

THE RE-DENOMINATION OF CURRENCY ACT, 2012

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GOVERNMENT OF ZAMBIA

ACT

No. 8 of 2012

Date of Assent: 23rd November, 2012.

An Act to provide for the re-denomination of the existing currency; effective date of application of the re-denominated currency; circulation of the existing currency and re-denominated currency; display of prices in both the existing and re-denominated currency during the effective period; application of the re-denominated currency to acts performed under legal instruments; treatment of debt obligations and rounding off rules; technological adaptation connected with the re-denominated currency; and matters connected with, or incidental to, the foregoing.

[3rd December, 2012

ENACTED by the Parliament of Zambia.

Enactment

PART I

PRELIMINARY

1. This Act may be cited as the Re-Denomination of Currency Act, 2012.

Short title

2. (1) This Act shall apply to all currency transactions using the legal tender.

Application and binding of Republic

(2) This Act shall bind the Republic.

3. In this Act, unless the context otherwise requires—

Interpretation

“appointed date” means 1st January, 2013;

“Bank” means the Bank of Zambia established under the Bank of Zambia Act;

Act No. 43 of 1996

“circulation” means the supply of currency notes and coins to financial institutions and consumers by the Bank;

“effective period” means the period commencing 1st January, 2013 and ending 30th June, 2013;

“existing currency” means the legal tender in circulation prior to the appointed date which shall remain in circulation until the expiry date;

“expiry date” means the 30th June, 2013;

“financial service provider” means a bank, financial institution and financial business registered in terms of the Banking and Financial Services Act;

Cap. 387

“legal instrument” means a document with legal effect;

“legal tender” means the notes or coins made by or issued under the authority of the Bank;

“re-denomination” means the process of converting the existing currency whereby the face value of bank notes and coins is divided by a multiplicand of one thousand;

“re-denominated currency” means the legal tender which is effective from the appointed date; and

“supervisory authority” means—

Cap. 321

(a) the Zambia Revenue Authority established under the Zambia Revenue Authority Act;

Act No. 15 of 2010

(b) the Registrar of Companies appointed under the Patents and Companies Registration Agency Act, 2010;

Cap. 387

(c) the Registrar of Banks and Financial Institutions appointed under the Banking and Financial Services Act;

Cap. 255

(d) the Registrar of Pensions and Insurance appointed under the Pension Scheme Regulation Act;

Cap. 354

(e) the Secretary appointed under the Securities Act;

Cap. 119

(f) the Registrar of Societies appointed under the Societies Act;

Act No. 20 of 1998

(g) the Registrar of Co-operatives appointed under the Co-operative Societies Act, 1998; and

(h) such other authority as the Bank may, for purposes of this Act, designate as a supervisory authority or which may be established by law as a supervisory authority.

PART II

RE-DENOMINATION OF CURRENCY

4. (1) The existing currency shall be re-denominated as provided under this section. Re-denomination of Kwacha
- (2) The re-denomination of the existing currency shall be done by dividing the nominal value of the existing currency by a multiplicand of one thousand so that one thousand Kwacha shall yield a face value of one Kwacha.
- (3) The re-denominated currency shall become legal tender from the appointed date.
- (4) From the appointed date the existing currency shall be exchanged for the re-denominated currency in accordance with directives issued by the Bank.
- (5) The exchange of currency under subsection (4) shall be made at a financial service provider or other institution designated by the Bank and at any place designated by the Bank for that purpose.
5. The exchange of the existing currency for the re-denominated currency shall be done free of charge. Prohibition of charges for exchange
6. (1) On the appointed date, the Bank shall place the re-denominated currency into circulation. Circulation of re-denominated and existing currency
- (2) Notwithstanding anything contained in this Act or any other written law, the existing currency shall continue to be legal tender until the expiry date after which it shall cease to be legal tender.
- (3) Subject to subsection (2), the value of the existing currency shall, until the expiry date, be calculated in accordance with subsection (2) of section *four*.
7. Institutions engaged in the exchange of the existing currency for the re-denominated currency shall establish appropriate risk management systems and take adequate measures to address money laundering, financing of terrorism and any other serious offence. Risk management and money laundering
8. (1) During the effective period, the prices and tariffs of goods and services shall be displayed in both the existing and re-denominated currency. Display of prices and symbols

(2) The symbol for the re-denominated currency during the effective period shall be “KR” for purposes of dual display of prices for goods and services.

