

GOVERNMENT OF ZAMBIA

**ACT**

No. 8 of 1986

Date of Assent: 17th April, 1986

An Act to amend the Income Tax Act

[21st April, 1986

ENACTED by the Parliament of Zambia.

Enactment

1. (1) This Act may be cited as the Income Tax (Amendment) Act, 1986, and shall be read as one with the Income Tax Act, hereinafter referred to as the principal Act.

Short title and commencement.  
Cap. 668

(2) The following provisions of this Act, namely—

(a) sections *two* and *six*;

(b) section *eight* to the extent that it introduces a new sub-paragraph (*s*) to paragraph 7 of the Second Schedule to the principal Act; and

(c) paragraph (*c*) of subsection (2) of section *ten*;

shall be deemed to have come into operation on the 1st January, 1986; and the remaining provisions of this Act shall be deemed to have come into operation on the 1st April, 1986.

2. Section *two* of the principal Act is amended in subsection (1) by the insertion in the appropriate place of the following definition:

Amendment of section 2

“inducement allowance” means the overseas allowance, including gratuity, payable in foreign currency by an employer in Zambia to an expatriate employee, as introduced through the system of auctioning foreign exchange.

3. Section *eight* of the principal Act is amended in item (i) of the proviso to subsection (1) by the addition, at the end thereof, of “and to the Director of Public Prosecutions when acting in exercise of his powers in the Corrupt Practices Act;”

Amendment of section 8  
Act No. 14 of 1980

Amendment  
of  
section 21

4. Section *twenty-one* of the principal Act is amended in subsection (5) by the addition of the following proviso:

Provided that the first ten thousand kwacha of such income shall be exempt from income tax.

Amendment  
of  
section 43C

5. Section *forty-three C* of the principal Act is amended by the addition of the following subsection:

(5) No deduction shall be allowed under subsection (1) if the individual, or his wife living with him for the period concerned, is in receipt of an owner-occupied housing allowance payable to an employee or office holder.

Amendment  
of  
section 44

6. Section *forty-four* of the principal Act is amended by the addition of the following new paragraph:

(k) any amount being the kwacha equivalent of inducement allowance:

Provided that the Minister may, by statutory order, exempt any person or partnership from the application of this provision to the extent and for the period specified in such order; and such orders may be made retrospectively.

Amendment  
of  
section 82A

7. Section *eighty-two A* of the principal Act is amended in subsection (1) by the addition of the following proviso to sub-regulation (e):

Provided that the Commissioner may determine that the provisions of this paragraph shall not apply in any particular case and shall, in writing, direct the person or partnership concerned in that behalf; and the provisions of this paragraph shall not apply to such person or partnership to the extent and for the period specified in such direction.

Amendment  
of Second  
Schedule

8. The Second Schedule to the principal Act is amended in paragraph 7 by the addition of the following new subparagraphs:

(j) by way of such allowances payable to public officers as have been accepted by Government subsequent to Government Paper No. 1 of 1985 and as the Minister may, by statutory instrument, specify in respect of the category of officers eligible to receive such allowances and the maximum amount thereof;

(k) by way of pension received by an individual from an approved fund up to a maximum of K2,400 per annum;

(l) by way of car allowance paid by an employer to his employee in lieu of a car, up to a maximum of K12,000 per annum;

- (v) by way of owner-occupied housing allowance, subject to section *forty-three C*, paid by an employer to his employee up to a maximum of K10,000 per annum or fifty per centum of taxable emoluments of the employee for that year, whichever is the less;
- (w) by way of terminal benefits payable to a public officer upon his retirement from the public service;

9. The Fifth Schedule to the principal Act is amended in sub-paragraph (2) of paragraph 13 by the deletion of " nine thousand kwacha " and the substitution therefor of " twenty-five thousand kwacha ".

Amendment  
of Fifth  
Schedule

10. (1) The Charging Schedule to the principal Act is amended by the deletion of sub-paragraph (1) of paragraph 1 and the substitution therefor of the following:

Amendment  
of Charging  
Schedule

" (1) Subject to the provisions of this Part, an individual resident in the Republic who for any charge year has furnished a return of income and makes a claim in that behalf giving such particulars, and supported by such proof, as the Commissioner may require, shall, in respect of that charge year, be entitled to such personal allowances as are appropriate to his case in accordance with the Table contained in Annexure " A " to this Schedule:

