to obtain such set-off or refund.

95. Transactions designed to avoid tax liability

- (1) Where the Commissioner-General has reasonable grounds to believe that the main purpose or one of the main purposes for which any transaction was effected (whether before or after the commencement of this Act) was the avoidance or reduction of liability to tax for any charge year, or that the main benefit which might have been expected to accrue from the transaction within the three years immediately following the completion thereof, was the avoidance or reduction of liability to tax, he may, if he determines it to be just and reasonable, direct that such adjustments shall be made as respects liability to tax as he considers appropriate to counteract the avoidance or reduction of liability to tax which would otherwise be effected by the transaction.
- (2) Without prejudice to the generality of the powers conferred by subsection (1), the powers conferred thereby extend to—
 - (a) the charging with tax the income of persons who, but for the adjustments, would not be chargeable with any tax or would not be chargeable to the same extent;
 - (b) the charging of a greater amount of tax than would be chargeable but for the adjustments; and
 - (c) the giving of a direction under this section by reason of the fact that in the case of a company no distribution of dividends has been made or only a smaller distribution has been made than might have been made:

Provided that—

- (i) where a charge is made under this section on any company in respect of adjustments which affect the liability to tax of the income of any shareholder, such company shall be entitled to recover from such shareholder the amount of tax attributable to the adjustment made in respect of such shareholder; and
 - (ii) where an adjustment made under this section relates to any distributable profits of a company and such profits are subsequently distributed, appropriate adjustments shall be made in respect of the tax paid or payable by the company and the shareholders in such company.
- (3) Any direction of the Commissioner-General under this section shall specify the transaction giving rise to the direction and adjustments as respects liability to tax which the Commissioner-General considers appropriate.

[As amended by Acts No. 26 of 1970, No. 16 of 1972, No. 11 of 1973, No. 14 of 1976, No. 10 of 1979, No. 6 of 1980, No. 6 of 1981 and No. 12 of 1982]

95A. ***

[Repealed by Act [No. 12 of 1982](#)]

95B. Inter-company shareholdings

- (1) Where shares in any company are held by—
 - (a) another company or other companies, some or all of whose shares are held by the first-mentioned company; or
 - (b) a company which is not incorporated in the Republic, some or all of whose shares are held by—
 - (i) an individual who is resident in the Republic; or
 - (ii) a nominee on behalf of the individual mentioned in sub-paragraph (i);

whether by direct holding or through an interest in some other company or companies, the Commissioner-General may, by notice in writing to the companies concerned, direct that, for the purposes of this Act, the shares of all or any of such companies shall be deemed to be held in such manner as he shall determine (notwithstanding the actual shareholdings in such companies) and any distribution of dividends by those companies or amounts treated as distributed under the provisions of section ninety-five by those companies shall be deemed to have been received by the shareholders so determined in such companies in accordance with such determination.

[As amended by Acts No. 16 of 1972 and No. 11 of 1984]

95C. ***

[Repealed by Act [No. 7 of 1996](#)]

95D. Loans to effective shareholder

- (1) For the purposes of this section—

"amount of a loan" means the amount of money advanced, the extent of credit facilities provided, the difference between the cost of providing any benefit or advantage and the amount paid for such benefit or advantage when provided or the difference between the open market value, as determined by the Commissioner-General, of an asset transferred and the amount paid for this at the date of transfer, as the case may be;

"grossed up equivalent of a loan" means such an amount as after deduction of tax at the highest rate specified in Part II of Annexure B or Part III of the Charging Schedule for the charge year in which the loan is made, is equal to the amount of the loan;

"loan" includes any advance of money, the provision of credit facilities, the provision of any benefit or advantage (whether or not such benefit or advantage is capable of being turned into money or money's worth) and the transfer of an asset.

- (2) Subject to the other provisions of this section, where in any charge year a company to which the provisions of section ninety-five apply makes, directly or indirectly, any loan to any person who at the time the loan is made is an effective shareholder of the company or a nominee of the effective shareholder, the company shall pay, without assessment, such an amount as is equal to the difference between the amount of the grossed up equivalent of the loan and the amount of the loan, as if the amount were tax charged on the company.
- (3) Subject to the other provisions of this section, the amount which a company is liable to pay under this section shall be due and payable to the Commissioner-General within fourteen days after the end of the income tax month in which the loan is made and for the purposes of this section a loan shall be deemed to be made by when the loan would have been received, as provided by section five, by the effective shareholder or the nominee, if the loan had been income of the effective shareholder or of the nominee;

- (4) On making payment of any amount due under this section, the company shall furnish the Commissioner-General with a certificate stating, in relation to the loan in respect of which the amount is being paid—
- (a) the name and address of the person to whom the loan has been made;
 - (b) the date the loan was made;
 - (c) the grossed up equivalent of the amount of the loan;
 - (d) the amount of the payment;
 - (e) the amount of the loan; and
 - (f) such other particulars as the Commissioner-General may, by notice in writing, require;
- and shall send a copy of the certificate to the person to whom the loan was made.
- (5) The Commissioner-General may, in his discretion, extend the time limited by subsection (3) within which the amount payable under this section shall be paid.
- (6) Where any part of the amount payable under this section is not paid within the time limited by subsection (3), or as extended under subsection (5), penalties shall be chargeable in accordance with subsections (1) and (2) of section seventy-eight as if the amount payable were tax and the remaining subsections except subsection (7) of that section shall apply to such penalties as if they were penalties charged in relation to tax.
- (7) Where a company has paid any amount payable under this section in any charge year in respect of any loan made and the Commissioner-General determines that the loan or part thereof has been repaid by the person to whom the loan was made or, in the event of the death of such person by his executor or administrator, the amount paid relating to the loan or part thereof so repaid, shall at the end of the charge year in which the loan or part thereof was repaid, be deemed to be tax paid in excess to which the provisions of section eighty-seven shall apply.
- (8) Where any amount is payable under this section in any charge year in respect of any loan made, or where such an amount would have been payable but for the provisions of subsection (12), and the loan or part thereof is released or written off, the grossed up equivalent of the amount so released or written off shall be deemed to be income of the person to whom the loan was made or, in the event of the death of such person before the date on which the loan or part thereof is released or written off, of his estate, received on the day on which the loan or part thereof is released or written off:
- Provided that—
- (i) where the loan relates to the provision of a benefit or advantage or to the transfer of an asset, that loan shall be deemed to have been released or written off on the last day of the accounts period of the company in which the loan was made to the extent that the loan is not included in the debtors as shown in the balance sheet of the company on that day;
 - (ii) where the person to whom a loan is made is not an individual, this subsection shall not apply if at the time the loan is released or written off such person is not in existence.
- (9) Where a company releases or writes off a loan or part thereof and subsection (8) applies, the company shall, within thirty days after releasing or writing off such loan or part thereof, furnish the Commissioner-General with a certificate stating in relation to such loan or part thereof—
- (a) the name and address of the person to whom the loan was made;
 - (b) the date the loan was made;
 - (c) the amount of the loan released or written off
 - (d) the date the amount of the loan was released or written off; and

- (e) such other particulars as the Commissioner-General may, by notice in writing, require; and shall send a copy of the certificate to the person to whom the loan was made.
- (10) Where a company releases or writes off a loan or part thereof and subsection (8) applies, the amount paid by the company under this section in respect of the loan or part thereof so released or written off, shall be applied firstly towards the satisfaction of any tax payable by the person deemed to have received income in respect of the loan or part thereof released or written off to the extent of such tax and the excess shall be deemed to be tax paid in excess by the company to which the provisions of section eighty-seven shall apply.
- (11) Where any amount paid by a company is applied towards the satisfaction of the tax payable by any person in accordance with subsection (10), the company shall be entitled to recover the amount so applied from the person on whose behalf the amount was so applied or to retain out of any moneys that are or may come into his possession on behalf of that person so much as is necessary to indemnify him for the payment.
- (12) This section shall not apply to a loan made to an effective shareholder or to his nominees where the joint total of all loans made to the effective shareholder and his nominees by all companies to which this section applies and of which the effective shareholder is an effective shareholder, does not exceed twenty thousand kwacha:
- Provided that where the said joint total exceeds twenty thousand kwacha this section shall only apply to the excess.
- (13) Where the Commissioner-General is of the opinion that a company is liable to pay an amount under this section but has failed to do so, he may forthwith make an assessment on such company specifying the particulars required in the certificate to be furnished by the company under subsection (4) and the date such amount was due to be paid in accordance with subsection (3).
- (14) Any amount assessed by the Commissioner-General in accordance with subsection (13) shall be deemed to be tax due and payable on the date such amount was due to be paid as stated in the assessment and the provisions of Part VIII, relating to the collection, recovery and charging of penalties shall apply thereto:
- Provided that where an assessment is made on a company under subsection (12) by reason that while the joint total of the loans made by such company did not exceed twenty thousand kwacha but the joint total of the loans made by such company and other companies did exceed that sum and the Commissioner-General determines that the company had taken all reasonable steps before making the loan to ascertain whether or not this section applied to the loan or part thereof, the amount payable shall be due and payable within thirty days of the date of service of the notice of assessment.
- (15) The provisions of Part V, relating to the making of assessments, and the provisions of Part XI, relating to objections and appeals against assessments, shall apply to an assessment made under this section.

[As amended by Acts No. 11 of 1975, No. 14 of 1976, No. 13 of 1994 and No. 7 of 1996]

96. Incurred loss not deductible in certain cases

- (1) No deduction shall be made in respect of any loss arising from any business which, having regard to the nature of the business, to the principal occupation of the owner, partners, shareholders or other persons having a beneficial interest therein, to the relationship of the business to the domestic establishment of any such person or to any other relevant factor, the Commissioner-General considers it reasonable to regard as not being carried on mainly with a view to the realisation of profits; and, without prejudice to the generality of the foregoing, a business shall be deemed not to be carried on for any charge year with a view to the realisation of profits where more than one-quarter of the amount of the revenue expenditure incurred in such business in such year relates to goods, services, amenities or benefits, or to the production of goods, services, amenities or benefits,

which are of a personal or domestic nature enjoyed by the owner, partners, shareholders or other persons having a beneficial interest in the business or a member of the family or the domestic establishment of any such person.

- (2) Where the Commissioner-General is of the opinion that any change in the shareholding in any company, as a direct or indirect result of which income has been received by or has accrued to that company during any charge year, has been effected by any person solely or mainly for the purpose of utilising any loss incurred by the company in order to avoid liability on the part of that company or any other person for the payment of tax to reduce the amount thereof, any loss incurred in any charge year prior to the charge year in which the change in shareholding took place and not deducted from income and the loss incurred for the period from the commencement of the charge year in which the change of shareholding took place to the date of the change in shareholding shall not be deducted from any income received by the company after the date of the change in shareholding.

[As amended by Act No. 26 of 1970]

97. Commissioner-General may avoid trust

- (1) Where because of the existence of a trust the incidence of tax for any charge year in relation to a person beneficially interested in that trust is less than would be the case if that trust (apart from the ascertainment of the nature and amount of the beneficiary's interest for the purposes of this subsection) did not exist, the Commissioner-General may determine that the income of the trust attributable to that beneficiary's interest for any charge year shall for the purposes of this Act be assessed as if it were his income, and it shall be assessed and charged accordingly.
- (2) This section applies, with necessary modifications, to the administration of the estate of a deceased person as from a year after his death.

Part X – Offences and penalties

98. General penalty

Any person guilty of an offence against this Act shall, unless any other penalty is specifically provided therefor, be liable on conviction therefor to a fine not exceeding ten thousand penalty units or to imprisonment for a term not exceeding twelve months, or to both.

[As amended by Acts No. 11 of 1992, No. 13 of 1994, No. 14 of 1994 and No. 2 of 1995]

99. Penalty for failure to comply with notice, etc.

Every person who—

- (a) without just cause shown by him fails to furnish a full and true return in accordance with the requirements of any notice served upon him under this Act or fails to give notice to the Commissioner-General as required by section forty-five or by subsection (2) of section forty-six; or
- (b) without just cause shown by him fails to furnish within the required time to the Commissioner-General or to any other person any document which under this Act or under any notice served on him under this Act he is required so to furnish; or
- (c) fails to keep any records, books, accounts or documents that he is required to keep under this Act; or
- (d) fails to produce any document for the examination or inspection of the Commissioner-General or other person in accordance with the requirements of this Act; or
- (e) without just cause shown by him fails to attend at a time and place in accordance with the requirements of any notice served on him under this Act; or

- (f) without just cause shown by him fails to answer any question lawfully put to him or to supply or furnish any information lawfully required from him under this Act; or
- (g) otherwise contravenes or fails to comply with any of the provisions of this Act or of any regulations made thereunder, or fails to comply with any requirements of the Commissioner-General lawfully made under this Act or under any of the Schedules thereto; or
- (h) obstructs or hinders any officer acting in the discharge of his duty under this Act;

shall be guilty of an offence against this Act.

100. Penalty for incorrect returns, etc.

- (1) Every person who negligently or through wilful default or fraudulently—
 - (a) fails to furnish a return of income in accordance with the requirements of sub-section (2) of section forty-six;
 - (b) makes an incorrect return by omitting therefrom or understating therein any income of which he is required by this Act to make a return;
 - (c) gives any incorrect information in relation to any matter affecting his own liability to tax or the liability to tax of any other person; or
 - (d) submits any incorrect balance sheet, account, or other document;

shall pay a penalty equal to—

- (i) in the case of negligence, fifty *per centum* of the amount;
- (ii) in the case of wilful default, the amount; or
- (iii) in the case of fraud, one hundred and fifty *per centum* of the amount;

of any income omitted or understated, or any expenses overstated, in consequence of such failure, incorrect return, information or submission.

- (2) Every person or partnership who fails to furnish a receipt to the payee within the time stipulated under subsection (7) of section eighty-two A shall pay a penalty equal to five per cent of the gross amount of the rent for each month or part thereof elapsing between the due date for furnishing the receipt and the date on which the receipt is furnished to the payee of the rent.
- (3) The penalties provided by this section are a debt due to the Government and shall be treated as if they were tax for the purpose of recovery and shall be recoverable accordingly whether or not any proceedings are commenced for any offence against this Act arising out of the same facts.
- (4) The Commissioner-General may accept a pecuniary settlement instead of taking proceedings for the recovery of a penalty under this section and may, in his discretion, mitigate or remit any penalty or stay or compound any proceedings for recovery thereof and may also after judgment in any proceedings under this Act further mitigate or entirely remit the penalty.
- (5) Notwithstanding anything contained in Part XI, where in any appeal against an assessment which includes penalty, one of the grounds of appeal relates to the charge of such penalty then the decision of the Tax Appeal Court in relation to such ground of appeal shall be confined to the question as to whether or not the failure, claim, understatement or omission which gave rise to the penalty under subsection (1) was due to any neglect, wilful default or fraud.

[As amended by Acts No. 11 of 1973, No. 14 of 1973, No. 10 of 1979, No. 11 of 1992 and No. 4 of 1993]

101. Time Limit

No complaint charging any offence under section ninety-eight or ninety-nine shall be made at any time subsequent to six years after the date of the commission of the offence.

