

## THE INCOME TAX (AMENDMENT) BILL, 2015

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### MEMORANDUM

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

- (a) increase the corporate income tax rate for mining operations from zero percent to thirty percent;
- (b) introduce a variable profit tax of up to fifteen percent for mining operations;
- (c) increase the corporate income tax rate for mineral processing from thirty percent to thirty-five percent;
- (d) limit the deduction of losses for mining operations to fifty percent of taxable profit for each charge year; and
- (e) provide for matters connected with, or incidental to, the foregoing.

L. KALALUKA,  
*Attorney-General*

**N.A.B. 7, 2015**  
17th June, 2015

GOVERNMENT OF ZAMBIA

**A BILL**

ENTITLED

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

**ENACTED** by the Parliament of Zambia.

Enactment

1. (1) This Act may be cited as the Income Tax (Amendment) Act, 2015, 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

5 (2) This Act shall come into operation on 1st July, 2015.

2. Section *two* of the principal Act is amended by the deletion, in subsection (1), of the definitions of “mining operations” and “mineral processing” and the substitution thereof of the following:

Amendment of section 2

10 “mining operations” means an operation carried out under a mining right, excluding an operation carried out under a mineral processing licence only or an exploration licence;

“mineral processing” has the meaning assigned to it in the Mines and Minerals Development Act, 2015.

Act No. of 2015

15 3. The principal Act is amended by the insertion, immediately after section *twenty-two*, of the following new section:

Insertion of section 22A

22A. The Commissioner-General may, for the purposes of determining assessable income relating to mineral processing and mining operations for the charge year 2015, determine the appropriate apportionment basis.

Assessable income

20 4. The principal Act is amended by the deletion of section *thirty* and the substitution thereof of the following—

Repeal and replacement of section 30

- Losses
30. (1) A loss incurred by a person in a charge year from —
- (a) a source other than a mining operation, shall be deducted from that person's income from the same source on which the loss was incurred; 5  
and
- (b) a mining operation, shall be deducted from fifty percent of the income of the person from the mining operation.
- (2) Where a loss referred to in — 10
- (a) paragraph (a) of subsection (1) exceeds the income of a person for a charge year, the excess shall, as far as possible, be deducted from that person's income from the same source on which the loss was incurred in 15  
the following charge year; and
- (b) paragraph (b) of subsection (1) exceeds fifty percent of the income from a mining operation for a charge year, the excess shall, as far as possible, be deducted from 20  
fifty percent of that person's income from the mining operation in the following charge year.
- (3) Subject to subsection (1) and (2), a loss incurred by a person — 25
- (a) carrying on a mining operation or hydro and thermo power generation, shall not be carried forward beyond ten subsequent charge years after the charge year in which the loss is incurred; and 30
- (b) in any other case shall not be carried forward beyond five subsequent years after the charge year in which the loss was incurred.
- (4) Losses brought forward as at 31st March, 1997, shall be deemed to have been incurred in the charge year 35  
ending 31st March, 1997.
- (5) Where on the death of an individual, interest in a business passes to that individual's spouse, any undeducted loss attributable to that interest shall be deducted from the spouse's income from that business in accordance with 40  
subsection (2).

5. The Charging Schedule to the principal Act is amended by the deletion of subparagraphs (e), (f) and (g) of paragraph 3 and the substitution therefor of the following:

Amendment  
to Charging  
Schedule

5 (e) on income from mineral processing, at the rate of thirty-five percent;

(f) where the income from a mining operation does not exceed eight percent of the gross sales, at the rate of thirty percent; and

10 (g) where the income from a mining operation exceeds eight percent of the gross sales, at the rate determined in accordance with the following formula:

$$Y=30\% + [a - (ab/c)]$$

Where –

Y= the tax rate to be applied per annum;

15 a= 15%

b= 8%; and

c= the percentage ratio of the assessable income to gross sales