Provided that—

- (i) such individual shall be provisionally entitled to such personal allowances—
  - (A) for the purposes of section *seventy-one* and regulation 7 of the Income Tax (Employment) Regulations, if he is a public servant or if he has completed a claim for the immediately preceding charge year in accordance with paragraph 1; or
  - (B) for the purposes of section *forty-six A* if he has provided an estimate of his income tax liability for such charge year;
- (ii) subject to section *three*, the personal allowance mentioned in paragraph 5 shall be equally divided between each spouse, unless the claimant proves that his spouse is, for the relevant charge year, not in receipt of earned income in which case the total amount of the allowance shall be given to the claimant;
- (iii) where the individual was not resident in the Republic for the previous charge year or is not resident in the Republic for the subsequent charge year, the personal allowances to which he is entitled under this Part shall be reduced by one-twelfth for each complete month for which he does not reside in the Republic in the charge year;

(iv) where the emoluments of a claimant are not liable to tax in the Republic, the allowances to which the claimant is entitled shall not exceed the amount of income, excluding income classified in subsection (1) of section *nineteen*, which is liable to tax in the Republic; ”.

(2) The Charging Schedule to the principal Act is amended in paragraph 10—

- (a) in the proviso to sub-paragraph (b), in item (i), by the deletion of “two-fifths” and the substitution thereof of “one-seventh”;
- (b) in the proviso to sub-paragraph (c), in item (i), by the deletion of “two-fifths” and the substitution thereof of “one-seventh”;
- (c) by the re-numbering of paragraph 10 as sub-regulation (1) and the addition thereafter of the following new sub-regulation (2):

(2) Where the income referred to in sub-paragraph (1) arises from any office or employment which consists of inducement allowance, the Tables in Annexure “B” of this Schedule as set out in *column 2* below shall apply in respect of the item of sub-paragraph (1) set out in *column 1* below:

<i>Column 1</i>	<i>Column 2</i>
(a) Item (b)	Part II (a)
(b) Item (c)	Part III (a)
(c) Item (d)	Part IV (a)
(d) Item (e)	Part V (a)

(3) The Charging Schedule to the principal Act is amended in paragraph 11 by the deletion in sub-paragraph (1) of “two-fifths” and the substitution thereof of “one-seventh”;

(4) The Charging Schedule to the Principal Act is amended by the insertion in Annexure “A” of the following additional Table:

TABLE 11  
With effect from 1st April, 1986

	K
(a) Married allowance under paragraph (2) .. .. .	2,100
(b) Single allowance under paragraph (4) .. .. .	900
(c) Child allowance under paragraph (5) .. .. .	330
(d) Insurance allowance under paragraph (6) (The amount of premium up to a maximum of) .. .. .	400
(e) Handicapped person's allowance under paragraph (8A) ..	600

(5) The Charging Schedule to the principal Act is amended—

- (a) by the insertion in Part II of Annexure “B” of the following additional Table:

TABLE 10

(WITHOUT INDUCEMENT ALLOWANCE)

*With effect from 1st April, 1986*

Balance of income excluding income charged under sub-paragraphs 10 (1) (a), (c), (d) and (e):

	<i>Rate per centum</i>
The part of the balance of such income that--	
Does not exceed K2,000	5
Exceeds K2,000 but does not exceed K5,500	15
Exceeds K5,500 but does not exceed K10,000	25
Exceeds K10,000 but does not exceed K15,500	35
Exceeds K15,500 but does not exceed K22,000	45
Exceeds K22,000 but does not exceed K30,000	55
Exceeds K30,000 but does not exceed K40,000	60
Exceeds K40,000	65

(h) by the addition of the following new Part:

PART II (a)

(Paragraph 10 (2))

TABLE 1

(WITH INDUCEMENT ALLOWANCE)

*With effect from 1st January, 1986*

Balance of income excluding income charged under sub-paragraphs 10 (1) (a), (c), (d) and (e):

	<i>Rate per centum</i>
The part of the balance of such income that--	
Does not exceed K2,000	10
Exceeds K2,000 but does not exceed K5,500	25
Exceeds K5,500 but does not exceed K10,000	40
Exceeds K10,000 but does not exceed K15,500	55
Exceeds K15,500 but does not exceed K22,000	65
Exceeds K22,000 but does not exceed K30,000	70
Exceeds K30,000	75

(6) The Charging Schedule to the principal Act is amended—

(a) by the insertion in Part III of Annexure " B " of the following additional Table:

TABLE 10

(WITHOUT INDUCEMENT ALLOWANCE)

*With effect from 1st April, 1986*

Balance of income excluding income charged under sub-paragraphs 10 (1) (a), (b) and (e):

	<i>Rate per centum</i>
The part of the balance of such income that--	
Does not exceed K2,000	5
Exceeds K2,000 but does not exceed K5,500	15
Exceeds K5,500 but does not exceed K10,000	25
Exceeds K10,000 but does not exceed K15,500	35
Exceeds K15,500 but does not exceed K22,000	45
Exceeds K22,000 but does not exceed K30,000	55
Exceeds K30,000 but does not exceed K40,000	60
Exceeds K40,000	65

