

REPORT OF THE COMMITTEE ON ECONOMIC AFFAIRS, ENERGY AND LABOUR ON THE PROPERTY TRANSFER TAX (AMENDMENT) BILL, N.A.B. NO. 6 OF 2014 FOR THE FOURTH SESSION OF THE ELEVENTH NATIONAL ASSEMBLY APPOINTED ON TUESDAY, 23RD SEPTEMBER, 2014

Consisting of:

Mr K K Hamudulu, MP (Chairperson); Ms C Ngimbu, MP; Dr S Musokotwane, MP; Mr G G Nkombo, MP; Mr F Mutati, MP; Mr V Lombanya, MP; Mr G B Mwamba, MP; and Mr L C Bwalya, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,

Your Committee has the honour to present its Report on the Property Transfer Tax (Amendment) Bill, N.A.B. No.6 of 2014 for the Fourth Session of the Eleventh National Assembly referred to it by the House on Friday, 28th November, 2014.

Functions of the Committee

2.0 In addition to any other duties conferred upon it by the Honourable Mr Speaker, or any other order of the House, your Committee is mandated to consider any Bills that may be referred to it by the House.

Meetings of the Committee

3.0 Your Committee held three (3) meetings to consider the Property Transfer Tax (Amendment) Bill, N.A.B. No.6 of 2014.

Procedure adopted by the Committee

4.0 In order to acquaint itself with the ramifications of the Bill, your Committee sought both written and oral submissions from stakeholders. The stakeholders who appeared before your Committee are listed at Appendix II.

Objectives of the Property Transfer Tax (Amendment) Bill, N.A.B. No.6 of 2014

5.0 The object of the Bill is to amend the *Property Transfer Tax Act*, so as to limit the exemption from property transfer tax on the transfer of property where there is a group re-organisation to a group of companies whose holding company is incorporated in Zambia.

Salient Provision of the Bill

6.0 The salient provision of the Property Transfer Tax (Amendment) Bill, N.A.B. No.6 of 2014 is set out hereunder.

Clause 2 - Amendment of Section 2

This clause introduces a new definition of a "holding company" to limit the exemption from property transfer tax on the transfer of property where there is a group re-organisation to a group of companies whose holding company is incorporated in Zambia.

Submissions from Stakeholders

7.0 Stakeholders who appeared before your Committee were in support of the Bill as it is a measure which will ensure that relief is restricted only to a group of companies whose companies are resident in Zambia and encourage holding companies to be incorporated in Zambia. However, in supporting the Bill, some stakeholders expressed concern over the negative impact this would have on Foreign Direct Investment in Zambia.

Committee's Observations and Recommendations

8.0 Your Committee, while appreciating that the amendment will minimise tax avoidance, strongly recommends that the word "re-organisation" in clause 2 should either be replaced or clearly defined. It, however, urges the House to pass the Bill.

Conclusion

9.0 Your Committee wishes to express its gratitude to all stakeholders who appeared before it and tendered both oral and written submissions. It also wishes to thank you, Mr Speaker, for affording it an opportunity to scrutinise the Bill. Your Committee also appreciates the services rendered by the Office of the Clerk of the National Assembly and the permanent witnesses from the Ministry of Justice.

We have the honour to be, Sir, your Committee on Economic Affairs, Energy and Labour mandated to consider the Property Transfer Tax (Amendment) Bill, N.A.B. No.6 of 2014 for the Fourth Session of the Eleventh National Assembly.

Mr K K Hamudulu, MP
(Chairperson)

Ms C Ngimbu, MP
(Member)

Dr S Musokotwane, MP
(Member)

Mr V Lombanya, MP
(Member)

Mr L C Bwalya, MP
(Member)

Mr F Mutati, MP
(Member)

Mr G B Mwamba, MP
(Member)

Mr G G Nkombo, MP
(Member)

December 2014
LUSAKA

K K Hamudulu, MP
CHAIRPERSON

APPENDIX I

List of National Assembly Officers

Mr S C Kawimbe, Principal Clerk of Committees
Ms M K Sampa, Deputy Principal Clerk of Committees
Mr F Nabulyato, Committee Clerk (FC)
Mr M F Kateshi, Committee Clerk (SC)
Mrs M E Z Banda, Assistant Committee Clerk
Ms C Musonda, Assistant Committee Clerk
Mrs C T Kasonde, Assistant Committee Clerk
Mr S Samuwika, Assistant Committee Clerk
Ms F Hamakalu, Typist
Mr C Bulaya, Committee Assistant

APPENDIX II

WITNESSES

Ministry of Justice (Permanent Witness)

Mrs P D Jere, Permanent Secretary
Mr E Jere, Parliamentary Counsel
Mrs Y Chirwa, Principal Parliamentary Counsel

Ministry of Commerce, Trade and Industry

Ms C Mkala, Acting Permanent Secretary
Ms P Mwananshiku, Chief Economist
Mr S Chikoti, Chief Economist
Mr T Mulimbilia, Director
Mr R Kampamba, Chief Planner
Mr T Mwaba, Planner

Ministry of Finance

Mrs P C Kabamba, Permanent Secretary (B &EA)
Mr M Masiye, Director (Budget)
Mr K Chimfwembe, Chief Analyst (Budget)
Ms M Chikuba, Principal Budget Analyst
Mr I Munjunga, Economist
Mr R Kasuba, Economist

Copperbelt University

Dr B Maliti, Dean-School of Business
Dr L Haabazoka, Head of Department-School of Business

Zambia Association of Chambers of Commerce and Industry

Ms P M Chikwashi, Chief Executive Officer
Mr J Nsakanya, Research Officer

Zambia Development Agency

Mr P D Chisanga, Director General
Ms S Sichilongo, Acting Director Investments
Mr F Chikonde, Executive Assistant to Director General
Ms P Goma, Board Secretary Legal Counsel

Fair-Face Limited

Mr H Ngulube, Managing Director

Zambia Revenue Authority (ZRA)

Mr B Msiska, Commissioner General
Mr E Phiri, Director Research
Mr C Nshitima, Executive Assistant to the Commissioner General
Mr D Banda, Commissioner of Customs
Ms P Banda, Commissioner of Domestic Taxes
Ms B Muyenga, Commissioner of Finance