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Tax overview for 2017 Charge Year

**Your business and
personal tax advisor**

Introductory

About HLB

HLB Zambia is a member of HLB International of the UK the 12th largest accounting and business adviser's network in world (www.hlb.com). We are a firm of registered Chartered Accountants involved with the provision of the following services

- Tax agency services
- Tax health checks
- ZRA Tax administration and negotiations
- International tax management / transfer pricing compliance and documentation
- Payroll and accounting services
- Tax planning
- Audit services
- Monthly accounting services
- Internal audit services
- Compilation report
- Management accounts and cash flow projections
- Consulting and business advisory
- Human resource and immigration services
- Corporate services (Capital raising, company incorporation e.t.c)

Zambian Taxes

Pay As You Earn (PAYE)

2017		2016	
Income Tax Bands	Rates	Income Tax Bands	Rates
First K 3, 300	0.00%	First K 3, 000	0.00%
Next K 800	25.00%	Next K 800	25.00%
Next K 2, 100	30.00%	Next K 2, 100	30.00%
Above K 6, 200	37.50%	Above K 5, 900	35.00%

Skills development levy has been introduced effective 1st January 2017 and to be computed at the rate of 0.5% of total emoluments taxable on the employer.

Property Transfer Tax

- Land (including buildings, structures or improvements) 5%
- Shares 5%
- Mining Rights/ interest in mining rights 10%

Value Added Tax (VAT)

The current rates of VAT are as indicated below;

- Standard rated 16%
- Zero rated 0%
- Exempt VAT not applicable

The time to claim input VAT has reduced to 3 months from 6 months.

Advance income tax

The rate for advance income tax is 15% an increase from 6% in 2016.

Corporation tax rates

Industry		Rates
Mineral processing		30%
Farming		10%
Manufacturing & other companies		35%
Banking and financial services		35%
Telecommunication	Up to K 250, 000	35%
Telecommunication	Above K 250, 000	40%
Non traditional exports		15%
Agro processing		10%
Chemical manufacture of fertiliser		15%
Organic manufacture of fertiliser		15%
Public benefit organisation (on income from other business)		15%
Insurance		35%
Mineral royalty – precious stones or gemstones		6%
Mineral royalty on base metals	Price based	4% - 6%

Turnover tax

Monthly Revenue	2017	2016
K 1 - K 4, 200	K 100 per month + 3% of monthly turnover > K 3, 000	3% of Turnover
K 4, 200 - K 8, 300	K 255 per month + 3% of monthly turnover > K 4, 200	3% of Turnover
K 8, 300 - K 12, 500	K 400 per month + 3% of monthly turnover > K 8,300	3% of Turnover
K 12, 500 - K 16, 500	K 575 per month + 3% of monthly turnover > K 12 500	3% of Turnover
K 16, 500 - K 20, 800	K 800 per month + 3% of monthly turnover> K 16 500	3% of Turnover
Above K 20, 800	K 1, 025 per month + 3% of monthly turnover> K 20, 800	3% of Turnover

Withholding Taxes (WHT)

• Rental income including statutory bodies	10% Final tax
• Interest	15% (Individuals 0%)
• Royalties	20% (Resident 15%)
• Commission paid to non resident	20% (Resident 15%)
• Dividends and branch profits distribution	15%
• Dividends declared from farming	0% (First 5 years)
• Non resident hauliers and contractors	20%
• Public entertainment fees	20% Final tax
• Management fees – non resident	20%
• Consultancy (foreign)	20% (Resident 15%)

Excise duty

- Increased on airtime to 17.5% from 15%
- Raised the specific excise duty on cigarettes from K 200 per mille to K 240 per mille and remove the ad-valorem rate of 145%
- (Modified) the excise duty collected on opaque beer to include presumptive rates.

Customs duty

- Increased customs duty from 5% to 15% on spare parts for various machinery and equipment.
- Introduced import duty on copper concentrates at the rate of 7.5%
- Increased customs duty on plastic shopping bags from 25% to 40%
- Suspended customs duty on various aquaculture implements for a period of three years, and removed the 25% customs duty on fittings used for irrigation.
- Revised upwards the motor vehicle carbon tax rates.

Due Dates and Penalties

Tax Type	Due Dates		Penalties	
	2017	2016	Late Submission	Late Payment
PAYE	10th of the following month	14th of the following month	600 Per month late	5% of the tax due
VAT	16th of the following month	21st of the following month	Higher of 0.5% or K 300 per day.	0.5% per day late.
Turnover tax	14th of the following month	14th of the following month	K 150 per month late	
Corporate Income Tax	21st June after the charge year.	30th June after the charge year.	K 600 Per month late	5% of the tax due
WHT	14th of the following month	14th of the following month	K 600 Per month late	5% of the tax due
Provisional Tax return	31st March, 2017 and could be revised quarterly.	31st March, 2016 and could be revised quarterly.	K 600 Per month late	
Provisional tax - Payments	14th April 14th July 14th October 14th January	14th April 14th July 14th October 14th January		5% of the tax due

NOTES

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For further information contact:

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