102. Penalty for fraudulent returns, etc.

- (1) Any person who wilfully with intent to evade or to assist another person to evade tax—
- (a) omits from a return made under this Act any income which should under this Act be included therein; or
 - (b) makes any false statement or entry in any return under this Act; or
 - (c) gives any false answer, whether verbally or in writing, to any question or request for information asked or made in accordance with the provisions of this Act; or
 - (d) prepare or maintains or authorises the preparation of maintenance of any false books of account or other records, or falsifies or authorises the falsification of any books of account or records; or
 - (e) makes use of any fraud, art or contrivance whatsoever or authorises the use of any such fraud, art or contrivance; or
 - (f) makes any fraudulent claim for the refund of any tax;

shall be guilty of an offence and on conviction shall be liable to a fine not exceeding thirty thousand penalty units or to imprisonment for a term not exceeding three years, or to both.

- (2) Whenever in any proceedings under this section it is proved that any false statement or entry is made in any return furnished under this Act by or on behalf of any person or partnership, or in any books of account or other records maintained by or on behalf of any person or partnership, that person or the partners shall be presumed, until the contrary is proved, to have made that false statement or entry with intent to evade tax.

[As amended by Acts No. 17 of 1971, No. 11 of 1992, No. 13 of 1994 and No. 2 of 1995]

103. Bodies corporate

Where any offence under this Act has been committed by a body corporate, every person who, at the time of the commission of the offence was a director, general manager, secretary or other similar officer of such body corporate or who was acting or purporting to act in any such capacity, shall also be guilty of that offence, unless he proves that the offence was committed without his knowledge or consent, and that he exercised all such diligence to prevent the commission of the offence, as he ought to have exercised, having regard to the nature of his functions in such capacity and in all the circumstances.

104. Power to search and seize

If an officer authorised by the Commissioner-General to inquire into the affairs under this Act of any person satisfies a magistrate that in fact or according to reasonable suspicion that person has committed an offence under this Act, the magistrate may, by warrant, authorise the officer to exercise all or any of the following powers:

- (a) between sunrise and sunset to enter any premises to search for money or documents;
- (b) to open, or remove from the premises and open, any article in which money or documents may be contained;
- (c) to seize any documents which may be necessary for assessment or any criminal or other proceedings and retain them for so long as they are required for such purposes.

105. Documents in evidence

- (1) In any civil or criminal proceedings under this Act any relevant document in the Commissioner-General's possession shall be received in evidence on mere production as such and shall be *prima facie* evidence of its contents, but the person affected by such production shall be given not less

than four days' notice of intention to produce a document under this section, and he shall be given an opportunity to inspect and copy that document.

- (2) Statements made or documents produced by or on behalf of any person shall not be inadmissible in any proceedings to which this section applies by reason only that it has been brought to his attention that—
 - (a) in relation to tax the Commissioner-General may accept pecuniary settlements instead of instituting proceedings; and
 - (b) though no undertaking can be given as to whether or not the Commissioner-General will accept such a settlement in the case of any particular person, it is the practice of the Commissioner-General to be influenced by the fact that a person has made a full confession of any fraud or default to which he has been a party and has given full facilities for investigation;

and that he was or may have been induced thereby to make the statements or produce the documents.

[As amended by Act [No. 17 of 1971](#)]

Part XI – Objections and appeals

106. Assessments good until disproved

Subject to the Commissioner-General's power relating to assessment, every assessment under this Act shall stand good unless proved otherwise by the person assessed upon objection or appeal under this Part.

107. Establishment of Tax Appeal Court, its composition and powers

- (1) For the purposes of hearing and determining appeals as provided for in this Part, there is hereby established a Tax Appeal Court (hereinafter in this Part referred to as "the court"), consisting of a Chairman or Deputy Chairman or a Special Chairman, as the case may be, appointed by the Judicial Service Commission.
- (2) The Chairman, Deputy Chairman and the Special Chairman shall be persons—
 - (a) who are entitled to practise as advocates in Zambia;
 - (b) who have held a judicial office; or
 - (c) who, in the opinion of the Judicial Service Commission, have sufficient knowledge of and experience in tax matters so as to be qualified for appointment to the offices of the Chairman, Deputy Chairman and the Special Chairman.
- (3) The court shall be presided over by the Chairman, and in his absence by the Deputy Chairman, and in the absence of the Chairman and Deputy Chairman by the Special Chairman. The Deputy Chairman or the Special Chairman shall do all things which the Chairman is empowered to do under this Act, and shall, while presiding over the court, have all the powers of the Chairman.
- (4) A person shall not sit or act as a Chairman of the court if he has any interest, direct or indirect, personal or pecuniary, in any matter before the court.
- (5) The court shall sit in such places as may be appointed by the Chairman.
- (6) The date of hearing of any appeal shall be determined by the Chairman and notice thereof shall be published by him in the *Gazette* at least one month prior to that date.
- (7) There shall be paid to the Chairman of the court such remuneration and allowances as the Attorney-General may (with the approval of the Minister) determine.

- (8) The Public Service Commission may appoint a Registrar and such other officers of the court as it may deem necessary.
- (9) If any person without reasonable excuse fails to attend as a witness or give evidence or to produce any document in his possession or power which relates to any matter in question on appeal when so required by the court he may be fined summarily by the Chairman an amount not exceeding two hundred penalty units and ordered to serve a sentence not exceeding three months' imprisonment in default of payment of the fine.
- (10) The Minister may, by statutory instrument, make regulations with respect to the administration, organisation, powers, practice and procedure of the court in relation to appeals, costs on appeals and matters connected with the foregoing.

[As amended by Acts No. 14 of 1973, No. 11 of 1975, No. 11 of 1992 and No. 13 of 1994]

108. Objection to assessment

Within thirty days of the date of service of notice of assessment, the person assessed may make to the Commissioner-General a written statement of objection to the assessment setting out the grounds of objection, and the Commissioner-General shall give that person written notice of his decision concerning that objection:

Provided that—

- (i) the Commissioner-General may determine that an objection may be made within a longer period than thirty days but where he does not so determine he shall give the person written notice of his determination and the person may appeal against the determination under section one hundred and nine without making an objection;
- (ii) the right of objection to an amended assessment which is not made as a result of an objection shall be restricted to the items in that assessment which differ from, or are additional to, the items in the assessment for the same charge year made immediately prior to that assessment and only to the extent of such difference or addition;
- (iii) the right of objection to an amended assessment which is made as a result of an objection shall be the same right of objection as existed to the assessment objected to; and
- (iv) an amended assessment issued as a result of an objection shall, unless objected to, be the Commissioner-General's written decision concerning the objection.

[As amended by Act [No. 11 of 1975](#)]

109. Appeal against assessment

- (1) If a person assessed is dissatisfied with the Commissioner-General's decision concerning his objection to the assessment, that person may, by written notice to the Chairman, within thirty days of the date of service of the written notice of the Commissioner-General's decision, appeal against the assessment to the court and shall send a copy of the notice to the Commissioner-General.
- (2) If the court is satisfied that owing to absence from the Republic, sickness or other reasonable cause, the person referred to in subsection (1) was prevented from giving notice of appeal within the period mentioned in subsection (1), and there was no unreasonable delay on his part, the court may upon application by the appellant, extend the period as may be reasonable in the circumstances.

[As amended by Acts No. 14 of 1973 and No. 11 of 1975]

110. Determination of appeals

- (1) Upon the hearing of an appeal under this Part, the court may make such order in relation to the assessment under appeal as is in accordance with this Act.

- (2) If at any stage before the determination of an appeal, an agreement is reached between the Commissioner-General and the other party to the appeal, the Commissioner-General and the other party shall reduce the terms of the agreement into writing which writing shall be signed by them or their duly authorised agents. A copy of the duly signed writing shall be forwarded forthwith to the Chairman who shall make an order in the appeal in terms of such writing.

[As amended by Acts No. 26 of 1970 and No. 14 of 1973]

111. Appeal to High Court and Supreme Court

- (1) Either party to an appeal to the court may appeal to the High Court from the decision of the court on any question of law or question of mixed law and fact but not on a question of fact alone.
- (2) The High Court shall hear and determine any such appeal and may confirm, reduce, increase or annul the assessment determined by the court and make such further or other order on such appeal, whether as to costs or otherwise, as to the High Court may seem fit.
- (3) An appeal from a decision of the High Court under this section shall lie to the Supreme Court as it lies in the case of and as though it were a judgement of the High Court made in the exercise of its original civil jurisdiction.

[As amended by Acts No. 14 of 1973 and No. 11 of 1974]

112. Privacy of proceedings

- (1) Where a person assessed so requests, all proceedings concerning him under this Part shall be in private, or *in camera*, as the case may be.
- (2) Nothing in subsection (1) shall prevent the printing or publishing of the judgement or order made on the determination of an objection or appeal if the High Court or Supreme Court does not prohibit publication, but any such publication shall not disclose the identity of the taxpayer concerned.

[As amended by Acts No. 14 of 1973 and No. 11 of 1974]

113. Adjustment on successful objection or appeal

On the final determination of an objection or appeal against an assessment the Commissioner-General shall make all assessments and adjustments as are necessary to give effect to the determination and the provisions of section eighty-seven shall apply to any tax paid in excess as a result of such determination.

[As amended by Acts No. 26 of 1970 and No. 14 of 1976]

114. Appeals from Commissioner-General's discretions and determinations

- (1) Where it is provided by this Act that any matter is subject or according to—
 - (a) the Commissioner-General's discretion, such discretion shall not be questioned in any proceedings;
 - (b) the Commissioner-General's determination, such determination shall only be questioned in any proceedings on the ground that it is unreasonable.
- (2) If a person is dissatisfied with a determination of the Commissioner-General, that person may object to or appeal against that determination as if the determination were an assessment and the provisions of this Part relating to objections and appeals against assessments shall apply *mutatis mutandis*.
- (3) Where the Commissioner-General's determination as provided for in this Act is in relation to any assessment, any appeal against that determination shall be heard as a preliminary point upon

an appeal against that assessment, and in any other case such appeal shall be heard as if the determination were an assessment.

115. Loss certificate for appeal

Where according to the Commissioner-General's calculations a person has incurred a loss for any charge year, that person may require the Commissioner-General to certify accordingly, and the Commissioner-General's certificate shall be treated as if it were an assessment for the purposes of this Part:

Provided that—

- (i) A person shall not require the Commissioner-General to certify in accordance with this section after the 31st March, 1975; and
- (ii) where the Commissioner-General has not been required to certify in accordance with this section for any charge year but the Commissioner-General has issued a written statement of the amount of any loss incurred by any person for that charge year on or before the 31st March, 1975, that statement shall be deemed to be a certificate issued in accordance with this section on the 31st March, 1975.

[As amended by Acts No. 11 of 1973 and No. 11 of 1975]

115A. ***

[Repealed by Act No. 7 of 1996]

Part XII – Repeals and transitional provisions

116. Repeals

Subject to the Seventh Schedule, the Income Tax Act, Chapter A.L. 31 of the 1965 Edition of the Applied Laws, the Income Tax (Employments) Act, 1966, and the Taxes Charging Act, 1966, are repealed.

First Schedule (Section 17)

Further classification of income

1. Maintenance

Income includes amounts received by way of maintenance or allowance, under any judicial order or decree in connection with matrimonial proceedings, or under a written separation agreement.

[As amended by Act No. 3 of 1997]

2. Improvements

- (1) Income includes, in the case of any person to whom, under any agreement relating to or derived from the grant to any other person of the use or occupation of land or buildings, there accrues the right to have improvements effected on the land or to the buildings by any other person—
 - (a) the amount stipulated in the agreement as the value of, or the amount to be spent on, the improvements; or
 - (b) if no amount is stipulated, an amount representing the value of the improvements;

and in either case the amount is deemed for the purposes of this Act to have been received by the first-mentioned person in equal monthly instalments from the date the improvements were

effected over the unexpired period of the agreement or over twenty-five years, whichever period is the less.

- (2) All the instalments deemed under sub-paragraph (1) to have been received by a person that have not been included in his income before any of the following events are treated as having been received by him immediately before the happening of any such event:
- (a) the cancellation of the agreement;
 - (b) the sale or other disposal of the land or buildings as improved; or
 - (c) his death or bankruptcy, or, in the case of a company, its liquidation.

3. Commencement and cessation of employment

Income includes any amount received in connection with the taking up of employment or by reason of the cessation of any agreement for employment including compensation for loss of office or employment.

4. Lump sum payments

Income includes lump sum payments.

5. Capital recoveries

- (1) Income of a person includes any amount paid by which recoveries from capital expenditure exceed —
- (a) in the case of a building, such residue of the expenditure ranking for capital allowances incurred in respect of the building on which capital recovery has been made as remains after the deduction of any initial, wear and tear or other capital allowance or similar deduction whether allowed under this Act or under any provisions of the previous law for any charge year in respect of the building; but in no case shall the amount to be included in the income exceed the total of the deductions so allowed to him in respect of the building;
 - (b) in case of implement, machinery or plant, such residue of the expenditure ranking for capital allowances incurred in respect of the implement, machinery or plant as remains after deduction of any wear and tear or other capital allowances or similar deduction whether allowed under this Act or under any provisions of the previous law for any charge year;
[Clause (b) of sub-paragraph (1) of paragraph 5 is amended]
 - (c) in relation to a mine in respect of assets on which an allowance has not been claimed under Part I or Part II of the Fifth Schedule, the balance of unredeemed capital expenditure;

Provided that this paragraph shall not apply to recoveries from expenditure incurred on farm improvements and farm works to which Part I or Part II of the Sixth Schedule applies.

[Paragraph 5(1) as amended by section 15 of Act [No.11 of 1974](#) with effect from 1 st April, 1973]

- (2) For the purposes of items (a) and (b) of sub-paragraph (1)—
- (a) a recovery from capital expenditure shall be deemed to have taken place when—
 - (i) a building ceases to belong to such person without being sold, or permanently ceases to be used by such person for the purposes of any business;
 - (ii) any implement, machinery or plant ceases to belong to such person without being sold, or permanently ceases to be used by such person for the purposes of his business.

[Item (a) in sub-paragraph (2) deleted and substituted by items (a) and (b) consequent upon the 1974 amendment]

- (b) the amount of the recovery from capital expenditure shall be the amount which, according to the Commissioner-General's determination, the asset would have realised in the open market at the time the event giving rise to the recovery occurred.

[paragraph 2 inserted by section 13 of Act [No. 11 of 1969](#) with effect from 1 st April, 1969]

- (3) For the purposes of this paragraph the expression "capital allowances" shall not include any investment allowance deducted pursuant to section thirty-four, or pursuant to paragraph (w) of subsection (2) of section thirteen of the former Act.

6. Exotic timber

Where land is disposed of for valuable consideration, and there is on that land exotic timber which has been for sale, the market value of that timber at the time the land is disposed of is included in income.

7. Farm stock

Any stock owned by a farmer at the beginning and end of each period for which he makes up the accounts of his farming business shall, in computing the gains or profits from such business be taken into account:

Provided that where livestock bought by a farmer for stud has been included in stock at the end of a period for which accounts are made up such livestock shall be included in stock at the beginning of the next period for which accounts are made up. For the purposes of this paragraph "stock" includes all livestock other than livestock bought by a farmer for stud, produce, and crops which have been harvested.

