



**REPUBLIC OF ZAMBIA**

**REPORT OF THE PLANNING AND BUDGETING COMMITTEE**

**ON**

**THE ZAMBIA REVENUE AUTHORITY (AMENDMENT) BILL, N.A.B. NO. 26 OF 2023**

**FOR THE**

**THIRD SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY**

*Printed by the National Assembly of Zambia*

## **FOREWORD**

Honourable Madam Speaker, the Planning and Budgeting Committee has the honour to present its Report on the consideration of the Zambia Revenue Authority (Amendment) Bill, N.A.B. No. 26 of 2023, for the Third Session of the Thirteenth National Assembly referred to it by the House on Wednesday, 29<sup>th</sup> November, 2023. The Committee is mandated to consider Money Bills referred to it by the House, as per Standing Order 195(5), of the National Assembly of Zambia Standing Orders, 2021.

The Committee held six meetings to consider the Zambia Revenue Authority (Amendment) Bill, N.A.B. No. 26 of 2023. In order to acquaint itself with the ramifications of the Bill, the Committee sought both written and oral submissions from various relevant stakeholders. The list of stakeholders who appeared before the Committee is at Appendix II of the Report. The Report is divided in three Parts. Part I contains the background as well as salient provisions of the Bill. Part II highlights the views of stakeholders, while Part III contains the Committee's Observations and Recommendations.

Madam Speaker, the Committee is grateful to the stakeholders who tendered both written and oral submissions. It also wishes to thank you, for affording it the opportunity to consider the Zambia Revenue Authority (Amendment) Bill, N.A.B. No. 26 of 2023. Gratitude further goes to the Clerk of the National Assembly for the support extended in fulfilling our mandate.



Mr Fred C Chaatila, MP  
**CHAIRPERSON**

December, 2023  
**LUSAKA**

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## **1.0 COMPOSITION OF THE COMMITTEE**

The Committee consisted of Mr Fred C Chaatila, MP (Chairperson); Ms Brenda Nyirenda, MP (Vice-Chairperson); Mr Machila Jamba, MP; Mr Koonwa Simunji, MP; Mr David Mabumba, MP; Mr Kalalwe Mukosa, MP; Mr Jeffrey Mulebwa, MP; Mr Anthony C Mumba, MP; Mr Mayungo Simushi, MP and Mr Mwabashike Nkulukusa, MP.

## **PART I**

### **2.0 BACKGROUND AND SALIENT PROVISIONS OF THE BILL**

#### **2.1 BACKGROUND**

Taxes world over are mainly levied in order to raise revenue to fund government developmental operations and improve social justice. However, the tax administration system faces several challenges, among them, a large informal cash economy, low taxpayer compliance, tax evasion and poor traceability of taxpayers that hampered effective tax recovery.

#### **2.2 OBJECT OF THE BILL**

The object of the Bill was to amend the Zambia Revenue Authority Act, so as to enhance tax recovery by the Authority.

#### **2.3 SALIENT PROVISIONS OF THE BILL**

The salient provisions of the Zambia Revenue Authority (Amendment) Bill, N.A.B. No. 26 of 2023 were -set out hereunder.'

##### **Clause 1 – Short title and commencement**

Clause 1 provided for the short title and commencement date of the Act.

##### **Clause 2 - Amendment of section 2**

Clause 2 sought to amend section 2 of the principal Act by the insertion of the definitions, so as to make the amendment easy to understand by the courts and those tasked to implement the law.

##### **Clause 3 - Insertion of Section 20A**

Clause 3 sought to amend the principal Act by inserting a new section to empower the Commissioner-General to pay a reward to a person who provided information that was instrumental to the recovery of a tax.

Further, clause 3 (3) disqualified certain individuals such as an employee of the Authority or their relative from being rewarded for providing information that would lead to the recovery of

tax. Additionally, Clause 3 (4) extended the application of the *Public Interest Disclosure (Protection of Whistle blowers) Act, No. 4 of 2010*, to information providers that led to the recovery of tax.

## **PART II**

### **3.0 VIEWS OF STAKEHOLDERS**

Most stakeholders who appeared before the Committee supported the Bill, but raised some concerns as outlined below.

#### **i. Clause 3 Amendment of Section 20**

Stakeholders noted that the amendment provided for a reward to a person who provided information to the Zambia Revenue Authority leading to the recovery of a tax was progressive. That notwithstanding, - the proposal provided that *the Public Interest Disclosure (Protection of Whistle Blowers) Act, No. 4 of 2010* would apply to the information provided, which in their view created an absurdity. This was because, section 22 of the Public Interest Disclosure Act protected information which was made in good faith, regardless of whether it had led to a recovery of a tax or not.

Further, stakeholders, while appreciating the proposed amendment that a reward would not be paid to an employee or a relative of the employee of the Zambia Revenue Authority, they were concerned that it did not include close acquaintances or known friends of an employee.

Some stakeholder further submitted that the proposed amendment was not clear with regard to what the basis of paying a reward would be such as percentage of tax recovered due to information provided.

Others expressed concern that while protection of such whistle blowers was provided for under the *Public Interest Disclosure (Protection of Whistleblowers) Act, No. 4 of 2010*, the Act did not give enough privacy to the whistle blower.