Treatment of subsisting obligations

9. (1) The value of goods, services, rights and obligations existing prior to the appointed date shall be expressed to reflect the re-denominated currency.

(2) From the appointed date, any person, entity or institution that maintains records relating to the value of goods, services, proprietary rights and obligations shall record the values or cause them to be recorded in the re-denominated currency.

(3) From the appointed date, any amount expressed in the existing currency provided for in an Act of Parliament enacted prior to the appointed date shall be deemed to be an amount expressed in the re-denominated currency.

(4) From the appointed date, a reference to the existing currency in any circular, guideline, directive or legal instrument shall be deemed to be a reference to the re-denominated currency.

Presentation of financial statements

10. From the appointed date, financial statements for the period prior to the appointed date shall be prepared in the existing currency and all balances brought forward from that period shall be converted into the re-denominated currency.

Re-denomination not to constitute basis for non-performance of contract

11. (1) A party to a contract shall not rely on the fact of the re-denomination of currency as an event of frustration or *force majeure* so as to constitute a reason or excuse for the non-performance or breach of a contract or payment of compensation.

(2) The re-denomination of the currency shall not, for the purposes of this Act or any other written law, be relied upon as an unforeseeable event relating to the time when an existing contract was entered into.

Validity of act performed under legal instrument

12. (1) An act to be performed under a legal instrument shall continue to be a valid act after the re-denomination of the currency and shall be given legal effect.

(2) In this section, “acts to be performed” includes all acts which are governed by statutory obligations, the submission of tax declarations, the publication of accounts and the registration of legal instruments.

13. (1) An amount converted from the existing currency to the re-denominated currency shall be rounded off to two decimal places unless otherwise provided in this Act. Rounding off

(2) The rounding off referred to in subsection (1) shall be as follows:

(a) where the third decimal of an amount converted to the re-denominated currency is equal to or higher than five, the second decimal shall be raised by one unit; and

(b) where the third decimal of an amount converted to the re-denominated currency is lower than five, the second decimal shall remain unchanged.

(3) Wages, salaries, pensions, retirement funds, personal emoluments and other social benefits of employees accrued in the existing currency which are paid after the appointed date shall, if rounded off in accordance with subsection (1), be rounded upwards.

14. Any difference caused by the rounding off of an amount in any accounting process shall be incorporated into the results of the financial year to which the accounting process is applied in accordance with generally accepted accounting principles. Accounting for rounding off differences

PART III

GENERAL PROVISIONS

15. A person, entity or institution shall, from the appointed date, ensure that technological systems and infrastructure are adjusted so that all transactions made and referring to the existing currency are expressed in the re-denominated currency. Technological adaptation

16. (1) The Bank may, in conjunction with any supervisory authority, carry-out inspections of business entities to ensure compliance with this Act. Inspections

(2) The Bank may require a business entity to provide compliance reports on their state of readiness for the re-denominated currency.

17. (1) A person shall not exchange existing currency for re-denominated currency in contravention of this Act. General offence and penalty

(2) A person who breaches any condition or requirement under this Act or contravenes subsection (1) commits an offence and is liable, upon conviction, to a fine not exceeding five hundred thousand penalty units or to imprisonment for a period not exceeding five years, or to both.

Directives
and
guidelines by
Bank

18. (1) The Bank may, by *Gazette* notice, in the exercise of its functions under this Act, issue guidelines or directives as are necessary for the better carrying out of the provisions of this Act.

(2) The Bank may, in consultation with supervisory authorities, make sector specific guidelines or directives as are necessary for the better carrying out of the provisions of this Act.

Regulations

19. (1) The Minister may, by statutory instrument, in consultation with the Bank, make regulations that are necessary to give effect to the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), the regulations made thereunder may prescribe offences and penalties for contravention of, or failure to comply with, the regulations made pursuant to this Act, not exceeding a fine of five hundred thousand penalty units or a period of imprisonment not exceeding five years, or both.