[As amended by Act [No. 11 of 1974](#)]

8. ***

[Deleted by Act [No. 9 of 1979](#)]

Second Schedule (Section 15)

Exemptions

Part I – Exempt office holders

1. The emoluments of the President are exempt from tax.
2. The income of the Litunga of the Western Province as Litunga and the income of any Chief received as a Chief from the Government, are exempt from tax.

Part II – Foreign exemptions

3. There shall be exempt from tax—
 - (a) the emoluments of any individual payable in respect of any office which he holds in the Republic as an official of any foreign government, if such individual is resident in the Republic solely for the purpose of carrying out the duties of his said office;
 - (b) the emoluments of any domestic or private servant of any individual referred to in sub-paragraph (a) payable in respect of domestic or private services rendered or to be rendered by such servant to such individual, if such servant is not a Zambian citizen and is resident in the Republic solely for the purpose of rendering the said services;
 - (c) the emoluments payable to any individual who is not a Zambian citizen and who is temporarily employed in the Republic in connection with any technical assistance scheme provided by any

foreign country, any international organisation, or agency, any foreign foundation or any foreign organisation, if the exemption of such emoluments or such part of the emoluments as may be specified is authorised under the terms of an agreement entered into by the government of such foreign country, international organisation or agency, foreign foundation or foreign organisation with the Government of the Republic;

- (d) the emoluments of any individual in respect of service with any international organisation or any agency of a foreign government or any foreign foundation or organisation, which organisation, agency or foundation is approved by the Minister by order in the *Gazette* and such individual is not a Zambian citizen and is resident in the Republic solely for the purpose of rendering the said service or secondment to any Zambia organisation, agency, or foundation.

[As amended by Acts No. 26 of 1970, No. 16 of 1972 and No. 12 of 1982]

4. There shall be exempt from tax such income of—

- (a) any international organisation;
- (b) any agency of a foreign government;
- (c) any foreign foundation or organisation;

as is approved by the Minister by order in the *Gazette*.

[As amended by Acts No. 11 of 1969 and No. 26 of 1970]

Part III – Exempt organisations

5. Various organisations

(1) The income is exempt from tax of any—

- (a) local authority;
- (b) *[Repealed by Act No. 11 of 1992];*
- (c) registered trade unions;
- (d) agricultural society, mining or commercial society, whether corporate or unincorporate, or any other society having similar objects, not operating for the private pecuniary gain or profits of its member;
- (e) club, society or association organised and operated only for social welfare, civil improvement, pleasure, recreation or like purposes, if its income, whether current or accumulated, may not in any way be received by an member or shareholder;
- (f) approved fund or medical aid society;
- (g) *[Repealed by Act No. 7 of 1996];*
- (h) employees' savings scheme or fund, if approved by the Commissioner-General;
- (i) *[Repealed by Act No. 11 of 1992];*
- (j) political party registered as a statutory society under the Societies Act.

[Cap. 1]

[As amended by section 7 of Act No. 10 of 1981 with effect from 1 st April, 1981, No. 16 of 1988 and No. 11 of 1992]

(2) The income of the following shall be exempt from tax:

- (a) the Commonwealth Development Corporation;

- (b) the Economic Co-operation Administration and Mutual Security Agency, or successor agencies of the Government of the United States of America;
- (c) *[Repealed by Act No. 11 of 1992];*
- (d) *[Repealed by Act No. 11 of 1992];*
- (e) *[Repealed by Act No. 7 of 1996].*

[As amended by Acts No. 10 of 1981, No. 14 of 1987, No. 16 of 1988, No. 11 of 1992 and No. 7 of 1996]

- (3) The income of a co-operative society registered under the Co-operative Societies Act shall be exempt from tax if the gross income, before deduction of any expenditure, of such co-operative society when divided by the number of its members (that is to say, the number of individuals who are members together with, where another co-operative society so registered is a member, the number of individuals who are members of that other co-operative society) on the last day of any accounting period of twelve months does not exceed eight hundred kwacha or, if such accounting period is more or less than twelve months, such figure as bears the same relation to eight hundred kwacha as the number of months in such accounting period bears to twelve.

[As amended by Act No. 12 of 1982]

[Cap. 3]

- (4) The income of a non-resident person derived from the carrying on of the business of shipowner, charterer or air transport operator shall be exempt from tax where the country in which such non-resident person is resident extends a similar exemption to shipowners, charterers and air transport operators who are not resident in such country but who are resident in the Republic.
- (5) The income of any organisation, partnership or body corporate, or such part of the income as is specified, shall be exempt from tax where the objects and activities within the Republic of such organisation, partnership or body corporate are to assist in the development of the Republic and such exemption of the income, or such part thereof as is specified is approved by the Minister by Statutory Order.

[As amended by Acts No. 11 of 1969, No. 26 of 1970, No. 17 of 1971, No. 16 of 1972, No. 12 of 1981 and No. 17 of 1988]

6. Charities

- (1) There shall be exempt from tax the income of any charitable institution or of any body of persons or trust established for the promotion of religion or education, or for the relief of poverty or other distress, if, in relation to the people of the Republic, the income may not be expended for any other purpose.
- (2) If the income referred to in sub-paragraph (1) is the profit of a business carried on by the charitable institution, body of persons or trust receiving it, that income is not exempt from tax unless it is applied only to the purposes set out in that sub-paragraph, and either—
- (a) the business is carried on in the course and furtherance of those purposes; or
 - (b) the work involved in the business is mainly carried out by the beneficiaries under those purposes.

Part IV – Exempt income

7. Various exemptions

There is exempt from tax income received—

- (a) by way of lump sum payments withdrawn from an approved fund at retirement age or death or on the beneficiary becoming permanently incapable of engaging in an occupation or such sums withdrawn from an approved fund which the Commissioner-General determines cannot be enjoyed by the member until he attains retirement age;
- (b) as a war disability pension, or as a war widow's pension, or as an old age pension paid out of public funds, or as a benefit paid under any written law in respect of injury or disease suffered in employment;
- (c) in conjunction with the award of military, police, and fire brigade decorations for distinguished or good conduct or long service;
- (d) by an individual or his dependants or heirs, being on account of his injury or sickness, from any approved fund or registered trade union or medical aid society or under any policy of insurance;
- (e) as a local overseas allowance by any member of the Defence Force of the Republic while on service officially declared to be active service;
- (f) as an allowance paid for service outside the Republic by the Government or a statutory corporation in respect of an excess of living expenses due to such service;
- (g) in respect of a scholarship or bursary, for the purposes of education and maintenance during such education;
- (h) by way of alimony, maintenance or allowance under any judicial order or decree in connection with matrimonial proceedings, or under any separation agreement, to the extent of the amount of the alimony, maintenance or allowance that has not been allowed as a deduction to another individual under this Act;
- (i) *[Obsolete]*;
- (j) by any individual, the amount of which is prescribed by the Ministerial and Parliamentary Offices (Emoluments) Act, and which, pursuant to the provisions of that Act, is exempt from tax;
- (k) by way of grant as compensation for loss of office or disturbance by an officer admitted to the permanent and pensionable establishment of the Government;
- (l) by way of any education allowance or passage value payable to a public officer or payable in respect of his wife and children or in respect of his wife or children, subject to the provisions of paragraph 8 (3);
- (m) *[Repealed by Act [No.4 of 1993](#)]*;
- (n) by way of gratuity to the extent that such gratuity is, for the purposes of this Act, regarded and dealt with as income received by an individual other than by way of gratuity in accordance with paragraph (i) of the proviso to subsection (1) of section twenty-one where the employer from whom the income is received is the Government, a municipal council, township council, rural council or any other council established under the Local Government Act, the University of Zambia or the National Council for Scientific Research:
[Cap. 2; Cap. 2]
- (o) by way of a dividend from a source outside the republic:
 - (i) the dividend is from a source outside the republic;

- (ii) the person receiving the dividend has not during the charge year in which the dividend is received, remitted any moneys outside the republic and the provisions of the Exchange Control Act relating to contracts of employment, farming profits, education costs and immigration.
- (p) by a person designated as an enterprise under the Investment Act, or its successor, as the case may be, who has been granted the incentives provided under that Act, to such extent and for such period as the Minister may prescribe
- (q) by way of pension received by an individual from an approved fund; and
- (r) by way of a dividend declared from farming income for the first five years the distributing company commences farming.
- (s) by an individual by way of sitting allowance for attending a council meeting.
- (t) ex-gratia payment made to a spouse, or dependant on the death of an employee.

[As amended by Acts No. 26 of 1970, No. 17 of 1971, No. 16 of 1972, No. 11 of 1975, No. 14 of 1976, No. 9 of 1978, No. 10 of 1979, No. 8 of 1986, No. 17 of 1988, No. 33 of 1989, No. 29 of 1990, No. 11 of 1992, No. 4 of 1993, No. 18 of 1995 and No. 3 of 1997]

8. Passages

- (1) For the purposes of this paragraph—

"child" means a child of an individual who at the commencement of the charge year in which a passage is made is under nineteen years of age and is, at the time the passage is made, unmarried and wholly dependent on such individual;

"commencement passage" means the first passage under the terms of the written contract granting such passage to the Republic from the home country of an individual;

"education passage" means a return passage between the Republic and the place where a child is receiving full-time education outside the Republic;

"home country" means the country in which an individual is resident for the purposes of income tax or the equivalent tax, immediately before coming to the Republic, or the country of which the individual is a citizen;

"leave passage" means a return passage taken for leave purposes between the Republic and the home country of an individual or in the case of an individual undergoing full-time education outside the Republic, between the place where the child is receiving full-time education and the home country;

"passage" means a journey by air by the cheapest available fare as an economy class passenger on a scheduled airline the cost of which is granted to an individual under the terms of a written contract for his employment in the Republic;

"terminal leave" means leave due to an individual under the terms of a written contract for his employment in the Republic, taken after the last day of service of the individual in the Republic under such contract;

"terminal passage" means the last passage under the terms of the written contract granting the passage from the Republic to the home country of an individual or, in the case of a child of the individual undergoing full-time education outside the Republic, from the place where the child is receiving full-time education to the home country;

- (2) This paragraph shall not apply to the value of a passage made—

- (a) by an individual, his wife or child referred to in sub-paragraph (1) of paragraph 7, subject, however, to the provisions of sub-paragraph (3);

- (b) by an individual or by the spouse or child of such individual where the individual is an effective shareholder or a director, other than a whole-time service director, of the company granting the passage;
 - (c) by the spouse or child of an individual who alone or in partnership as employer grants the passage;
 - (d) by an employee of a company granting a passage or the spouse or child of such employee, where the employee or his spouse is carrying on a business alone or in partnership and the services of the employee are provided to such business by such company; or
 - (e) by the wife or child of an individual where the passage is granted under the terms of a written contract for the employment of the wife in the Republic if at the time such passage is made the wife is living with the individual and sub-paragraph (9) does not apply.
- (3) The right of an individual to exemption from tax in respect of the value of a passage under this paragraph shall be available under the terms of only one written contract for employment in any one period of employment in the Republic.
- (4) Subject to the other provisions of this paragraph, the value of a commencement and a terminal passage made by an individual shall be exempt from tax.
- (5) Subject to the other provisions of this paragraph, the value of a commencement and a terminal passage made by the wife or child of an individual shall be exempt from tax:

Provided that—

- (i) the written contract which grants the cost of the passage specifies that the individual is to be employed in the Republic for a period of not less than one year, excluding terminal leave;
 - (ii) the individual is so employed under the contract for the specified period or for a lesser period, where the Commissioner-General determines that the individual was prevented from being so employed for the specified period due to circumstances beyond the control of such individual;
 - (iii) for each contract the value of not more than one commencement and one terminal passage in respect of a wife shall be exempt from tax; and
 - (iv) the value of a commencement passage made by a child shall not be exempt from tax where the child leaves the Republic for full-time education outside the Republic within four months of arriving in the Republic.
- (6) Subject to the provisions of this paragraph, the value of a leave passage made by an individual, his wife or his child, shall be exempt from tax:

Provided that—

- (i) the written contract which grants the cost of the passage specifies that the individual is to be employed in the Republic for a period of not less than three years, excluding terminal leave;
- (ii) the individual is so employed under the contract for the specified period;

9. Interest

- (1) *[Deleted by Act No. 2 of 1995].*
- (2) The following interest is exempt from tax:
- (a) interest on any public loan raised by Government or a statutory corporation, where the terms of the loan provide that the interest thereon shall be exempt from tax;
 - (b) interest on any bond issued under or in respect of a loan of the kind described in clause (a);
 - (c) Government of Zambia bonds.

- (3) *[Repealed by Act [No. 11 of 1973](#)].*
- (4) The first two hundred and forty thousand kwacha of interest earned by an individual during the charge year on all sums deposited or invested in a building society registered under any law relating to the registration of building societies for the time being in force in the Republic, or deposited in a savings or deposit account with a financial institution registered under the Banking and Financial Services Act, shall be exempt.
- [Cap. 3:]*
- (5) The first two hundred and forty thousand kwacha of discount income earned by an individual in a charge year on all sums invested in Treasury Bills or any other similar financial instruments sold at a discount from face value, shall be exempt.
- (6) *[Repealed by Act [No. 7 of 1966](#)].*

10. Annuities

- (1) An annuity shall be exempt from tax where such annuity is bought by an annuitant out of a lump sum Annuity payment withdrawn from an approved fund at retirement age, or death, or on the beneficiary being permanently incapable of engaging in an occupation and which is exempt from tax under paragraph 7(a).
- (2) An annuity, other than an annuity payable out of an approved fund, shall be exempt from tax to the extent that it represents a return of the purchase price.

[As amended by Act [No. 11 of 1975](#)]

11. ***

[Repealed by Act [No. 2 of 1995](#)]

12. ***

[Repealed by Act [No. 11 of 1992](#)]

13. ***

[Repealed by Act [No. 11 of 1992](#)]

Third Schedule (Section 25)

Insurance business

1. Insurance other than life

- (1) The profits of carrying on insurance business, other than life insurance business, by a resident company are ascertained by—
- taking the gross premiums, interest, and other income, less premiums refunded or paid on reinsurance; and
 - adding a reserve for unexpired risks at such reasonable percentage as is adopted by the company at the beginning of the year's business; and
 - deducting a reserve for unexpired risks at such reasonable percentage as is adopted by the company at the end of the year's business; and

- (d) deducting the actual losses (less the amounts received under reinsurance), and other expenses, including deductions under Part II of the Fifth Schedule, allowable as a deduction in calculating business profits.
- (2) The profits of carrying on insurance business, other than life insurance business, by a company that is not resident are ascertained by—
- (a) taking the gross premiums, interest, and other income, received in the Republic, less premiums refunded or paid on reinsurance; and
 - (b) adding a reserve for unexpired risks at such reasonable percentage as is adopted by the company in relation to its business as a whole at the beginning of the year's business; and
 - (c) deducting a reserve for unexpired risks at such reasonable percentage as is adopted by the company in relation to its business as a whole at the end of the year's business; and
 - (d) deducting the actual losses (less the amounts received under reinsurance), agency expenses and deductions allowed under Part II of the Fifth Schedule incurred in the Republic, and such proportion of the company's head office expenses as the Commissioner-General determines.