Other stakeholders submitted that the proposed amendment was not clear when the benefit would accrue to the whistle blower and what penalties were available for whistle blowers who were later found to have colluded to defraud the state.

### **4.0 COMMITTEE'S ENGAGEMENT WITH THE MINISTER OF FINANCE AND NATIONAL PLANNING**

The Minister appeared before the Committee to clarify matters that had arisen during the Committee's interaction with stakeholders. The Minister informed the Committee that the 2024 National Budget had a number of pronouncements underpinned in the Money Bills. The focus of the Money Bills was to provide for incentives to expand the productive sectors of the economy and to also rise resources to fund Government's expenditure needs.

The Minister provided clarification on the measures to avoid connivance.

He informed the Committee that while this was not provided for in the proposed amendment, the Zambia Revenue Authority would ensure that measures to avoid connivance were put in the regulations and guidelines which would be prescribed. He further submitted that the Authority would continue to enforce punitive measures to encourage compliance by the taxpayers.

### **PART III**

#### **5.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS**

Having considered the concerns raised by stakeholders, the Committee makes the observations and recommendations as outlined below.

##### **i. Clause 3 Amendment of section 20**

While appreciating the intention of clause 3, in so far as rewarding-a person who provides information to the Zambia Revenue Authority leading to tax recovery, the Committee observes that the reward amount will be at the discretion of the Commissioner General, which may be prone to abuse depending on the person or persons involved. Further, the proposal does not exclude acquaintances or known friends of an employee from being paid a reward. Additionally, there is lack of consistency with regard to the provision of the *Public Interest Disclosure (Protection of Whistle Blowers) Act, No. 4 of 2010*, and a reward being paid upon leading to a recovery of a tax.

In light of the above, the Committee recommends that the Government should harmonise the proposed amendment with regard to paying a reward leading to a recovery of a tax vis-à-vis disclosures that are made in good faith even if they do not lead to the recovery of a tax. Additionally, the Committee recommends that measures should be put in place to ensure that there is no abuse in the payment of rewards and that acquaintances to an employee or relative of the employee of the Zambia Revenue Authority, should be included in the amendment as in many instances, employees connive with friends for purposes of obtaining such rewards.

##### **ii. Clause 3 -subsection 4**

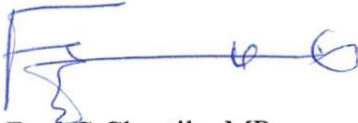
The Committee observes with concern that the proposed amendment does not give enough protection and privacy to the whistle blower. The Committee further observes that the proposal is not clear as to, when the benefit will accrue to the whistle blower and what penalties were available for whistle blowers who were later found to have colluded to defraud the state. Additionally, no measures have been proposed to avert sabotage among individuals dealing in the same business who falsely report their competitors to the Authority.

In light of the foregoing, the Committee recommends that the Government should put in place measures to ascertain the privacy and protection of whistle blowers. Further, measures should be put in place to avert collusion and also to ensure that due diligence is conducted especially on reports that are given by competitors operating in the same type of business.

## 6.0 CONCLUSION

The Committee notes that the enactment of the Zambia Revenue Authority (Amendment) Bill, N.A.B. No. 26 of 2023, will bring into effect the aspirations of the Government to reward and protect whistle blowers of tax evasion. This will enhance the recovery of tax and ultimately increase Government revenue. The Bill is, therefore, progressive.

We have the honour to be, Madam, the Planning and Budgeting Committee mandated to scrutinise the Zambia Revenue Authority (Amendment) Bill N.A.B. No.26 of 2023, for the Third Session of the Thirteenth National Assembly.



Mr Fred C Chaatila, MP  
**CHAIRPERSON**

December, 2023  
**LUSAKA**

## **APPENDIX I– List of National Assembly Officials**

Mr Stephen Chiwota, Director (Financial Committees)  
Mrs Angela M Banda, Acting Deputy Director (Financial Committees)  
Ms Chitalu Mulenga, Senior Committee Clerk (FC2)  
Mr Elijah I C Chilimboyi, Committee Clerk  
Mr Emmanuel Bwalya, Committee Clerk  
Mr Aubrey Chilambwe, Senior Budget Analyst  
Mr Ferdinand Chikambwe, Senior Budget Analyst-Revenue  
Mrs Edna K Zgambo, Senior Budget Analyst  
Ms Racheal Kanyumbu, Administrative Assistant  
Mr Daniel Lupiya, Committee Assistant  
Mr Muyembi Kantumoya, Parliamentary Messenger



## **APPENDIX II– List of Witnesses**

Airtel Networks Zambia PLC  
Anti-Corruption Commission  
Bank of Zambia  
Bankers Association of Zambia  
Competition and Consumer Protection Commission  
Centre for Trade Policy and Development  
Consumer Unity Trust Society  
Copperbelt University  
Financial Sector Deepening Zambia  
Minister of Finance and National Planning  
Ministry of Justice  
Ministry of Commerce, Trade and Industry  
Zambia Revenue Authority  
Zambia Information and Communications Technology  
Zambia Institute of Chartered Accountants  
Zambia Chamber of Commerce and Industry  
Zambia Institute for Policy Analysis and Research  
Zambia Association of Manufactures