

GOVERNMENT OF ZAMBIA

ACT

No. 45 of 2016

Date of Assent: 27th December, 2016

An Act to amend the Income Tax Act.

[27th December, 2016

ENACTED by the Parliament of Zambia.

Enactment

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

Short title and commencement

Cap. 323

(2) This Act shall come into operation on 1st January, 2017.

2. Section 33 (3) of the principal Act is amended by the deletion of the word “ loss ” wherever it appears and the substitution therefor of the words “ capital allowance ”.

Amendment of section 33

3. The principal Act is amended by the insertion, immediately after section 43D, of the following:

Insertion of section 43E

43E. A deduction shall be allowed in ascertaining the gains or profits of a business, of any levy payable and paid for a charge year, in accordance with the provisions of the Skills Development Levy Act, 2016.

Deduction for skills development levy

Act No. of 2016

4. Section 45B (1) of the principal Act is amended in columns 1 and 2—

Amendment of section 45B

(a) by the deletion of the words “ Ministry of Commerce ” and “ import licensing and trade licensing ” respectively and the substitution therefor of the words “ Registration authority ” and “ Company, business name, or other legal entity ” respectively; and

(b) by the insertion, of the words “ Financial Institution ” and “ Account opening and holding ”, respectively.

Amendment of section 46 **5.** Section 46 (3) (a) of the principal Act, is amended by the deletion of the date “ 30th June ” and the substitution therefor of the date “ 21st June ”.

Amendment of section 55 **6.** Section 55 of the principal Act is amended by the insertion, immediately after subsection (3), of the following:

(4) The kwacha against the United States Dollar exchange rate to be used for purposes of translating the books of account referred to in subsection (3) is the average Bank of Zambia mid rate for the accounting period.

Amendment of section 77 **7.** Section 77 (1) of the principal Act is amended by the deletion of the date “ 30th June ” and the substitution therefor of the date “21st June”.

Amendment of section 78 **8.** Section 78 (1) (c) of the principal Act is amended by the deletion of the word “ fourteenth ” and the substitution therefor of the word “ ten ”.

Amendment of section 81B **9.** Section 81B of the principal Act is amended by the insertion of the following immediately after subsection (2):

(2A) A person, institution or authority empowered to register the ownership of a motor vehicle under any written law shall not register the motor vehicle unless the applicant produces a tax clearance certificate.

Amendment of section 98 **10.** Section 98 of the principal Act is amended by the deletion of the words “ ten thousand ” and the substitution therefor of the words “ one hundred thousand ”.

Insertion of section 98A **11.** The principal Act is amended by the insertion of the following immediately after section 98:

Summary imposition of penalties **98A.** (1) The Commissioner-General may, where satisfied that a person has committed an offence for which the penalty does not exceed two hundred thousand penalty units or where a person has admitted the commission of an offence under this Act for which the penalty does not exceed two hundred thousand penalty units, summarily demand from the person the payment of a fine not exceeding one hundred thousand penalty units in respect of the offence.

(2) The Commissioner-General shall, where the Commissioner-General demands a payment under subsection (1), inform the person against whom the demand is made of the right to admit or dispute the liability.

(3) A person from whom payment of a fine has been demanded under subsection (1) may elect to admit liability and pay the fine, or dispute liability.

(4) The payment of a fine shall operate as a bar to any further criminal proceedings against the person making the payment in respect of the offence concerned.

(5) The Commissioner-General on payment of a fine shall give a receipt to the person making the payment in such form as may be prescribed.

12. Section 102 (1) of the principal Act is amended by the deletion of the words “ thirty thousand ” and the substitution therefor of the words “ three hundred thousand”.

Amendment
of
section 102

13. The Second Schedule to the principal Act is amended by the insertion, immediately after paragraph 6A, of the following:

Amendment
of
Second
Schedule

6B. Despite paragraph 5 (1) or any other provision of this Act, any rent received by a statutory body referred to in that paragraph is subject to withholding tax under section 82A.

Rent received
by statutory
body subject
to
withholding
tax

14. The Fifth Schedule to the principal Act is amended by the—

Amendment
of Fifth
Schedule

(a) deletion in paragraph 10(5) of the words “ farming ” and “ agro-processing ”; and

(b) insertion, immediately after paragraph 10(5), of the following:

(5A) Despite any other provisions of this Act to the contrary, the wear and tear allowance on any implement, machinery or plant which is exclusively and directly used in farming or agro-processing for any charge year, shall be calculated on a straight-line basis at the rate of one hundred per centum of the cost.

15. The Ninth Schedule to the principal Act is amended by the deletion of Part II and the substitution therefor of the new Part set out in the Appendix.

Amendment
of Ninth
Schedule

16. The Charging Schedule to the principal Act is amended—

Amendment
of Charging
Schedule

(a) in paragraph 2(1) by the deletion in—

(i) item (c) of the words “ thirty-six thousand kwacha ” and the substitution therefor of the words “thirty-nine thousand six hundred kwacha ”;

- (ii) item (d) of the words “ thirty- six thousand kwacha ” and “ forty-five thousand six hundred kwacha ” and the substitution therefor of the words “ thirty-nine thousand six hundred kwacha ” and “ forty-nine thousand two hundred kwacha ”, respectively;
 - (iii) item (e) of the words “ forty-five thousand six hundred kwacha ” and “ seventy thousand eight hundred kwacha ” and the substitution therefor of the words “ forty-nine thousand two hundred kwacha ” and “ seventy-four thousand four hundred kwacha ”, respectively; and
 - (iv) item (f) of the words “ seventy thousand eight hundred kwacha ” and “ thirty five ” and the substitution therefor of the words “ seventy-four thousand four hundred kwacha ” and “thirty-seven point five ” respectively;
- (b) in paragraph 5(e) by the insertion immediately after the words “ carrying on ”, of the words “ electricity generation or ”;
- (c) in paragraph 5 (f) by the insertion, immediately after the words “ carrying on ”, of the words “ electricity generation or ”; and
- (d) in paragraph 6 (2), by the deletion of the word “ six ” and the substitution therefor of the word “ fifteen ”.

APPENDIX

(Section 8)

TAX ON TURNOVER

(Section 64A)

PART II

<i>Monthly Turnover Category</i>	<i>Tax Payable</i>
K0-K4,200	3% of monthly turnover above K3,000
K4,200.01-K8,300	K225 per month+3% of monthly turnover above K4,200
K8,300.01-K12,500	K400 per month+3% of monthly turnover above K8,300
K12,500.01-K16,500	K575 per month+3% of monthly turnover above K12,500
K16,500.01-K20,800	K800 per month+3% of monthly turnover above K16,500
Above K20,800	K1,025 per month+3% of monthly of turnover above K20,800