2. Life insurance

- (1) The profits from the life insurance business of a resident insurance company shall be the excess of the total investment income over three and one-half *per centum* of the total mean actuarial liabilities, reduced in the proportion which the total mean actuarial liabilities less the mean actuarial liabilities in respect of policies constituting approved funds (as defined in this Act) and annuity policies issued in the Republic under which annuities are being paid bear to the total mean actuarial liabilities.
- (2) The profits from the life insurance business of a non-resident insurance company shall be the proportion of the company's total investment income that the actuarial liabilities in respect of local taxed life policies bear to the company's total actuarial liabilities less three and one-half *per centum* of the mean actuarial liabilities in respect of local taxed life policies.
- (3) For the purposes of this paragraph—

"local taxed life policies" means those policies falling within the definition of "local policy" and within the definition of "life policy" in terms of the insurance legislation of the Republic, but excluding policies constituting approved fund (as defined in this Act) and annuity policies under which annuities are being paid;

"actuarial liabilities" means the actuarial liabilities determined on the basis used by the company for making returns of actuarial liabilities in terms of the insurance legislation of the Republic;

"mean actuarial liabilities" means one-half of the sum of the actuarial liabilities calculated at the beginning and end of the company's financial year for which the Commissioner-General has, in respect of the charge year concerned, accepted the accounts of the company under subsection (1) of section sixty-two.

[As amended by Act [No. 20 of 1970](#)]

3. Insurance and other business

The tax on the profits of a company that carries on life insurance business in conjunction with any other insurance business is charged in one sum, but the profits of the life insurance business are separately calculated.

4. Mutual and proprietary companies

This Schedule applies as well to a mutual insurance company as to a proprietary insurance company.

Fourth Schedule (Section 37)

Approved funds

1. Definition of "trustees"

In this Schedule, "trustees" means the persons, by whatever name called, having the management or control of fund which either is or was an approved fund within the meaning of approved fund as defined in this Act, or which is a fund or scheme in relation to which an application is made under paragraph 2 for the approval of the Commissioner-General.

2. Approval of pension funds

- (1) Where any fund or scheme is established by or on behalf of an employer for the payment, under the rules relating thereto, of pensions and other benefits to his employees in respect of service with him on the retirement of his of pens employees from such service or to dependants of his employees on the death of his employees, then application under funds paragraph 2 may be made for such fund or scheme to be approved by the Commissioner-General; and, where any fund or scheme is so approved, it shall be known as an approved pension fund.
- (3) The Commissioner-General shall not approve any fund or scheme unless he considers that the rules relating thereto have as their main object the provision of pensions to employees on their retirement from the service of the employer on or after attaining a specified age and unless the Commissioner-General is satisfied—

[Please note: numbering as in original.]

- (a) that the fund or scheme is established in the Republic in connection with any business carried on wholly or partly within the Republic by the employer; and
- (b) that the rules do not—
 - (i) provide for the payment to any employee during his life of any sum except a pension, which may, subject to this paragraph, be commuted or, in the event of the employee leaving the service of his employer in circumstances in which no pension is payable to him, any contributions to the fund or scheme made by him together with reasonable interest thereon;
 - (ii) provide for the payment of the pension otherwise than on the retirement of the employee from the service of his employer on or after attaining the age of 55 years or on earlier retirement on account of any infirmity of mind or body;
 - (iii) provide for the payment of any other sums on the death of the employee except a lump sum, or sums payable by way of annuity to the widow or widower or dependants of the employee;
 - (iv) provide for the payment of the pension otherwise than during the life of the employee or for the payment to the widow or widower of the employee of an annuity otherwise than for a term certain or during the life of the widow or widower or during the minority of any dependant of the employee;
 - (v) provide for the annuity, if any, payable to the widow or widower of the employee to be of a greater annual amount than the pension payable to the employee; and
- (c) that the rules do—
 - (i) provide that all annual contributions of a recurrent nature to the fund or the scheme shall be in accordance with specified scales and clearly specify the benefits payable to members and their dependants from the fund or under the scheme;

- (ii) provide that membership of the fund or scheme shall be open to all employees of the group or class of groups or classes specified in the rules;
- (iii) provide that no pension, annuity or other sum payable out of the fund or under the scheme shall be capable of surrender or assignment except as provided for in sub-paragraph (2)(c)(vii);
- (iv) provide that no contribution made to the fund or scheme by the employer shall be returnable to him;
- (v) provide, in any case where the employer is a company the directors whereof have a controlling interest therein, that no director or the widow or widower or any dependant of a director, of the company shall be entitled to any payment out of the fund or under the scheme in respect of his service while he is such a director and that no contributions shall be made to the fund or scheme in respect of the service of such a director; and for the purposes of this sub-paragraph director does not include a whole time service director;
- (vi) provide that, if the fund or scheme is wound up, the assets thereof shall be applied in the purchase of annuities for its members or, if a member so elects, shall be transferred to another approved fund;
- (vii) provide that, where any pensions payable out of the fund or under the scheme to an employee may be commuted, the amount of the pension that may be commuted shall not exceed one million kwacha or one-half of the pension, whichever may be the greater.

[As amended by Act [No. 14 of 1994](#)]

- (3) The Commissioner-General may, in his discretion and subject to any conditions he thinks proper to impose—
- (a) approve a fund or scheme the rules relating to which otherwise satisfy sub-paragraph (2), notwithstanding that the fund or scheme—
 - (i) is established outside the Republic in connection with any business carried on wholly or partly within the Republic by the employer;
 - (ii) is established in connection with a function exercised in the Republic by the employer which is not a business;
 - (iii) provides for a pension to be paid to an employee before he attains the age of 55 years, but not before he attains the age of 45 years, if the Commissioner-General is satisfied that the nature of the service of the employee is one in which persons customarily retire before attaining the age of 55 years;
 - (iv) provides, in the event of the death of an employee after he has commenced to draw a pension from the fund or under the scheme, for the payment of such a sum as together with the total amount paid to him by way of pension does not exceed the contributions made to the scheme in respect of him together with reasonable interest thereon;
 - (v) provides for the employer to recover out of the amount standing to the credit of any employee any sum due by the employee under this Act and paid on his behalf and on his authority by the employer;
 - (b) approve a fund or scheme notwithstanding that the rules relating thereto do not satisfy the other provisions of this paragraph if, in his opinion, such rules satisfy substantially those provisions;

- (c) approve part of a fund or scheme where the rules relating to that part satisfy substantially the other provisions of this paragraph; and in any such case the part so approved shall be the approved pension fund.

3. Procedural provisions relating to approval of fund and withdrawal of approval

- (1) Where application is made for approval of any fund or scheme under paragraph 2, then the trustees of the fund or scheme shall make the application in writing to the Commissioner-General; and the application shall be accompanied by two copies of any instrument under which the fund or scheme is established and of the rules relating to relating the fund or scheme.
- (2) After consideration of any application referred to in sub-paragraph (1), the Commissioner-General shall inform the trustees of the fund or scheme in writing of his decision and, if the decision is an approval of the fund or scheme, of the charge year in relation to which it is approved, whether the fund or scheme is approved in whole or in part and of any conditions to which the approval is subject; and, where any fund or scheme or part thereof has been approved by the Commissioner-General for any charge year, the fund or scheme or part thereof shall, subject to sub-paragraph (3), be deemed to be approved for each subsequent charge year unless the Commissioner-General withdraws approval under sub-paragraph (4).
- (3) Where there is any alteration to the instrument establishing any approved pension fund or to any rules relating to any such fund, then the trustees of the fund in question shall immediately inform the Commissioner-General in writing of the alteration; and, if the Commissioner-General is not so informed, the approval of the fund in question shall be deemed to have been withdrawn as from the date of the alteration.
- (4) The Commissioner-General may at any time by notice in writing withdraw his approval of any approved pension fund, if in his opinion—
 - (a) the conditions on which the approval of the fund in question was granted have not been complied with; or
 - (b) there has been any alteration to the instrument establishing the fund in question or to any rules relating to it.
- (5) Where any approved pension fund ceases to be an approved fund, the provisions of section eighty-two shall nevertheless continue to apply in respect of the return of any contributions made while it was an approved fund.
- (6) The accounts of an approved pension fund shall be maintained in such form and for such periods as the Commissioner-General may determine.
- (7) References in sub-paragraphs (3) to (6), both inclusive, to approved pension fund shall be read and construed as including references to a pension fund within the meaning of paragraph (d) of the definition of approved fund; and fund shall be construed accordingly.

4. Approval of annuity contracts and withdrawal of approval

- (1) Where an individual in any charge year pays a premium under a contract providing for the payment to him of a life annuity (hereinafter referred to as an annuity contract) then he may apply for the contract to be approved by the Commissioner-General.
- (2) Subject to sub-paragraph (3), the Commissioner-General shall not approve an annuity contract unless he considers that the main object of such contract is the provision for the individual applying for its approval, of a life annuity in old age and unless the Commissioner-General is satisfied—
 - (a) that the annuity contract is made in the Republic with an Insurance Company or body of Persons lawfully carrying on in the Republic the business of granting annuities on human life;

- (b) that the annuity contract provides for annual contributions by the individual throughout the currency of the contract; and
- (c) that the annuity contract does not—
 - (i) provide for the payment during the life of the individual of any sum except sums payable to the individual by way of annuity, which may, subject to this paragraph, be commuted; or
 - (ii) provide for the annuity payable to the individual to commence before he attains the age of 55 years or after he attains the age of 65 years; or
 - (iii) provide for the payment of any other sums except sums payable by way of annuity to the individual's widow or widower and any sums which, in the event of no annuity becoming payable to the individual, are payable to the executors or administrators of the individual by way of return of premiums, by way of reasonable interest on premiums or by way of bonuses out of profits;
 - (iv) provide for the annuity if any, payable to the individual's widow or widower to be of a greater annual amount than that paid or payable to the individual; or
 - (v) provide for the payment of an annuity otherwise than for the life of the annuitant;
- (d) that the annuity contract does—
 - (i) provide that no annuity payable under it shall be capable in whole or in part of surrender or assignment except as provided for in subparagraph (2) (d) (ii);
 - (ii) provide that not more than one-third of any annuity payable under it to the individual may be commuted;
 - (iii) provide that no annuity payable under it to the individual's widow or widower may be commuted:

Provided that, save under such conditions as the Commissioner-General thinks proper to impose, no annuity contract shall be approved by the Commissioner-General if the individual is contributing to any approved pension fund or an approved fund within the meaning of paragraph (c) of the definition of approved fund.

- (3) The Commissioner-General may, in his discretion and subject to any conditions he thinks proper to impose, approve an annuity contract otherwise satisfying sub-paragraph (2) notwithstanding that such annuity contract was made by an individual resident in the Republic in a country other than the Republic with an insurance company or body of persons lawfully carrying on the business of granting annuities on human life before he became resident or that the annuity contract provides—
 - (a) for the payment after the death of the individual applying for such approval of an annuity to a dependant not the widow or widower of the individual;
 - (b) for the payment to the individual of an annuity commencing before he attains the age of 55 years, if the annuity is payable on his becoming incapable through infirmity of mind or body of carrying on his own occupation or any occupation of a similar nature for which he is trained or fitted;
 - (c) if the individual's occupation is one in which persons customarily retire before attaining the age of 55 years, for the annuity to commence before he attains that age (but not before he attains the age of 50 years);
 - (d) for the annuity payable to any individual to continue for a term certain (not exceeding 10 years) notwithstanding his death within that term or for the annuity payable to any individual to terminate or be suspended on marriage (or re-marriage) or in other circumstances;

- (e) in the case of an annuity which is to continue for a term certain, for the annuity to be assignable by will and, in the event of any individual dying entitled to it, for it to be assignable by executors or administrators in the distribution of the estate so as to give effect to a testamentary disposition, or to the rights of those entitled on intestacy, or to an appropriation of it to a legacy or to a share or interest in the estate.
- (4) The Commissioner-General may at any time, by notice in writing given to the persons by and to whom premiums are payable under any approved annuity contract, withdraw that approval on such grounds and from such date as may be specified in the notice.

5. Approval of foreign fund or scheme established by law

- (1) On receiving a claim for approval, the Commissioner-General may, in his discretion, and subject to any conditions he thinks proper to impose, approve a fund or scheme established by law in any other country, the main object of which is to provide for the payment under the rules relating thereto of pensions to its members on retirement from employment and, where any such fund or scheme is so approved, it shall be known as an approved pension fund.
- (2) The Commissioner-General may at any time withdraw approval of a fund approved under this paragraph.

[As amended by Act [No. 26 of 1970](#)]

6. Appeals

Where under this Schedule the Commissioner-General may approve any pension fund or annuity contract (but Appeal not where he may approve thereof subject to any conditions) or may withdraw approval from any approved fund, then any person aggrieved by the refusal of the Commissioner-General to grant his approval or by the withdrawal of any approval already granted, may appeal therefrom as if the refusal or withdrawal of approval were a determination and such an appeal shall be heard accordingly.

7. Remoteness

The Commissioner-General's approval for the purposes of this Schedule is not subject to any rule of law against remoteness, and in any case is without prejudice to any such rule.

[No. 23 of 1968]

Fifth Schedule (Section 33)

Capital allowance for buildings, implements, machinery and plant, and premiums

Part I – Buildings

1. Definition of industrial building

- (1) In this Part an industrial building means a building or structure in use for the purposes of any electricity, gas, water, inland navigation, transport, hydraulic power, bridge or tunnel undertaking, or any like undertaking of public utility, or is in use for the purposes of any trade which—
 - (a) is carried on in a mill, factory or like premises;
 - (b) consists of the manufacture of goods or materials, or their subjection to any process;
 - (c) consists of the storage of goods or materials to be used in the manufacture or processing of other goods;
 - (d) consists of the storage of goods on import or for export; or

(e) consists in the working of a mine or well for the extraction of natural deposits.

[As amended by Act No. 11 of 1975]

- (2) For the purposes of this Part, the expression "industrial building" does not, save as provided in sub-paragraphs (3) and (4), include any building or structure in use as, or as part of or ancillary to the purposes of, a dwelling-house, retail shop, showroom, hotel or office, or in use for the purposes of any retail, repair or servicing trade or a trade of a like nature.

[As amended by Act No. 11 of 1973]

- (3) Any building which on first construction after the commencement of this Act is an hotel, or which is an extension made after the commencement of this Act to a building first constructed as an hotel and which is certified by that body of the Government for the time being responsible for the hotel industry as conforming to such standards as it may from time to time prescribe, is an industrial building for the purposes of this Part.
- (4) Any building constructed or acquired by a person for business purposes, the cost of which exceeds two million kwacha, shall be deemed to be an industrial building for the purposes of this part.
- (5) Any building in use for the welfare of employees engaged in the undertakings and trades referred to in sub-paragraph (1) is an industrial building for the purposes of this Part.
- (6) This paragraph applies to a part of an undertaking or trade as it applies to an undertaking or trade.
- (7) Where a part of a building is an industrial building, and a part is not, and the capital expenditure incurred on the latter part is not more than ten *per centum* of such expenditure incurred on the whole building, the whole building is an industrial building for the purposes of this Part.

