

**THE VALUE ADDED TAX (AMENDMENT)  
BILL, 2020**

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MEMORANDUM

The object of this Bill is to amend the Value Added Tax Act, so as to—

- (a) provide for the use of an electronic payment machine as a payment method and introduce a penalty for failure to comply;
- (b) provide for a trigger point for the computation of the two year period for an assessment based on an incorrect or inadequate return;
- (c) revise the penalty for submission of false returns and statements;
- (d) provide for an upward adjustment of the penalty for evasion of taxation; and
- (e) provide for matters connected with, or incidental to, the foregoing.

A. MWANSA,  
*Solicitor-General*



# A BILL

ENTITLED

## An Act to amend the Value Added Tax Act.

ENACTED by the Parliament of Zambia

Short title  
and  
commence-  
ment  
Cap. 331

1. (1) This Act may be cited as the Value Added Tax (Amendment) Act, 2020, and shall be read as one with the Value Added Tax Act, in this Act referred to as the principal Act.

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

2. Section 11 of the principal Act is amended by the deletion of subsection (1) and the substitution therefor of the following:

Amendment  
of section 11

(1) Goods shall be regarded, for taxation purposes, as being supplies in Zambia if—

- 10 (a) the goods are exported from Zambia;  
(b) the goods are supplied within Zambia;  
(c) the supply of the goods involve entry into Zambia;  
and  
15 (d) the supply involves installation or assembly of the goods at a place in Zambia.

3. Section 19 of the principal Act is amended by the—

Amendment  
of section 19

- (a) deletion of subsection (1A); and  
(b) renumbering of subsection (1B) as subsection (1A).

20 4. Section 21 of the principal Act is amended by the deletion of subsection (6) and substitution therefor of the following:

Amendment  
of section 21

(6) Despite the other provisions of this section, an assessment based on an incorrect or inadequate return is void if it is made two years after the CommissionerGeneral concludes an audit which revealed that incorrect or inadequate  
25 return.

Amendment  
of section 34

5. Section 34 of the principal Act is amended by the deletion of subsection (2).

Insertion of  
section 42C

6. The principal Act is amended by the insertion of the following new section immediately after section 42B:

Use of  
electronic  
payment  
machine

42C. (1) A taxable supplier shall provide an electronic payment machine at a point of sale for use as a mode of payment for the customer.

(2) A taxable supplier who contravenes subsection (1), commits an offence and is liable, on conviction, to a fine not exceeding ninety thousand penalty units. 10

Repeal and  
replacement  
of section  
43

7. The principal Act is amended by the repeal of section 43 and the substitution therefor of the following:

False returns  
and  
statements

43. Any person who, in relation to a particular tax period makes a return or other declaration, furnishes any document or information or makes any statement, whether in writing or otherwise, that is false in any material particular commits an offence and is liable, on conviction in respect of that tax period, in the case of— 15

(a) first offence, to a fine not exceeding sixty thousand penalty units; 20

(b) second offence, to a fine not exceeding one hundred and twenty thousand penalty units;

(c) third offence, to a fine not exceeding two hundred and forty thousand penalty units; and

(d) for any subsequent offence, to a fine not exceeding three hundred thousand penalty units or to imprisonment for a term not exceeding three years, or to both. 25

Amendment  
of section 44

8. Section 44(2) of the principal Act is amended by deletion of the word “thirty” and substitution therefor of the words “three hundred”. 30