

**THE MINES AND MINERALS DEVELOPMENT
(AMENDMENT) BILL, 2016**

MEMORANDUM

The object of this Bill is to amend the Mines and Minerals Development Act, 2015, so as to—

- (a) reduce the rate of mineral royalty for copper extracted from both underground and open cast mining operations to range from four to six percent depending on the prevailing prices;
- (b) reduce the rate of mineral royalty for other base metals to five percent for both underground and open cast mining operations;
- (c) reduce the rate of mineral royalty for energy and industrial minerals to five percent for both underground and open cast mining operations;
- (d) set the rate of mineral royalty for gemstones and precious metals at six percent for both underground and open cast mining operations; and
- (e) provide for matters connected with, or incidental to, the foregoing.

L. KALALUKA,
Attorney-General

N.A.B. 6, 2016
10th March, 2015

A BILL

ENTITLED

An Act to amend the Mines and Minerals Development Act, 2015.

ENACTED by the Parliament of Zambia

Enactment

1. (1) This Act may be cited as the Mines and Minerals Development (Amendment) Act, 2016, and shall be read as one with the Mines and Minerals Development Act, 2015, in this Act referred to as the principal Act.

Short title and commencement

(2) This Act shall come into operation on 1st April, 2016.

2. (1) The principal Act is amended by the deletion of section *eighty-nine* and the substitution therefor of the following:

Amendment of section 89

89. (1) A holder of a mining licence shall pay mineral royalty at the rate of —

Royalties on production of minerals

(a) five percent of the norm value of the base metals produced or recoverable under the licence, except when the base metal is copper;

(b) five percent of the gross value of the energy and industrial minerals produced or recoverable under the licence;

(c) six percent of the gross value of the gemstones produced or recoverable under the licence; and

(d) six percent of the norm value of precious metals produced or recoverable under the licence.

(2) Where the base metal produced or recoverable under the licence is copper, the mineral royalty rate payable is—

N.A.B. 6, 2016

- (a) four percent of the norm value when the norm price of copper is less than four thousand five hundred United States dollars per tonne;
- (b) five percent of the norm value, when the norm price of copper is four thousand five hundred United States dollars 5 per tonne or greater but less than per tonne; and
- (c) six percent of the norm value, when the norm price of copper is six thousand United States dollars per tonne or greater.

(3) A person who is not a holder of a mining licence and who 10 is in possession of minerals extracted in the Republic for which mineral royalty has not been paid is liable to pay mineral royalty at the rates set out in subsections (1) and (2).

(4) Where the Commissioner-General determines that the 15 realised price does not correspond to the price that would have been paid for the minerals if they had been sold on similar terms in a transaction at arm's length, between a willing seller and a willing buyer, the Commissioner-General shall issue a notice to that effect to the licensee and the amount of the gross value shall be determined in accordance with the mechanism contained in sections *ninety-* 20 *seven A to ninety-seven D* of the Income Tax Act.

Cap. 323

(5) In this section—

“ gross value ” means the realised price for a sale, free on 25 board, at the point of export from Zambia or point of delivery within Zambia;

“ norm value ” means—

- (a) the monthly average London Metal Exchange cash price per tonne multiplied by the quantity of the metal or recoverable metal sold;
- (b) the monthly average Metal Bulletin cash price 30 per tonne multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; or
- (c) the monthly average cash price per tonne, at any 35 other exchange market approved by the Commissioner-General, multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or in 40 the Metal Bulletin; and

5 “norm price” means the monthly average—

(a) London Metal Exchange cash price per tonne of the metal or recoverable metal sold;

10 (b) Metal Bulletin cash price per tonne of metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; or

15 (c) cash price per tonne, at any other exchange market approved by the Commissioner-General of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or Metal Bulletin.