[As amended by Acts No. 26 of 1970, No. 11 of 1973, No. 11 of 1974, No. 11 of 1975 and No. 3 of 1997]

2. Definition of commercial building

In this Part, a commercial building means a building or structure, or part thereof, which is not an industrial building as defined in paragraph 1, or farm improvement or farm works as defined in the Sixth Schedule, and which is in use for the purposes of any business:

Provided that the construction of such building or structure is completed for first use on or after the 1st April, 1969.

[As amended by Act No. 11 of 1969]

3. Initial allowance for industrial buildings

- (1) In ascertaining the business profits of a person who, for the purposes of his business, has incurred capital expenditure on the construction of a building intended to be used as an industrial building, or on an addition to or an alteration of an industrial building, a deduction (called an initial allowance) of the percentage of the expenditure incurred, as set out in Part V, is allowed in the charge year in which the said building, addition to or alteration is brought into use as an industrial building.
- (2) Capital expenditure amounting to the cost of acquisition is incurred by a person for the purpose of sub-paragraph (1) where he—
- acquires the building from another person who constructed it in the course of his trade; and
 - is the first user of that building.

4. Wear and tear allowance for buildings

- (1) In ascertaining for any charge year the business profits of any person who in that year uses for the purposes of his business an industrial or commercial building which he acquired, constructed,

added to or altered, a deduction shall be allowed (called a wear and tear allowance) for each charge year of such use according to the case and at the percentage, as set out in Part V, of the original cost to such person:

Provided that in no case shall the total of all the deductions allowed to such person under this Part exceed the cost to such person of such acquisition, construction, addition or alteration, as the case may be.

- (2) Where a building is used by a person as an industrial building for part of a charge year and as a commercial building for another part of the same charge year, that building shall be regarded as used by that person solely as an industrial building for that charge year.
- (3) No allowance shall be deductible under this paragraph in ascertaining the business profits of any person for any charge year in respect of any building if at any time during the said charge year that building is used as his usual dwelling place by—
 - (a) any individual who uses such building for the purposes of the business, or by any individual partner in such business;
 - (b) any individual who, by reason of his shareholdings, or of his control of shareholdings, in any company or by reason of any partnership interest, is in a position to exercise control, directly or indirectly, over the person or persons using the building for the purposes of the business;
 - (c) a director of a company using the building for the purposes of its business, who is not a whole time service director thereof.

[As amended by Act No. 11 of 1969]

5. Balancing allowance for buildings

- (1) Where any building, in respect of which an initial or wear and tear allowance has been or could have been deducted in ascertaining the profits of a person carrying on a business, ceases to belong to that person or permanently ceases to be used by him for the purposes of any business whatsoever, a deduction (called a balancing allowance) shall for be allowed in ascertaining the profits of the business for the purposes of which the said building was last used for the charge year of such cessation.
- (2) The balancing allowance deductible under sub-paragraph (1) in respect of a building shall be equal to the amount by which any recovery of capital expenditure on that building together with any initial or wear and tear allowance deducted under this Part in respect of that building falls short of the original cost of that building to the person referred to in that sub-paragraph:

Provided that where wear and tear allowance has been deducted for part only of the entire period of ownership or possession of the building by the person who has been allowed the deduction of the said wear and tear allowance, the allowance deductible shall be determined by multiplying the balancing allowance as above calculated by the number of years in respect of which wear and tear allowance has been deducted and dividing the result by the number of years of the said ownership or possession.

- (3) In calculating the balancing allowance in respect of any building upon any cessation referred to in sub-paragraph (1), the recovery from capital expenditure on the building shall be the amount which, according to the Commissioner-General's determination, it would have realised in the open market at the time of the cessation.

[As amended by Act No. 11 of 1969]

6. Divided use

If any building is used by a person both for the purposes of his business and for other purposes, the amount of any allowance provided by this Part shall be reduced according to the Commissioner-General's determination.

[As amended by Act No. 11 of 1969]

Part II – Implements, machinery and plant

7. Business to include employment in this Part

Notwithstanding the definition of "business" as contained in section two, for the purposes of this Part "business" includes employment and the letting of property.

8. Frequently replaceable articles not within this Part

This Part does not apply to implements requiring frequent replacement.

9. ***

[Repealed by Act No. 11 of 1974]

10. Wear and tear allowance for implements, machinery and plant

- (1) Where a person has used any implements, machinery or plant belonging to him for the purposes of his business a deduction (called a wear and tear allowance) shall be allowed in ascertaining the profits of the business for each charge year.
- (2) Where a person holds any implements, machinery or plant under a hire-purchase agreement as defined in the Hire-Purchase Act, then the implement, machinery or plant shall be deemed to belong to that person for the purposes of this paragraph.
- (3) The wear and tear allowance for any charge year shall be at the percentage and in the cases set out in Part V:

Provided that in the charge year in which the business ceases the allowance shall be the amount of the residue of the original cost referred to in sub-paragraph (4).

- (4) The wear and tear allowance for any charge year shall be calculated on a straight line basis of the original cost of the implements, machinery and plant:

Provided that in the case of any implements, machinery or plant which were acquired by a person other than for the purpose of a business, the original cost shall be the current market value of such implements, machinery or plant as determined by the Commissioner-General in the charge year that they are first used for the purpose of a business.

[As amended by Acts No. 11 of 1974, No. 14 of 1976 and No. 29 of 1990]

- (5) Notwithstanding any other provisions of this Act to the contrary the wear and tear allowance on any implement, machinery or plant which has been exclusively used in farming manufacturing or tourism for any charge year shall be calculated on a straight-line basis at the rate of fifty *per centum* of the cost.

[As amended by Acts No. 10 of 1981, No. 11 of 1984 and No. 4 of 1993]

- (6) Notwithstanding any other provisions of this Act, the wear and tear allowance on the cost of any new plant or machinery acquired and used by any soft drinks manufacturer in respect of such

business carried on by him in a rural area, shall, in any charge year, be calculated on a straight-line basis at the rate of twenty *per centum* of the cost of such plant and machinery.

[As amended by Acts No. 14 of 1976 and No. 12 of 1982]

11. Capital recoveries for implements, machinery and plant

For the purpose of paragraph 10—

- (a) a recovery from capital expenditure on implements, machinery or plant shall be deemed to have taken place when the implements, machinery or plant—
 - (i) permanently cease to be used for the purposes of a business; or
 - (ii) cease to belong to the person carrying on a business;
- (b) the amount of the recovery from capital expenditure shall be the amount which, according to the Commissioner-General's determination, the implements, machinery or plant would have realised in the open market at the time the event giving rise to the recovery occurred.

[As amended by section 17 of Act No. 11 of 1974]

12. Divided use

If any implement, machinery or plant is used by a person both for the purposes of his business and for other purposes, the amount of any allowance provided for by this Part shall be reduced to the Commissioner-General's determination.

13. Valuation in exceptional circumstances

- (1) In the calculation of any allowance under this Part, the original cost to any person of any implement, machinery or plant that has been—
 - (a) used outside the Republic by him, and brought by him to the Republic for the purposes of his business;
 - (b) used by him for a purpose other than the purposes of his business, and is then used for the purposes of his business; or
 - (c) acquired by him for no valuable consideration;

is according to the Commissioner-General's determination.

- (2) For the purposes of this Part, the original cost to any person of a road vehicle used for the purposes of his business and the vehicle was acquired by the person after the commencement of this Act, whether the vehicle is a commercial vehicle or otherwise, shall be used in the calculation of the allowance.
- (3) In this paragraph, "commercial vehicle" means a road vehicle of a type not commonly used as private vehicle and unsuitable to be used as such but includes all types of road vehicles used solely for hire or carriage of the public for reward.

[As amended by Acts No. 11 of 1974, No. 14 of 1976, No. 6 of 1980, No. 10 of 1981, No. 8 of 1986 and No. 29 of 1990]

Part III – Premium allowance

14. Deduction of premium allowance

- (1) A deduction is allowed (called a premium allowance) in ascertaining the profits of a person's business equal to the amount of any premium or like consideration paid by him for the right of use

of machinery or plant, or for the use of any patent, design, trade mark or copyright, or for the use of other property which the Commissioner-General determines is of a like nature, where such right is used by that person for the purposes of his business.

- (2) The amount of any deduction allowed for any charge year under sub-paragraph (1) shall not exceed the amount of the premium or like consideration divided by the number of years for which the right of use is granted.
- (3) Where a person acquires any interest in the ownership of property for payment of a premium or like consideration for the right of use of which he has been allowed a deduction under sub-paragraph (1), he ceases to be allowed that deduction as from the date of such acquisition.

Part IV – General provisions

15. Successions

- (1) Where a person succeeds to another person's business, or there is a change in any partnership engaged in business, any property which immediately before the succession or change was in use for the purposes of the business, and, without being sold, is in such use immediately afterwards, is, for the purposes of this Schedule, treated as if it had been sold for an open market price as determined by the Commissioner-General at the time of the succession or change to the person carrying on the business immediately afterwards; but no initial allowance under this Schedule shall be deducted by virtue of this paragraph.
- (2) Where there is succession or change in terms of sub-paragraph (1), and notwithstanding that sub-paragraph, the Commissioner-General may, upon the written application of the parties concerned, make such adjustments in relation to the allowances which may be deducted under this Schedule as will provide for the continuity of those allowances in relation to the business the subject of the succession or change, but in any event any such adjustment is subject and according to the Commissioner-General's discretion.

16. Subsidies

For the purposes of this Schedule, the amount of any capital expenditure is reduced by the amount of any subsidy or grant from public funds towards or in aid or in recognition of the object of such expenditure.

17. Controlled sales

- (1) This paragraph has effect in relation to the transfer by sale or otherwise of any property in respect of which any deductions have been allowed under Parts I, II and III, where either—
 - (a) the transferee has control of the transferor, or the transferor has control of the transferee, or some other person has control of both; or
 - (b) the Commissioner-General determines by reference to the consideration given for the property that the transfer was not at arm's length.
- (2) Where any property as is mentioned in sub-paragraph (1) is transferred other than at a price that it would have fetched if sold in the open market, then, subject to sub-paragraph (3), the like consequences shall ensue as would have ensued if the property had been sold for the price which it would have fetched if sold in the open market.
- (3) Where the transfer is one to which sub-paragraph (1) (a) applies and the transferee uses the property transferred for the purposes of a business, then, subject to the parties to the transfer by notice in writing to the Commissioner-General so electing, sub-paragraph (2) shall not have effect, but the like consequences shall ensue as would have ensued if the property had been transferred

for a sum equal to the residue of capital expenditure on the property still undeducted immediately before the transfer, and, in the case of such an election—

- (a) no initial allowance shall be deducted in respect of the transferee; and
- (b) in respect of a subsequent sale or cessation of use of the property for the purposes of the business by the transferee, the amount included in his income as a capital recovery shall be such an amount as would have been included in the transferor's income in a like case but for the transfer, and as if the transferor had been allowed all such deductions in respect of the property as were, in fact, allowed to the transferee.

[As amended by Act [No. 26 of 1970](#)]

Part V – Rates of initial and wear and tear allowances

18. Rates of initial and wear and tear allowances

Under paragraph 3—

initial allowance for industrial buildings *ten per centum*

Under paragraph 4—

wear and tear allowance for industrial buildings, in the case of low cost housing *ten per centum*

and for other industrial buildings *five per centum*

and for commercial buildings *two per centum*

Under paragraph 10—

Wear and tear for implements, machinery and plant including Commercial Vehicle *twenty-five per centum*

Wear and tear for vehicles other than Commercial Vehicle *twenty per centum*

[As amended by Acts [No. 11 of 1974](#), [No. 14 of 1976](#) and [No. 29 of 1990](#)]

Part VI – Mining deductions

19. Interpretation of terms

In this Part unless the context otherwise requires—

"**capital expenditure**" means expenditure, in relation to mining or prospecting operations—

- (a) on buildings, works, railway lines or equipment;
- (b) on shaft sinking, including expenditure on pumps, pumps chambers, stations and ore bins accessory to a shaft;
- (c) on the purchase of or on the payment of a premium for the use of any patent, design, trade-mark, process or other expenditure of a similar nature;
- (d) incurred prior to the commencement of production or during any period of non-production on preliminary surveys, boreholes, development or management, or;
- (e) by way of interest payable on any loan for mining or prospecting purposes;

"**deemed loss**" means a deduction allowable in accordance with section twenty-one;

"**equity**" means in relation to a company limited by shares—

- (a) issued ordinary share capital or stock, but only to the extent that such share capital or stock is paid up;
- (b) issued, deferred, preferred, preference or other priority share capital or stock, but only to the extent that such share capital or stock is paid up and provided that such share capital or stock carries no rights of early repayment on demand;
- (c) capital reserves in so far as they are not capable of distribution except either by way of diminution of capital or by addition to issued capital; and
- (d) revenue reserves to the extent that they have remained constant throughout the previous twelve months;

but does not include—

- (i) loan stock or debentures whether carrying conversion rights or not;
- (ii) bank overdrafts or other drawing facilities;

"estimate of life" means the number of years not exceeding in relation to a mine—

- (a) in the case of a mine operated for the purpose of producing lead or zinc, ten years; and
- (b) in the case of any other mine, twenty years, during which mining operations at the mine may be expected to continue after the beginning of the charge year;

"expenditure" means net expenditure after taking into account any rebates, returns or recoveries from expenditure;

"pre-production expenditure" means capital expenditure incurred in charge years prior to the production charge year;

"production commencement date" means in relation to a mine, the latest of any of the following dates:

- (a) the date on which the mine first commenced regular production;
- (b) where the mine, having previously been in production, was closed down and then re-opened, the date on which it first recommenced regular production; or
- (c) where the mine has changed ownership and has been reorganised with substantially new development and new plant, the date on which it first commenced regular production after such reorganisation;

"production charge year" means the charge year in which a 1953, 1970 or 1975 new mine first commences or recommences regular production;

"prospecting expenditure" means expenditure incurred in relation to prospecting operations, including, any capital expenditure incurred in connection with such operations, and such expenditure as the Commissioner-General determines to be ancillary to expenditure on prospecting operations;

"1953 new mine", means a mine whose production commencement date is later than 31st March, 1953 but not later than 31st March 1970;

"1970 new mine" means a mine whose production commencement date is later than 31st March, 1970 but not later than 31st March, 1975;

"1975 new mine" means a mine whose production commencement date is later than 31st March, 1975.

[As amended by Act [No. 7 of 1996](#)]

20. Capital expenditure deductions

There shall be no capital expenditure deduction allowed except under the provisions of this Part.