(b) by the addition of the following new Part:

PART III (a)  
(Paragraph 10 (2))

TABLE 1

(WITH INDUCEMENT ALLOWANCE)

With effect from 1st January, 1986

Balance of income excluding income charged under sub-paragraphs 10 (1) (a), (b) and (e):

The part of the balance of such income that—	Rate per centum
Does not exceed K2,000 .. .. .	10
Exceeds K2,000 but does not exceed K5,500 .. .. .	25
Exceeds K5,500 but does not exceed K10,000 .. .. .	40
Exceeds K10,000 but does not exceed K15,500 .. .. .	55
Exceeds K15,500 but does not exceed K22,000 .. .. .	65
Exceeds K22,000 but does not exceed K30,000 .. .. .	70
Exceeds K30,000 .. .. .	75

(7) The Charging Schedule to the principal Act is amended—

(a) by the insertion in Part IV of Annexure "B" of the following additional Table:

TABLE 10

(WITHOUT INDUCEMENT ALLOWANCE)

With effect from 1st April, 1986

Balance of income received by way of gratuity under section 21, other than such income as is chargeable under sub-paragraph 10 (1) (a):

The part of the balance of such income that--	Rate per centum
Does not exceed K2,000 .. .. .	5
Exceeds K2,000 but does not exceed K5,500 .. .. .	15
Exceeds K5,500 but does not exceed K10,000 .. .. .	25
Exceeds K10,000 but does not exceed K15,500 .. .. .	35
Exceeds K15,500 but does not exceed K22,000 .. .. .	45
Exceeds K22,000 but does not exceed K30,000 .. .. .	55
Exceeds K30,000 but does not exceed K40,000 .. .. .	60
Exceeds K40,000 .. .. .	65

(b) by the addition of the following new Part:

PART IV (a)  
(Paragraph 10 (2))

TABLE 1

(WITH INDUCEMENT ALLOWANCE)

With effect from 1st January, 1986

Balance of income received by way of gratuity under section 21, other than such income as is chargeable under sub-paragraph 10 (1) (e):

The part of the balance of such income that--	Rate per centum
Does not exceed K2,000 .. .. .	10
Exceeds K2,000 but does not exceed K5,500 .. .. .	25
Exceeds K5,500 but does not exceed K10,000 .. .. .	40
Exceeds K10,000 but does not exceed K15,500 .. .. .	55
Exceeds K15,500 but does not exceed K22,000 .. .. .	65
Exceeds K22,000 but does not exceed K30,000 .. .. .	70
Exceeds K30,000 .. .. .	75

- (8) The Charging Schedule to the principal Act is amended—  
 (a) by the insertion in Part V of Annexure “ B ” of the following additional Table:

TABLE 9

(WITHOUT INDUCEMENT ALLOWANCE)

*With effect from 1st April, 1986*

Balance of income deemed under section 19 (1) received by way of gratuity under section 21:

	<i>Rate per centum</i>
The part of the balance of such income that—	
Does not exceed K2,000 .. .. .	5
Exceeds K2,000 but does not exceed K5,500 .. .. .	15
Exceeds K5,500 but does not exceed K10,000 .. .. .	25
Exceeds K10,000 but does not exceed K15,500 .. .. .	35
Exceeds K15,500 but does not exceed K22,000 .. .. .	45
Exceeds K22,000 but does not exceed K30,000 .. .. .	55
Exceeds K30,000 but does not exceed K40,000 .. .. .	60
Exceeds K40,000 .. .. .	65

- (b) by the addition of the following new Part:

PART V (a)

(Paragraph 10 (2))

TABLE 1

(WITH INDUCEMENT ALLOWANCE)

*With effect from 1st January, 1986*

Balance of income deemed under section 19 (1) received by way of gratuity under section 21:

	<i>Rate per centum</i>
The part of the balance of such income that—	
Does not exceed K2,000 .. .. .	10
Exceeds K2,000 but does not exceed K5,500 .. .. .	25
Exceeds K5,500 but does not exceed K10,000 .. .. .	40
Exceeds K10,000 but does not exceed K15,500 .. .. .	55
Exceeds K15,500 but does not exceed K22,000 .. .. .	65
Exceeds K22,000 but does not exceed K30,000 .. .. .	70
Exceeds K30,000 .. .. .	75

- (9) The Charging Schedule to the principal Act is amended by the insertion in Annexure “ C ” of the following additional Table:

TABLE 8

*With effect from 1st April, 1986*

	<i>Rate per centum</i>
Manufacturing Company .. .. .	35
Others .. .. .	45

