

**THE PROPERTY TRANSFER TAX (AMENDMENT)
BILL, 2019**

MEMORANDUM

The object of this Bill is to amend Property Tranfer Tax so as to—

- (a) expand the definition of share to include equivalent rights;
- (b) broaden the scope of realised value;
- (c) authorise the Commissioner-General to determine a nil realised value for transfers of property within a group of companies;
- (d) introduce an anti-avoidance provision to limit exemptions on the transfer of property within a group of companies; and
- (e) provide for matters connected with, or incidental to, the foregoing.

L. KALALUKA,
Attorney-General

N.A.B. 18, 2019
21st November, 2019

A BILL

ENTITLED

An Act to amend the Property Transfer Tax Act.

ENACTED by the Parliament of Zambia.

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| 1. (1) This Act may be cited as the Property Transfer Tax (Amendment) Act, 2019, and shall be read as one with the Property Transfer Tax Act, in this Act referred to as the principal Act. | Enactment
Short title and commencement
Cap. 340 |
| 5 (2) This Act shall come into operation on 1st January, 2020. | Amendment of Section 2 |
| 2. Section 2 (1) of the principal Act is amended by the deletion of the definition of “share” and the substitution therefor of the following: | |
| “share” includes any stock, any certificate, warrant or equivalent rights;. | |
| 10 3. Section 5 of the principal Act is amended by the | Amendment of section 5 |
| (a) deletion of subsection (2A) and the substitution therefor of the following: | |
| 15 (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 percent of a company incorporated in Zambia, the realised value shall be, whichever is greater of the— | |
| (a) proportion that the value of the Zambian company bears to the value of the transferred shares; | |
| 20 (b) consideration for the share being transferred; or | |
| (c) nominal value; | |
| except that— | |

- (i) where the Commissioner General is satisfied that a transfer with the realised value is made for the purposes of group re organisation and that there is no change in the effective shareholding with respect to the Zambian company, the Commissioner-General may determine a nil value for that transfer; and 5
- (ii) this section shall not apply to a company that has not been part of the group of companies for at least three years.; and 10
- (b) by the deletion of subsection (2C) and the substitution therefor of the following:
- (2C) The Commissioner General, in determining the realised value for shares, may make adjustments in accordance with the provisions of sections 97A and 97C of the Income Tax Act. 15

Cap. 323

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