[As amended by Act No. 7 of 1996]

21. Prospecting expenditure deductions

- (1) Subject to the other provisions of this paragraph, the amount of prospecting expenditure incurred by a person in a charge year in respect of an area in Zambia over which a mining right has been granted shall be allowed as a deduction to that person.
- (2) A company that is entitled may, by notice in writing given to the Commissioner-General within twelve months after the end of the charge year in which the expenditure is incurred, irrevocably elect to forego the deduction in favour of its shareholders; whereupon the deductions shall be allowed, not to the company but to its shareholders instead, in proportion to the calls on shares paid by them during the relevant accounting period or in such other proportions as the Commissioner-General having regard to any special circumstances, may determine:

Provided that this sub-paragraph shall not apply to a company carrying on mining operations in Zambia.

- (3) Where—
 - (a) a company (in this sub-paragraph called "the parent company") is entitled and under this paragraph to a deduction; and
 - (b) subsequent to the date the expenditure is incurred, a new company, of which the parent company is a shareholder, is incorporated for the purpose of—
 - (i) continuing the prospecting operations of the parent company; or
 - (ii) carrying on mining operations in the Republic; andthe parent company may, by notice in writing given to the Commissioner-General within twelve months after the incorporation of the new company, irrevocably elect to forego the deduction in favour of the new company but to the new company instead:

Provided that this sub-paragraph shall not apply—

 - (i) to a company carrying on mining operations in Zambia; or
 - (ii) in respect of expenditure incurred after the new company takes over the prospecting operations of the parent company or commences to carry on mining operations.
- (4) A deduction allowable under this paragraph shall be deemed to be a loss and shall be allowed, in accordance with section thirty of the Income Tax Act as a loss incurred—

- (a) in the case of sub-paragraphs (1) and (2), in the charge year in which the expenditure is incurred; and
- (b) in the case of sub-paragraph (3), in the charge year in which the new company takes over the prospecting or exploration operations or commences to carry on mining operations:

Provided that where the deemed loss exceeds the income of the person for the charge year in which it is incurred, the excess shall be deemed to be a loss incurred in the following charge year and so on from year to year until the deemed loss is extinguished.

- (5) In computing a loss incurred by the operator of a 1975 new mine in any charge year, prospecting expenditure incurred in relation to the mine and allowable as a deduction shall be deemed to be deducted last.

[As amended by Act No. 7 of 1996]

22. Mining expenditure deductions

- (1) Subject to the other provisions of this paragraph and the provisions of paragraph (5), a deduction shall be allowed in determining the gains or profits from carrying on of mining operations by any person in charge year in respect of the capital expenditure incurred by the person on a mine which is in regular production in the charge year.
- (2) The deduction to be allowed for a charge year in the case of a 1975 new mine company shall be—
 - (a) where the charge year is in the production charge year, the sum of the pre-production expenditure, to the extent that such expenditure has not already been allowed as a deduction and the capital expenditure incurred in the production year:

Provided that where, on the last day of any charge year prior to the production expenditure incurred in such charge year exceeds the amount remaining after deducting from the equity of the company on such day the prospecting expenditure incurred in such charge year and in all previous charge years on such day and allowable as a deemed loss, the excess shall not be so increased for such charge year; and
 - (b) where the charge year is a charge year subsequent to the production charge year, the capital expenditure incurred in such charge year.
- (3) The deduction to be allowed for a charge year in the case of a 1970 new mine shall be—
 - (a) where the charge year is the production charge year, the total capital expenditure incurred on the mine up to the end of the production charge year, to the extent that such expenditure has not already been allowed as deduction; and
 - (b) where the charge year is a charge year subsequent to the production charge year, the capital expenditure incurred on the mine in such charge year.
- (4) The deduction to be allowed for any charge year in the case of a 1953 new mine shall be the sum of—
 - (a) the fraction of any unredeemed capital expenditure on the mine at the commencement of the charge year ended 31st March, 1971, that would have been allowed in such charge year under the provisions of paragraph twenty-three of Part VI of the Fifth Schedule to the Income Tax Act, as in force on 31st March, 1970, had those provisions not been repealed;
 - (b) the capital expenditure incurred on the mine in such charge year.
- (5) The deduction to be allowed for any charge year in the case of any other mine shall be—
 - (a) one-twentieth or, in the case of a mine operated for the purposes of producing lead or zinc, one-eighth of the balance of unredeemed capital expenditure on the mine, including any balance which deductions were previously claimed under Parts I to V of the Fifth Schedule to the Income Tax Act, at the commencement of the charge year ended 31st March, 1971, until such balance is extinguished; and
 - (b) an amount obtained by taking the sum of—
 - (i) the balance of the capital expenditure on the mine incurred after 22nd September, 1973 and unredeemed at the commencement of such charge year; and
 - (ii) the capital expenditure on the mine incurred in such charge year;and dividing the sum so obtained by the number of years in the approved estimate of the life of the mine:

Provided that where separate and distinct mining operations are carried on in mines which are not contiguous, the deduction allowable shall be calculated separately according to the approved estimate of the life of each mine.

- (6) For the purposes of sub-paragraph (5) the approved estimate of the life of the mine at the commencement of the charge year shall be based on the certified estimates of ore reserves of the mine and supported by calculations showing how the estimates have been arrived at as submitted in writing by the person carrying on the mining operations:

Provided that if the Commissioner-General does not approve the estimate of the life of the mine as submitted, the approved estimate of the life of the mine shall be as the Commissioner-General determines.

- (7) The deduction for any interest on borrowings to be allowed in any charge year shall not exceed the interest on any borrowings in excess of a loan-to-equity ration of 2:1.

[As amended by Act [No. 7 of 1996](#)]

23. Deductions for mining expenditure on non-producing and non-contiguous mine

Where a person is carrying on mining operations in a mine which is in regular production and is also the owner of, or has the right to work, a mine which is not contiguous with the producing mine and from which the person has a loss in the charge year, the amount of such loss may be deducted in ascertaining the gains or profits from his mining operations in that charge year:

Provided that the amount of tax which would otherwise be payable by such person in such charge year is not reduced by more than twenty *per centum* as a result of this deduction.

[As amended by Act [No. 7 of 1996](#)]

24. Deductions on cessation of mining operations

Where a mine ceases regular production due to the expiration of the life of the mine, or where the mining right has ended, or for any other reason acceptable to the Commissioner-General, and the person who was carrying on the mining operations irrevocably so elects, by notice in writing to the Commissioner-General, within twelve months after the end of the charge year in which the mine ceased regular production, the deduction allowable in ascertaining the gains or profits from the carrying on of the mining operations in respect of the capital expenditure on the mine for each of the last six charge years in which the mine was in regular production shall be an amount arrived at by taking the sum of—

- (a) the unredeemed capital expenditure on the mine at the commencement of the six charge years; and
- (b) the capital expenditure on the mine incurred in the six charge years; and dividing the sum so obtained by six.

[As amended by Act [No. 7 of 1996](#)]

25. Change of ownership of mine

Subject to the provisions of paragraph 26, when change in the ownership of a mine takes place, the consideration for the assets which qualify, for the purposes of this Part, as capital expenditure shall, for income tax owners purposes—

- (a) be allowable as capital expenditure incurred by the new owner; and
- (b) be deemed to be a capital recovery by the previous owner in the charge year in which the change takes place.

26. Controlled sales

- (1) Whenever there is a change in the ownership of a mine, this paragraph shall have effect in relation to the sale of any property in respect of which any deductions have been allowed under this Schedule in any case where either—
 - (a) the buyer has control of the seller, or the seller has control of the buyer, or some other person has control of both; or
 - (b) the Commissioner-General determines, by reference to the consideration given for the property, that the same was not at arm's length.
- (2) Where the property is sold at a price other than what it would have fetched if sold in the open market, then, subject to the provisions of sub-paragraph (3), the same consequences shall ensue as would have ensued if the property had been sold for the price which it would have fetched if sold in the open market.
- (3) Where the sale is one to which clause (a) of sub-paragraph (1) applies and the parties to the sale irrevocably so elect, by notice in writing to the Commissioner-General, then sub-paragraph (2) shall not have effect but, instead, the same consequences shall ensue as would have ensued if the property had been sold for a sum equal to the residue of capital expenditure on the property still unredeemed immediately before the sale.

[As amended by Acts No. 9 of 1977, No. 14 of 1995 and No. 7 of 1996]

27. Petroleum operations

- (1) Nothing in this Part shall apply to petroleum operations.
- (2) The Minister may, by statutory instrument, make provisions regulating deductions in connection with petroleum operations.

[As amended by Acts No. 11 of 1985 and No. 7 of 1996]

Sixth Schedule (Section 33)

Farming improvement and works allowances and livestock valuation

Part I – Farm improvement allowance

1. Definitions

In this Part—

"**farm dwelling**" means a permanent building, used as a dwelling (the original cost of which is taken for the purposes of this Part as not in excess of one million kwacha), which is not used by the farmer claiming the allowance under this Part as the homestead of himself and his family; and

"**farm improvement**" means any permanent work, including a farm dwelling and fencing appropriate to farming and any building constructed for and used for the welfare of, employees, and in relation to farming land owned or occupied by the farmer claiming the allowance under this Part for ascertainment of his profit.

[As amended by Acts No. 6 of 1980, No. 14 of 1987, No. 2 of 1995 and No. 7 of 1996]

NOTE: Restriction of cost under the definition of "farm dwelling" has been as follows—

with effect from 1st April, 1966,000

with effect from 1st April, 19808,000

with effect from 1st April, 198720,000

with effect from 1st April, 1995200,000

with effect from 1st April, 19961,000,000

2. Farm improvement allowance

For any expenditure incurred in a charge year on farm improvements, a deduction called improvement allowance shall be allowed in determining the profits of the farming business for the charge year.

[As amended by Act [No. 11 of 1974](#) and No. 7 of 1996]

3. Divided use

Where the expenditure referred to in paragraph 2 partly in respect of a farm improvement, and partly in respect of some other purposes, only such proportion of that expenditure as the Commissioner-General may determine is taken into account for the purposes of that paragraph.

4. ***

[Repealed by Act [No. 3 of 1997](#)]

Part II – Farm works allowance

5. Nature of farm works

The deduction under this Part (called the farm works allowance) is allowed to a farmer in respect of expenditure on farming land in his ownership or occupation and for the purposes of farming, on stumping and clearing, works for the prevention of soil erosion, boreholes, wells, aerial and geophysical surveys, and water conservation (in this Part collectively referred to as "farm works").

6. Farm works allowance

The expenditure incurred by any person for any charge year in respect of any farm works is allowed as a deduction in ascertaining the profits of his farming business for that year:

Provided that where the person incurs the expenditure in a charge year prior to the charge year in which he commences farming operations the expenditure shall be allowed as a deduction in the charge year in which he commences farming operations.

[As amended by Act [No. 26 of 1970](#)]

Part III – Valuation of livestock

7. Standard value

- (1) In ascertaining a farmer's gains or profits the value of his livestock (other than livestock bought by him for stud) is the standard value or if he so irrevocably elects, whichever is the lower of the market value or the cost to him of the value livestock.
- (2) The standard value for the purposes of this paragraph applicable to any class of livestock shall be that adopted by the farmer in the first return delivered by him after he commences farming, if the Commissioner-General determines that such value may be approved and that standard value shall not be varied for the purposes of any subsequent charge year unless the Commissioner-General so determines, and subject to any conditions he may impose on such determination.

- (3) For the purpose of this paragraph and paragraph 7 of the First Schedule the value of livestock bought for stud shall be the cost price or market value whichever is the lower.

[As amended by Acts No. 14 of 1987 and No. 17 of 1988]

Part IV – General provisions

8. Subsidy

For the purposes of this Schedule the amount of any capital expenditure incurred in respect of farm improvement to which Part I applies for expenditure incurred in respect of farm works to which Part II applies is reduced by the amount of any subsidy or grant from public funds towards or in aid or in recognition of the object of such expenditure.

[As amended by Acts No. 23 of 1968 and No. 14 of 1987]

Seventh Schedule (Section 117)

Transitional provisions

[Repealed by Act [No. 2 of 1995](#)]

Eighth Schedule (Section 77(2))

Payment of provisional tax

[Repealed by Act [No. 12 of 1982](#)]

Charging Schedule (Section 14)

Part I – Personal allowances and tax credits

1. Claims and rates

- (1) Subject to the provisions of this Part, an individual resident in the Republic who for any charge year has furnished a return of income and makes a claim in that behalf giving such particulars, and supported by such proof, as the Commissioner-General may require, shall, in respect of that charge year, be entitled to such personal allowances and tax credits as are appropriate to his case in accordance with the Table contained in Annexure "A" to this Schedule:

Provided that—

- (i) such individual shall be provisionally entitled to such personal allowances and tax credits:
 - (a) for the purposes of section seventy-one, and regulation 7 of the Income Tax (Employment) Regulations, if he is a public servant or if he has completed a claim for the immediately preceding charge year in accordance with paragraph 1; or
 - (b) for the purposes of section forty-six A if he has provided an estimate of income tax liability for such charge year;
- (ii) such return and claim is made not later than six years after the end of the charge year to which it relates or, if later, six years after the date of service of a notice of assessment for that charge year;

- (iii) where the individual was not resident in the Republic for the previous charge year or is not resident in the Republic for the subsequent charge year, the personal allowances to which he is entitled under this Part shall be reduced by one-twelfth for each complete month for which he does not reside in the Republic in the charge year; and
 - (iv) where the emoluments of a claimant are not liable to tax in the Republic, the allowances to which the claimant is entitled shall not exceed the amount of the income, excluding income classified in subsection (1) of section nineteen, which is liable to tax in the Republic.
- (2) In this Part, "claimant" means an individual who claims personal allowances and tax credits pursuant to section fourteen of this Act.

[As amended by Acts No. 11 of 1973, No. 10 of 1979 and No. 14 of 1987]

2. ***

[Repealed by Act [No. 33 of 1989](#)]

3. ***

[Repealed by Act [No. 14 of 1987](#)]

4. ***

[Repealed by Act [No. 15 of 1990](#)]

5. ***

[Repealed by Act [No. 15 of 1990](#)]

6. ***

[Repealed by Act [No. 11 of 1992](#)]

7. ***

[Repealed by Act [No. 16 of 1972](#)]

8. Non-resident: world income election

- (1) A claimant who is not resident in the Republic may elect that the tax chargeable in the Republic on his income other than the income which the Commissioner-General is prohibited from including in an assessment, shall be reduced to the extent that it shall not exceed the amount of tax which bears the same proportion to the tax which would be chargeable if the claimant's world income were chargeable under this Act (after allowing the personal allowances to which he would be entitled if he were resident in the Republic, but without taking account of double taxation relief under Part VII of the Act as the claimant's assessable income bears to his world income.
- (2) An election under this paragraph shall be made in the same manner and subject to the same conditions as a claim for personal allowances and tax credits.
- (3) In sub-paragraph (1), "world income" means the total amount of claimant's income from all sources, excluding the income which is chargeable to tax but which the Commissioner-General is prohibited from including in an assessment, the amount of income from each source being substantiated to the Commissioner-General's satisfaction.

[As amended by Act [No. 11 of 1973](#)]

8A. Handicapped person's credit

Where the individual, or spouse of the individual who at any time during the charge year lives with that individual, is a handicapped person, there shall be an abatement of the tax due under this Act by the amount of the handicapped credit shown in Annexure "A".

