## THE INCOME TAX (AMENDMENT) BILL, 2025

MEMORANDUM

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

*(a)* increase the withholding tax from fifteen percent to twenty percent on Government securities;

*(b)* introduce a minimum alternative tax at the rate of one percent to counter tax avoidance and broaden the tax base; and

*(c)* provide for matters connected with, or incidental to, the forgoing.

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M. D. KABESHA,
*Attorney General*

**N.A.B. 9, 2025**
3rd July, 2025

# A BILL

ENTITLED

**An Act to amend the Income Tax Act.**

ENACTED by the Parliament of Zambia — Enactment

Short title
Cap. 323

**1.** This Act may be cited as the Income Tax (Amendment) Act, 2025, and shall be read as one with the Income Tax Act, in this Act referred to as the principal Act.

Amendment of section 2

**2.** Section 2 of the principal Act is amended by the insertion of the following new definition in the appropriate place:

"minimum alternative tax" means the tax payable by a person or partnership under section 14A;.

Insertion of section 14A

**3.** The principal Act is amended by the insertion of the following new section immediately after section 14:

Minimum alternative tax

14A. (1) Despite the other provisions of this Act, a person or partnership shall, in addition to the maximum rate of tax on income received by a person or partnership, be liable to pay minimum alternative tax to be calculated on the total turnover of the person or partnership.

(2)The minimum alternative tax referred to under subsection (1) shall be charged at a rate specified in the Charging Schedule.

(3) Subject to the other provisions of this Act, the amount of tax which would be charged in respect of income received by a person or partnership in a charge year shall be reduced by the amount of the minimum alternative tax paid, as a credit.

(4) The credit referred to in subsection (3) shall not be carried forward beyond five subsequent charge years after the charge year in which the credit is accrued.

(5) This section shall not apply to a person or partnership that is liable to pay presumptive tax or turnover tax under this Act.

(6) The Minister shall make regulations for the administration, assessment, collection and recovery of minimum alternative tax under this section.

Amendment of Charging Schedule

**4.** The Charging Schedule to the principal Act is amended—

*(a)* in paragraph 7, by the—

(i) deletion of item (ix) and the substitution therefor of the following:

(ix) tax required to be deducted from the payment of interest to a non resident, shall be at the rate of twenty percent.

(ii) insertion of the following new item immediately after item (x):

(xi) tax required to be deducted from the payment of interest on Treasury Bills and Government bonds shall be at the rate of twenty percent;; and

(iii) re-numbering of items (xi) and (xii) as items (xii) and (xiii), respectively;

*(b)* by the insertion of the following new paragraph immediately after paragraph 7:

**8.** The maximum rate of tax chargeable under section 14A shall be one percent per annum.; and

*(c)* by the re-numbering of paragraph 8 as paragraph 9.

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