

**THE PROPERTY TRANSFER TAX (AMENDMENT)
BILL, 2022**

MEMORANDUM

The object of this Bill is to amend the Property Transfer Tax Act so as to—

- (a) reduce the property transfer rate on the transfer of a mining right for an exploration licence to five percent from ten percent;
- (b) provide clarity on a share in the mining sector to include an interest in a mining right and an interest in a mineral processing licence;
- (c) provide clarity on the realised value in respect of the computation of property transfer tax on an indirect transfer of shares as a proportion of the value of the company incorporated in the Republic;
- (d) exempt the surrender or forfeiture of shares from property transfer tax;
- (e) permit the use of the actual price received in determining the realised value for the disposal of foreclosed property by a financial service provider; and
- (f) provide for matters connected with, or incidental to, the foregoing.

M. D. KABESHA,
Attorney-General

A BILL

ENTITLED

An Act to amend the Property Transfer Tax Act.

ENACTED by the Parliament of Zambia

Enactment

1. (1) This Act may be cited as the Property Transfer Tax (Amendment) Act, 2022, and shall be read as one with the Property Transfer Tax Act, in this Act referred to as the principal Act.

Short title and commencement
Cap. 340

5 (2) This Act shall come into operation on 1st January, 2023.

2. Section 2 of the principal Act is amended—

Amendment
of section 2

(a) by the deletion of the definitions of—

“property” and “share” and the substitution therefor
of the following definitions in the appropriate
places in alphabetical order:

10

“property” means—

(a) a land in the Republic;

15

(b) a share issued by a company incorporated
in the Republic or by a company
incorporated outside the Republic
where the company directly or
indirectly owns at least ten percent of
the shares in a company incorporated
in the Republic;

20

(c) a mining right issued under the Mines and
Minerals Development Act; 2015;

Act No. 11 of
2015

(d) a mineral processing licence issued under
the Mines and Minerals Development
Act; 2015; and

Act No. 11
of 2015

- (e) intellectual property; and
 “share” includes a stock, certificate, warrant or equivalent rights, and an interest in a mining right or an interest in a mineral processing licence; and 5
- (b) by the insertion of the following new definition in the appropriate place in alphabetical order:
 “financial service provider” has the meaning assigned to the words in the Banking and Financial Services Act, 2017;. 10
- Act No. 7 of 2017
 Amendment of section 4
- 3.** Section 4 of the principal Act is amended by the deletion of subsection (2) and the substitution therefor of the following:
- (2) The rate of tax is —
- (a) ten percent of the realised value in respect of a mining right for a mining licence; 15
- (b) five percent of the realised value in respect of a mining right for an exploration licence;
- (c) ten percent of the realised value in respect of a mineral processing licence;
- (d) five percent of the realised value in respect of land; 20
- (e) five percent of the realised value in respect of shares; and
- (f) five percent of the realised value in respect of intellectual property.
- Amendment of section 5
- 4.** Section 5 of the principal Act is amended by— 25
- (a) the deletion of subsection (2A) and the substitution therefor of the following:
- (2A) Where the property to be valued is a share issued by a company incorporated outside the Republic that directly or indirectly owns at least ten 30 percent of a company incorporated in the Republic, the realised value shall be, whichever is greater of the—
- (a) proportion that the value of the company incorporated in the Republic bears to 35 the value of the company whose shares are being transferred multiplied by the value of the transferred shares;

5

(b) proportion that the value of the company incorporated in the Republic bears to the value of the company whose shares are being transferred multiplied by the consideration for the transferred shares; and

10

(c) proportion that the value of the company incorporated in the Republic bears to the value of the company whose shares are being transferred multiplied by the nominal value of the transferred shares.;

15

(b) the deletion of subsection (2B) and the substitution therefor of the following:

20

(2B) Despite subsection (2A), where the Commissioner-General is satisfied that a transfer is made for the purpose of group reorganisation and that there is no change in the shareholding with respect to the company incorporated in the Republic, the Commissioner-General may determine a nil value for that transfer, except that this subsection shall only apply to a company that has been part of the group of companies for three years or more preceding the transfer.;

25

(c) the deletion of subsection (2C);

(d) the renumbering of subsections (2D) and (2E) as subsections (2C) and (2D), respectively;

30

(e) the deletion of subsection (3) and the substitution therefor of the following:

35

(3) Where the property to be valued is an intellectual property or a mining right, the realised value of the intellectual property or mining right shall be the actual price of the intellectual property or mining right or as determined by the Commissioner-General, whichever is higher.; and

40

(f) the insertion of the following new subsection immediately after subsection (5):

(5A) Where a financial service provider transfers a foreclosed property, the realised value of the property shall be the actual price, if any, received by the financial service provider.

Property Transfer Tax
(Amendment)

6 No. of 2022]

- | | | |
|---------------------------|---|----|
| Amendment
of section 6 | 5. Section 6 (1) of the principal Act is amended by the insertion of the following new paragraph immediately after paragraph (g):

<i>(h)</i> the surrender or forfeiture of shares for no consideration, except that a subsequent transfer to a different person shall be liable to tax. | 5 |
| Amendment
of section 9 | 6. Section 9 of the principal Act is amended—

<i>(a)</i> in subsection (2) <i>(b)</i> , by the deletion of subparagraph (i) and the substitution therefor of the following:

<i>(i)</i> in the case of land, to the Commissioner-General together with the consent to transfer or assign
issued under the Lands Act; and; | 10 |
| Cap. 184 | <i>(b)</i> by the deletion of subsection (3); and

<i>(c)</i> by the renumbering of subsections (4), (5), (6) and (7) as subsections (3), (4), (5) and (6), respectively. | |