[As amended by Acts No. 17 of 1988, No. 4 of 1993 and No. 4 of 1994]

Part II – Individual tax credit

9. Individual tax credit

- (1) For any individual there shall be an abatement of tax due under this Act by the amount of the individual tax credit shown in Annexure "A".
- (2) Where the individual is not a resident of the Republic for part or all of the charge year, the individual tax credit will be for each complete month in the charge year for which he does not reside in the Republic.
- (3) For the purpose of this Part the entitlement of a husband and wife shall be separately determined.
- (4) The amount of the individual tax credit provided by this Part shall be in lieu of any personal allowances.

[As amended by Acts No. 11 of 1992 and No. 4 of 1993]

Part III – Rates of tax

10. Individuals

- (1) Subject to the provisions of sub-paragraph (2) and of paragraphs 13, 14, 15 and 16, the tax with which an individual shall be charged for a charge year:
 - (a) on income received by way of lump sum payments, shall be calculated at the rate specified for such charge year contained in Part I of Annexure "B" to this Schedule;
 - (b) on the balance of his income (except income charged under sub-paragraphs (a), (b), (c) and (e) after the deduction of personal allowances appropriate to his case), shall be calculated at the relevant rates specified for such income in the Table appropriate to such charge year contained in Part II of Annexure "B" to this Schedule:

Provided that—

- (i) the tax chargeable on income received from a rural enterprise, for each of the first five charge year for which such business is carried on, shall be reduced by such amount as is equal to one-seventh of the tax which would otherwise be so chargeable on such business income;
- (ii) the maximum rate on income received from farming shall be fifteen *per centum*;
- (iii) the maximum rate of tax on that portion of income which is determined by the Commissioner-General as originating from the export of non-traditional products shall be fifteen *per centum*; and
- (iv) *[repealed by Act No. 2 of 1995]*;
- (v) the maximum rate of tax on the balance of income received under subsection (5) of section twenty-one shall be ten *per centum*.

[As amended by Acts No. 11 of 1992, No. 14 of 1994 and No. 2 of 1995]

- (c) on the balance of any income deemed to be his pursuant to subsection (1) of section nineteen arising from any business, excluding the letting of property, or from any employment (except any such income charged under sub-paragraphs (a) or (e), after the deduction of any personal allowances appropriate to his case which it has not been possible to deduct from income charged under sub-paragraph (b), shall be calculated at the relevant rates specified for such income in the Table appropriate to such charge year contained in Part II of Annexure "B" to this Schedule:

Provided that—

- (i) the tax chargeable on income received from a rural enterprise, for each of the first five charge years for which such business is carried on shall, be reduced by such amount as is equal to one-seventh of the tax which would otherwise be so chargeable on such business income;
 - (ii) the maximum rate of tax on income received from farming shall be fifteen *per centum*;
 - (iii) the maximum rate of tax on that portion of income which is determined by the Commissioner-General as originating from the export of non-traditional products shall be fifteen *per centum*.
- (d) on the balance of income received by way of gratuity as provided by section twenty-one (except any such income charged under sub-paragraph (e), after the deduction of any personal allowances appropriate to his case which it has not been possible to deduct from income charged under sub-paragraphs (b) and (c), shall be calculated at the relevant rates specified for such income in the Table appropriate to such charge year contained in Part II of Annexure "B" to this Schedule.

[As amended by Act [No. 17 of 1988](#)]

11. Persons other than individuals, trusts, deceaseds' estates and bankrupts' estates

Subject to the provisions of paragraph 13, 14, 15 and 16 the tax with which a person other than an individual, a trust, a deceased's estate or a bankrupt's estate, shall be charged on income for a charge year shall be calculated at the relevant rates specified for such income in the Table appropriate to such charge year contained in Annexure "C" to this Schedule

Provided that—

- (i) the tax chargeable on income received from a rural enterprise for each of the first five charge years for which such business is carried on, shall be reduced by such amount as is equal to one-seventh of the tax which would otherwise be so chargeable on such business income;
- (ii) the rate of tax on income received from farming shall be fifteen *per centum*;
(the rate for the year ended 31st March, 1982 was twenty-five *per centum*)
- (iii) the maximum rate of tax on that portion of income which is determined by the Commissioner-General as originating from export of non-traditional products shall be fifteen *per centum*;
- (iv) the rate of tax on income received by a company listed on the Lusaka Stock Exchange, shall be thirty *per centum*.

[As amended by Acts [No. 16 of 1972](#), [No. 11 of 1985](#), [No. 14 of 1986](#) and [No. 7 of 1996](#)]

12. Trusts, deceaseds' estates and bankrupts' estates

Subject to the provisions of paragraphs 13, 14, 15 and 16 the tax with which a trust or a bankrupt's estate shall be charged on income for a charge year shall be calculated at the relevant rates specified for such income in the Table appropriate to such charge year contained in Annexure "D" to this Schedule.

[As amended by Act [No. 16 of 1972](#)]

12A. ***

[Repealed by Act [No. 7 of 1996](#)]

13. ***

[Repealed by Act [No. 7 of 1996](#)]

14. Management and consultant fees

Subject to the provisions of any agreement made under section seventy-four, the tax with which a person shall be charged for a charge year on Management or Consultancy fees which the Commissioner-General is prohibited from including in an assessment under the provisos to subsection (1) of section sixty-three, shall be at the rate specified in the Table appropriate to that charge year as set forth in Annexure "K" to this Schedule.

[As amended by Acts No. 4 of 1993 and No. 2 of 1995]

15. Interest and royalties

Subject to the provisions of any agreement made under section seventy-four, the tax with which a person shall be charged for a charge year on interest and royalties which the Commissioner-General is prohibited from including in an assessment under the provisos to subsection (1) of section sixty-three, shall be at the rate specified in the Table appropriate to such charge year contained in Annexure "G" to this Schedule.

[As amended by Acts No. 16 of 1972, No. 11 of 1993, No. 2 of 1995 and No. 7 of 1996]

16. Dividends

Subject to the provisions of any agreement made under section seventy-four, the tax with which a person shall be charged for a charge year in the case of a person who is not resident in the Republic or a Company incorporated in the Republic on dividends which the Commissioner-General is prohibited from including in an assessment under the provisions of sub-paragraphs (i) and (ii) of the proviso to subsection (1) of section sixty-three shall be at the rate specified in the Table appropriate to such charge year contained in Annexure "H" to this Schedule.

[As amended by Act [No. 10 of 1979](#)]

Annexures

- A Personal Allowances Deduction.
- B Rates for Individuals, Parts I, II, III, IV and V.
- C Rates for Persons other than Individuals, Trusts, Deceased's and Bankrupt's Estate.
- D Rates for Trusts, Deceased's Estates and Bankrupt's Estate.
- E Rates for Public Entertainment Fees.
- F Rates for Large Scale Mining.
- G Rates for Interest and Royalties.
- H Rates for Dividends.
- I Rates for Rents.
- J Rates for Contractors and Suppliers (under section eighty-one A)

K Rates for Management and Consultancy Fees

Annexure "A"**Part I – Personal allowance deduction****(Paragraph 9)**

Table 1 with effect from 1st April, 1969

(a)	Married allowance under paragraph 2	K1,300
(b)	Family allowance under paragraph 3 (subject to apportionment pursuant to sub-paragraph (3) of paragraph 3)	K450
(c)	Single allowance under paragraph 4	K450
(d)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K180
(e)	Insurance allowance under paragraph 6 20% of premiums up to maximum allowance of	K300
(f)	Non-resident allowance under paragraph 6	K600

Table 2 with effect from 1st April, 1971

(a)	Married allowance under paragraph 2	K1,300
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(b)	Family allowance under paragraph 3 (subject to apportionment pursuant to sub-paragraph (3) of paragraph 3)	K450
(c)	Single allowance under paragraph 4	K500
(d)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K180
(e)	Insurance allowance under paragraph 6 20% of premiums up to maximum allowance of	K300
(f)	Non-resident allowance under paragraph 6	K400
(g)	Handicapped persons allowance under paragraph 8A	K400

Table 3 with effect from 1st April, 1972

(a)	Married allowance under paragraph 2	K1,000
(b)	Single allowance under paragraph 4	K500
(c)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K180
(d)	Insurance allowance under paragraph 6 20% of premiums up to maximum allowance of	K300

(e)	Handicapped persons allowance under paragraph 8A	K600
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[As amended by Act No. 16 of 1972]

Table 4 with effect from 1st April, 1975

(a)	Married allowance under paragraph 2	K1,000
(b)	Single allowance under paragraph 4	K500
(c)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K200
(d)	Insurance allowance under paragraph 6 20% of premiums up to maximum allowance of	K300
(e)	Handicapped persons allowance under paragraph 8A	K500

[As amended by Act No. 11 of 1975]

Table 5 with effect from 1st April, 1978

(a)	Married allowance under paragraph 2	K1,000
(b)	Single allowance under paragraph 4	K500
(c)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K225

(d)	Insurance allowance under paragraph 6 20% of premiums up to maximum allowance of	K500
(e)	Handicapped persons allowance under paragraph 8A	K500

[As amended by Act No. 9 of 1978]

Table 6 with effect from 1st April, 1979

(a)	Married allowance under paragraph 2	K1,000
(b)	Single allowance under paragraph 4	K500
(c)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K225
(d)	Insurance allowance under paragraph 6 20% of premiums up to maximum allowance of	K300
(e)	Handicapped persons allowance under paragraph 8A	K500

[As amended by Act No. 10 of 1979]

Table 7 with effect from 1st April, 1981

(a)	Married allowance under paragraph 2	K1,500
(b)	Single allowance under paragraph 4	K600

(c)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K225
(d)	Insurance allowance under paragraph 6 20% of premiums up to maximum allowance of	K400
(e)	Handicapped persons allowance under paragraph 8A	K500

[As amended by Act [No. 10 of 1981](#)]

Table 8 with effect from 1st April, 1984

(a)	Married allowance under paragraph 2	K1,700
(b)	Single allowance under paragraph 4	K650
(c)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K325
(d)	Insurance allowance under paragraph 6 The amount of premiums up to maximum of	K600
(e)	Handicapped persons allowance under paragraph 8A	K600

[As amended by Act [No. 12 of 1982](#)]

Table 9 with effect from 1st April, 1984

(a)	Married allowance under paragraph 2	K1,700
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(b)	Single allowance under paragraph 4	K650
(c)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K325
(d)	Insurance allowance under paragraph 6 The amount of premiums up to maximum of	K400
(e)	Handicapped persons allowance under paragraph 8A	K600

[As amended by Act [No. 11 of 1984](#)]

Table 10 with effect from 1st April, 1985

(a)	Married allowance under paragraph 2	K2,100
(b)	Single allowance under paragraph 4	K900
(c)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K325
(d)	Insurance allowance under paragraph 6 The amount of premiums up to maximum of	K400
(e)	Handicapped persons allowance under paragraph 8A	K600

[As amended by Act [No. 11 of 1985](#)]

Table 11 with effect from 1st April, 1986

(a)	Married allowance under paragraph 2	K2,100
(b)	Single allowance under paragraph 4	K900
(c)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K330
(d)	Insurance allowance under paragraph 6 The amount of premiums up to maximum of	K400
(e)	Handicapped persons allowance under paragraph 8A	K600

[As amended by Act [No. 8 of 1986](#)]

Table 12 with effect from 1st April, 1987

(a)	Married allowance under paragraph 2	K4,600
(b)	Single allowance under paragraph 4	K1,800
(c)	Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5)	K330
(d)	Insurance allowance under paragraph 6 The amount of premiums up to maximum of	K800
(e)	Handicapped persons allowance under paragraph 8A	K600

[As amended by Act [No. 14 of 1987](#)]

Table 13 with effect from 1st April, 1989

(a)	Primary allowance under paragraph 2	K6,000
(b)	Insurance allowance under paragraph 6 The amount of premiums up to maximum of	K800
(c)	Handicapped persons allowance under paragraph 8A	K600

[As amended by Act [No. 28 of 1989](#)]

Table 14 with effect from 1st April, 1990

(a)	Primary allowance under paragraph 2	K12,000
(b)	Insurance allowance under paragraph 6 The amount of premiums up to maximum of	K800
(c)	Handicapped persons allowance under paragraph 8A	K600

[As amended by Act [No. 33 of 1989](#)]

Part II – Individual tax credit

(Paragraph 9A)

Table 1 with effect from 1st April, 1993

Primary allowance under sub-paragraph 9A (1)	K72,000
Tax credit under sub-paragraph 9A(2) and 9A(3)	K13,000

[As amended by Act [No. 11 of 1992](#)]

Table 2 with effect from 1st April, 1993

Individual tax credit under sub-paragraph 9(1)	K45,000
--	---------

Table 3 with effect from 1st April, 1995

Individual tax credit under sub-paragraph 9(1)	K60,000
--	---------

Annexure "B"

Part I

(Sub-paragraph 10(1)(a))

	Rate <i>per centum</i>
Lump sum payments	10

Part II

(Sub-paragraphs 10(1)(b), (c), (d) and (e))

Table 1 with effect from 1st April, 1969

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

The part of the balance of such income that—

does not exceed K500	7.5
exceeds K500 but does not exceed K1,000	10.0
exceeds K1,000 but does not exceed K1,500	12.5
exceeds K1,500 but does not exceed K2,000	15.0
exceeds K2,000 but does not exceed K2,500	20.0
exceeds K2,500 but does not exceed K4,000	30.0

exceeds K4,000 but does not exceed K6,000	35.0
exceeds K6,000 but does not exceed K8,500	40.0
exceeds K8,500 but does not exceed K10,500	50.0
exceeds K10,500	60.0

Table 2 with effect from 1st April, 1978

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

The part of the balance of such income that—

does not exceed K500	7.5
exceeds K500 but does not exceed K1,000	10.0
exceeds K1,000 but does not exceed K1,500	12.5
exceeds K1,500 but does not exceed K2,000	15.0
exceeds K2,000 but does not exceed K2,500	20.0
exceeds K2,500 but does not exceed K4,000	30.0
exceeds K4,000 but does not exceed K6,000	35.0
exceeds K6,000 but does not exceed K8,500	40.0
exceeds K8,500 but does not exceed K10,500	50.0
exceeds K10,000 but does not exceed K20,000	60.0
exceeds K20,000 but does not exceed K25,000	70.0
exceeds K25,000 but does not exceed K30,000	80.0
exceeds K30,000	90.0

[As amended by Act [No. 26 of 1970](#)]

Table 3 with effect from 1st April, 1971

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

The part of the balance of such income that—

does not exceed K500	7.5
exceeds K500 but does not exceed K1,000	10.0
exceeds K1,000 but does not exceed K1,500	12.5
exceeds K1,500 but does not exceed K2,000	15.0
exceeds K2,000 but does not exceed K2,500	20.0
	<i>Rate per centum</i>
exceeds K2,500 but does not exceed K4,000	30.0
exceeds K4,000 but does not exceed K6,000	35.0
exceeds K6,000 but does not exceed K8,500	40.0
exceeds K8,500 but does not exceed K10,000	50.0
exceeds K10,000 but does not exceed K15,000	60.0
exceeds K15,000 but does not exceed K20,000	70.0
exceeds K20,000	75.0

