

**THE PROPERTY TRANSFER TAX  
(AMENDMENT) BILL, 2020**

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MEMORANDUM

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

- (a) apply property transfer tax, in the case of an indirect transfer of shares, to a transfer of shares that represents at least ten per cent of the value of shares in a company incorporated in the Republic;
- (b) redefine the criteria for the determination of realised value on indirect transfer of shares;
- (c) remove trusts from the list of exemption of property transfer tax; and
- (d) provide for matters connected with, or incidental to, the forgoing.

A.MWANSA,  
*Solicitor-General*

**N.A.B. 22, 2020**  
26th November, 2020

# 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, 2020, and shall be read as one with the Property Transfer Tax Act, in this Act referred to as the principal Act.

Title and Commencement  
Cap. 340

5 (2) This Act shall come into operation on 1st January, 2021.

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 in alphabetical order:

10 “Authority” means the Zambia Revenue Authority established under the Zambia Revenue Authority Act;

Cap. 321

3. Section 3(2) of the principal Act is amended by the deletion of the words “Domestic Taxes Division” and the substitution therefor of the word “Authority”.

Amendment of section 3

15 4. Section 4 of the principal Act is amended by the insertion of the following new subsection immediately after subsection (1A):

Amendment of section 4

20 (1B) A transfer of shares referred under subsection (1A), is not liable to tax if the total value of the transferred shares over a period of three years represents less than ten percent of the total value of shares in the company incorporated in the Republic.

Amendment of section 5	<p><b>5.</b> Section 5 of the principal Act is amended by the—</p> <p>(a) deletion of subsection (2A) and the substitution therefor of the following:</p> <p style="padding-left: 40px;">(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 the Republic, the realised value shall be whichever is greater of the—</p> <p style="padding-left: 80px;">(a) effective shareholding multiplied by the value of the transferred shares;</p> <p style="padding-left: 80px;">(b) effective shareholding multiplied by the consideration for the transferred shares; and</p> <p style="padding-left: 80px;">(c) effective shareholding multiplied by the nominal value of the transferred shares.;</p> <p>(b) insertion of the following new subsections immediately after subsection (2A):</p> <p style="padding-left: 40px;">(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 effective 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 not apply to a company that has not been part of the group of companies for at least three years preceding the transfer.</p> <p style="padding-left: 40px;">(2C) For the purposes of this section, effective shareholding means the extent of control or ownership in the company incorporated in the Republic by the company incorporated outside the Republic expressed as a percentage.; and</p> <p>(c) renumbering of subsections (2B) and (2C) as (2D) and (2E), respectively.</p>	<p>5</p> <p>10</p> <p>15</p> <p>20</p> <p>25</p> <p>30</p>
Amendment of section 6	<p><b>6.</b> Section 6(1)(d) of the principal Act is amended by the deletion of the words “or trust”.</p>	
Amendment of section 9	<p><b>7.</b> Section 9 of the principal Act is amended by the deletion of subsection (2) and the substitution therefor of the following:</p>	<p>35</p>

(2) The provisional return referred to in subsection (1) shall be—

5 (a) in Kwacha, except that where the transaction which is the subject of the provisional return is in another currency the values shall be converted into Kwacha at the appropriate Bank of Zambia mid-rate as at the end of the day immediately preceding the day on which the provisional return is submitted; and

(b) submitted—

General  
Amendment

10 (i) in the case of land, to the Commissioner of Lands together with the application for consent to transfer the property; and

(ii) in all other cases, to the CommissionerGeneral within thirty days of the transfer

**6 No. of 2020]**

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