[As amended by Act [No. 17 of 1971](#)]

Table 4 with effect from 1st April, 1973

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

The part of the balance of such income that—

does not exceed K1,000	10.0
exceeds K1,000 but does not exceed K2,000	20.0

exceeds K2,500 but does not exceed K4,000	30.0
exceeds K4,000 but does not exceed K6,000	40.0
exceeds K6,000 but does not exceed K8,000	50.0
exceeds K8,000 but does not exceed K10,000	60.0
exceeds K10,000 but does not exceed K12,000	65.0
exceeds K12,000 but does not exceed K16,000	70.0
exceeds K16,000	75.0

[As amended by Act [No. 11 of 1973](#)]

Table 5 with effect from 1st April, 1974

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

The part of the balance of such income that—

does not exceed K500	5.0
exceeds K500 but does not exceed K2,000	10.0
exceeds K2,000 but does not exceed K4,000	20.0
exceeds K4,000 but does not exceed K6,000	30.5
exceeds K6,000 but does not exceed K8,000	40.0
exceeds K8,000 but does not exceed K10,000	50.0
exceeds K10,000 but does not exceed K12,00	60.0
exceeds K12,000	70.0

[As amended by Act [No. 11 of 1974](#)]

Table 6 with effect from 1st April, 1976

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

The part of the balance of such income that—

does not exceed K500	5.0
exceeds K500 but does not exceed K2,000	10.0
exceeds K2,000 but does not exceed K4,000	22.5
exceeds K4,000 but does not exceed K6,000	32.5
exceeds K6,000 but does not exceed K8,000	45.0
exceeds K8,000 but does not exceed K10,000	55.0
exceeds K10,000 but does not exceed K12,000	65.0
exceeds K12,000	75.0

[As amended by Act [No. 14 of 1976](#)]

Table 7 with effect from 1st April, 1977

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

The part of the balance of such income that—Rate *per centum*

does not exceed K500	5.0
exceeds K500 but does not exceed K2,000	10.0
exceeds K2,000 but does not exceed K4,000	25.0
exceeds K4,000 but does not exceed K6,000	35.0
exceeds K6,000 but does not exceed K8,000	45.0
exceeds K8,000 but does not exceed K10,000	55.0
exceeds K10,000 but does not exceed K12,000	65.0
exceeds K12,000	75.0

[As amended by Act [No. 9 of 1977](#)]

Table 8 with effect from 1st April, 1979

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

The part of the balance of such income that—

does not exceed K1,000	5.0
exceeds K1,000 but does not exceed K2,000	10.0
exceeds K2,000 but does not exceed K4,000	20.0
exceeds K4,000 but does not exceed K6,000	30.0
exceeds K6,000 but does not exceed K8,000	45.0
exceeds K8,000 but does not exceed K10,000	55.0
exceeds K10,000 but does not exceed K12,000	65.0
exceeds K12,000	70.0

[As amended by Act [No. 10 of 1979](#)]

Table 9 with effect from 1st April, 1981

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

The part of the balance of such income that—

does not exceed K1,000	5.0
exceeds K1,000 but does not exceed K2,500	10.0
exceeds K2,500 but does not exceed K4,000	15.0
exceeds K4,000 but does not exceed K6,500	20.0
exceeds K6,500 but does not exceed K9,000	30.0
exceeds K9,000 but does not exceed K12,000	45.0
exceeds K12,000 but does not exceed K15,000	60.0

exceeds K15,000 but does not exceed K20,000	70.0
exceeds K20,000 but does not exceed K25,000	75.0
exceeds K25,000	80.0

[As amended by Act [No. 10 of 1981](#)]

Table 10 (without inducement allowance) with effect from 1st April, 1986

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

The part of the balance of such income that—

does not exceed K2,000	5.0
exceeds K2,000 but does not exceed K5,500	15.0
exceeds K5,500 but does not exceed K10,000	25.0
exceeds K10,000 but does not exceed K15,500	35.0
exceeds K15,500 but does not exceed K22,000	45.0
	<i>Rate per centum</i>
exceeds K22,000 but does not exceed K30,000	55.0
exceeds K30,000 but does not exceed K40,000	60.0
exceeds K40,000	65.0

[As amended by Act [No. 8 of 1986](#)]

Part II

(Paragraph 10(3))

Table 11 (with inducement allowance) with effect from 1st April, 1986

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

does not exceed K2,000	10.0
exceeds K2,000 but does not exceed K5,500	25.0
exceeds K5,500 but does not exceed K10,000	40.0
exceeds K10,000 but does not exceed K15,500	55.0
exceeds K15,500 but does not exceed K22,000	65.0
exceeds K22,000 but does not exceed K30,000	70.0
exceeds K30,000	75.0

[As amended by Act [No. 8 of 1986](#)]

Table 12 (without inducement allowance) with effect from 1st April, 1988

Balance of income charged either under sub-paragraphs 10(1)(b), (c), (d) and (e) but excluding income charged under sub-paragraph 10(1)(a):

does not exceed K2,000	5.0
exceeds K2,000 but does not exceed K4,500	10.0
exceeds K4,500 but does not exceed K8,000	15.0
exceeds K8,000 but does not exceed K12,500	25.0
exceeds K12,000 but does not exceed K17,000	35.0
exceeds K17,000 but does not exceed K23,000	40.0
exceeds K23,000 but does not exceed K30,000	45.0
exceeds K30,000 but does not exceed K40,000	55.0
exceeds K40,000	60.0

[As amended by Act No. ?? of 1988]

Table 13 (without inducement allowance) with effect from 1st April, 1990

The balance of income that—

does not exceed K5,000	5.0
exceeds K5,000 but does not exceed K15,000	10.0
exceeds K15,000 but does not exceed K30,000	20.0
exceeds K30,000 but does not exceed K50,000	30.0
exceeds K50,000 but does not exceed K70,000	40.0
exceeds K70,000 but does not exceed K100,000	45.0
exceeds K100,000	50.0

[As amended by Acts No. 33 of 1989 and No. 12 of 1991]

Table 14 with effect from 1st April, 1992

The balance of income that—

does not exceed K50,000	15.0
exceeds K50,000 but does not exceed K100,000	25.0
exceeds K100,000	35.0

[As amended by Act [No. 11 of 1992](#)]

Table 15 with effect from 1st April, 1993

The balance of income that—Rate *per centum*

does not exceed K600,000	15.0
exceeds K600,000 but does not exceed K900,000	25.0
exceeds K900,000	35.0

Table 16 with effect from 1st April, 1995

The balance of income that—

does not exceed K900,000	15.0
exceeds K900,000 but does not exceed K1,200,000	25.0
exceeds K1,200,000	35.0

[As amended by Act No. 7 of 1996]

Table 17 with effect from 1st April, 1996

The balance of income that—

does not exceed K1,200,000	10.0
exceeds K1,200,000 but does not exceed K1,800,000	20.0
exceeds K1,800,000	30.0

[As amended by Act No. 7 of 1996]

Annexure "C"

Rates for persons other than individuals, trusts, deceaseds' estate and bankrupts' estate

(Paragraph 11)

Table 1 with effect from 1st April, 1968

So much of income as—	
does not exceed K200,000	37.5
exceeds K200,000	45.5

Table 2 with effect from 1st April, 1969

	45.0
--	------

[As amended by Act No. 26 of 1970]

Table 3 with effect from 1st April, 1976

	50.0
--	------

[As amended by Act [No. 9 of 1977](#)]

Table 4 with effect from 1st April, 1981

[As amended by Act [No. 10 of 1979](#)]

Table 5 with effect from 1st April, 1981

	50.0
--	------

[As amended by Act [No. 10 of 1981](#)]

Table 6 with effect from 1st April, 1981

	45.0
--	------

[As amended by Act [No. 12 of 1982](#)]

Table 7 with effect from 1st April, 1984

	50.0
--	------

[As amended by Act [No. 8 of 1986](#)]

Table 8 with effect from 1st April, 1986

Manufacturing company	35.0
Others	45.0

[As amended by Act [No. 14 of 1987](#)]

Table 10 with effect from 1st April, 1989

On income from manufacturing	40.0
On other income	45.0
On income of all banks registered under the Banking and Financial Services Act:	
(i) on income up to K10,000,000	45.0

(ii) on income in excess of K10,000,000	52.5
---	------

Table 11 with effect from 1st April, 1991 Rate *per centum*

On income from manufacturing and other income	45.0
On income of all banks registered under the Banking and Financial Services Act:	
(i) on income up to K10,000,000	45.0
(ii) on income in excess of K10,000,000	52.5

[As amended by Act [No. 29 of 1990](#)]

Table 12 with effect from 1st April, 1992

On income from manufacturing and other income	40.0
On income of all banks registered under the Banking and Financial Services Act:	
(i) on income up to K10,000,000	40.0
(ii) on income in excess of K10,000,000	45.0

[As amended by Act [No. 11 of 1992](#)]

Table 13 with effect from 1st April, 1994

On income from manufacturing and other income	35.0
On income of all banks registered under the Banking and Financial Services Act:	
(i) on income up to K100,000,000	35.0
(ii) on income in excess of K100,000,000	45.0

[As amended by Act [No. 4 of 1993](#)]

Table 14 with effect from 1st April, 1996

On income from LUSE listed companies	30.0
--------------------------------------	------

On income from manufacturing and other companies	35.0
On income of all banks registered under the Banking and Financial Services Act:	
(i) on income up to K100 million	35.0
(ii) on income in excess of K100 million	45.0

[As amended by Act [No. 7 of 1996](#)]

Annexure "D"

Rates for trusts, deceaseds' estates and bankrupts' estates

(Paragraph 12)

Table 1 with effect from 1st April, 1969

The income of—

a trust	35.0
the estate of deceased person	35.0
the estate of a bankrupt	35.0

Table 2 with effect from 31st January, 1993

The income of—

(1)	a trust	35.0
(2)	a deceased's estate:	
	first K5,000,000	Nil
	next K250,000	5.0
	balance	10.0
(3)	a bankrupts' estate	35.0

Table 3 with effect from 1st April, 1996

The income of—

(i)	a trust	35.0
(ii)	a bankrupt's estate	35.0

Annexure "E"**Rates for public entertainment fees**

Table 1 with effect from 1st April, 1971

	15.0
--	------

Table 2 with effect from 1st April, 1977

	30.0
--	------

[As amended by Act [No. 9 of 1977](#)]

Table 3 with effect from 1st April, 1993

	Rate <i>per centum</i>
	10.0

[As amended by Act No. 26c of 1970]

Table 4 ***

*[Repealed by Act [No. 7 of 1996](#)]***Annexure "F"***[Repealed by Act [No. 7 of 1996](#)]***Annexure "G"****Rates for withholding tax on interest and royalties**

Table 1 with effect from 1st April, 1971

	10.0
--	------

[As amended by Acts No. 17 of 1971 and No. 16 of 1972]

Table 2 with effect from 26th January, 1973

	20.0
--	------

[As amended by Act [No. 11 of 1973](#)]

Table 3 with effect from 1st April, 1977

	30.0
--	------

[As amended by Act [No. 9 of 1977](#)]

Table 4 with effect from 1st April, 1985

Royalties	30.0
Interest	15.0

[As amended by Act [No. 11 of 1985](#)]

Table 5 with effect from 1st April, 1992

Royalties	10.0
Interest	10.0

[As amended by Act [No. 11 of 1992](#)]

Table 6 with effect from 1st April, 1993

Royalties	10.0
Interest	10.0

[As amended by Act [No. 4 of 1993](#)]

Table 7 with effect from 1st August, 1995

Royalties	25.0
Interest	25.0

[As amended by Act [No. 18 of 1995](#)]

Table 8 with effect from 1st August, 1996

Royalties	15.0
Interest	15.0

Annexure "H"

Rates for dividends which the Commissioner-General is prohibited from including in an assessment

Table 1 with effect from 1st April, 1972

	15.5
--	------

[As amended by Acts [No. 16 of 1972](#) and [No. 10 of 1979](#)]

Table 2 with effect from 26th January, 1973

	20.0
--	------

[As amended by Act [No. 11 of 1973](#)]

Table 3 with effect from 1st April, 1984

Companies and non-resident shareholders	20.0
Resident shareholders	35.0

[As amended by Act [No. 11 of 1984](#)]

Table 4 with effect from 1st April, 1985Rate per centum

Companies and non-resident shareholders	20.0
---	------

Resident shareholders	30.0
-----------------------	------

[As amended by Act No. 11 of 1985]

Table 5 with effect from 1st April, 1991

Resident companies	15.0
Non-resident shareholders	20.0
Resident individual shareholders	30.0

[As amended by Act No. 29 of 1990]

Table 6 with effect from 1st April, 1993

Resident shareholders	10.0
Non-resident shareholders not covered by Treaty	10.0
Non-resident shareholders covered by Treaty	Applicable Treaty rate

[As amended by Act No. 4 of 1993]

Table 7 with effect from 1st August, 1995

Resident shareholders	25.0
Non-resident shareholders not covered by Treaty	25.0
Non-resident shareholders covered by Treaty	25.0

[As amended by Act No. 18 of 1995]

Table 8 with effect from 1st April, 1996

Resident shareholders	15.0
Non-resident shareholders not covered by Treaty	15.0
Non-resident shareholders covered by Treaty	15.0

Annexure "I"**Rates for deduction of tax from rent under section 82A**

Table 1 with effect from 1st April, 1984

	35.0
--	------

[As amended by Act [No. 11 of 1984](#)]

Table 2 with effect from 1st April, 1985

	15.0
--	------

[As amended by Act [No. 11 of 1985](#)]

Table 3 with effect from 1st April, 1989

	25.0
--	------

[As amended by Act [No. 28 of 1988](#)]

Table 4 with effect from 1st April, 1993

	10.0
--	------

[As amended by Act [No. 2 of 1993](#)]

Table 5 with effect from 1st August, 1995

	25.0
--	------

[As amended by Act [No. 2 of 1995](#)]

Table 6 with effect from 1st April, 1996

	15.0
--	------

[As amended by Act [No. 7 of 1996](#)]

Annexure "J"**Rates for withholding tax under section 81A and 81B**

Table 1 with effect from 1st April, 1989

	25.0
--	------

[As amended by Act [No. 28 of 1988](#)]

Table 2 with effect from 1st April, 1992

	15.0
--	------

[As amended by Act [No. 11 of 1992](#)]

Table 3 with effect from 1st April, 1993

	10.0
--	------

[As amended by Act [No. 4 of 1993](#)]

Table 4 with effect from 1st April, 1994

	10.0
--	------

[As amended by Acts [No. 14 of 1994](#) and [No. 7 of 1996](#)]

Annexure "K"**Rates for withholding tax under section 82A**

Table 1 with effect from 1st April, 1995

	Rate per centum
	10.0

[As amended by Act [No. 2 of 1995](#)]

Table 2 with effect from 1st August, 1995

	25.0
--	------

[As amended by Act [No. 27 of 1995](#)]

Table 3 with effect from 1st April, 1996

	15.0
--	------

[As amended by Act [No. 7 of 1996](#)]

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