GOVERNMENT OF ZAMBIA

ACT

No. 14 of 1987

Date of Assent: 19th April, 1987

An Act to amend the Income Tax Act

[24th April, 1987]

ENACTED by the Parliament of Zambia.

1. (1) This Act may be cited as the Income Tax (Amendment) Act, 1987, and shall be read as one with the Income Tax Act, hereinafter referred to as the principal Act.

(2) The provisions of this Act referred to in—

(a) Part I of the Schedule hereto shall be deemed to have come into operation on the 1st April, 1985, and shall have effect in relation to assessments for the charge year ended the 31st March, 1986, and in relation to each subsequent charge year;

(b) Part II of the Schedule hereto shall be deemed to have come into operation on the 1st April, 1986, and shall have effect in relation to assessments for the charge year ended the 31st March, 1987, and in relation to each subsequent charge year;

(c) Part III of the Schedule hereto shall be deemed to have come into operation on the 1st January, 1987, and shall have effect in relation to assessments for the charge year ended the 31st March, 1987, and in relation to each subsequent charge year;

and any provision of this Act not referred to shall come into operation on the 1st April, 1987.

2. Section two of the principal Act is amended in subsection (1) by the deletion in the definition of “manufacturing” of “change,” and the substitution therefor of “changes”.

3. Section seventeen of the principal Act is amended by the deletion of paragraph (g) and the substitution therefor of the following:

Single copies of this Act may be obtained from the Government Printer,
P.O. Box 30136, Lusaka. Price 40n.
4. Section twenty-one of the principal Act is amended—

(i) in subsection (5) by the deletion of "per annum" and the substitution therefor of "per annum, for an equivalent maximum period of five years,"; 

(ii) in the proviso by the deletion of "ten thousand kwacha" and the substitution therefor of "twenty thousand kwacha".

5. The principal Act is amended by the insertion after section twenty-nine of the following new section:

29A. Notwithstanding the provisions of section twenty-nine or any other provisions of this Act, any foreign currency exchange gains or losses, other than those of a capital nature, shall be assessable or deductible, as the case may be, in the charge year in which such gains or losses are realised, that is to say, in the charge year in which the person or partnership concerned is required to pay the additional kwacha or is allowed a rebate or a reduction, as the case may be, in settlement of a foreign debt or liability.

6. Section thirty-one of the principal Act is amended by the deletion of the words "from income or" where they first appear.

7. Section thirty-four of the principal Act is amended by the deletion of subsection (2) and the substitution therefor of the following:

(2) Where a person incurs capital expenditure on the purchase of any new or unused implement, machinery or plant, other than motor vehicles intended for use or capable of being used on roads, to be used by him in his business as a manufacturer, an investment allowance of twenty per centum of such expenditure shall be deducted in ascertaining the gains or profits of that business for the charge year in which the said implement, machinery or plant is first used in any manufacturing process in the manufacturing business.

8. Section thirty-seven of the principal Act is amended—

(a) in subsection (1) by the—

(i) deletion in sub-regulation (1) of paragraph (c) of "ten per centum" and the substitution therefor of "fifteen per centum";

(ii) deletion in paragraph (d) of "ten per centum" and the substitution therefor of "fifteen per centum"; and
(iii) deletion in paragraph (e) of "ten per centum" and the substitution therefor of "fifteen per centum"; and

(b) in subsection (2) by the deletion in paragraph (c) of "fifteen per centum" and the substitution therefor of "twenty per centum".

9. Section forty-one of the principal Act is amended—

(a) in paragraph (c) of subsection (1) by the addition after "is made or is to be made" of "and the Minister may in like manner withdraw such approval and such withdrawal may be made retrospectively";

(b) in subsection (2)—

(i) by the deletion of "ten per centum" and the substitution therefor of "fifteen per centum"; and

(ii) in the proviso by the insertion immediately after the "Republic" of "or for the construction in Lusaka of the Headquarters of the United National Independence Party".

10. Section forty-three C of the principal Act is amended by the deletion of subsection (5) and the substitution therefor of the following:

(5) No deduction shall be allowed under subsection (1) if the individual, or his wife living with him in a charge year, is in receipt of an owner-occupied housing allowance payable to an employee or office holder, and such individual has irrevocably elected for such charge year the exemption under sub-paragraph (v) of paragraph 7 of the Second Schedule.

11. Section forty-four of the principal Act is amended in proviso (iii) to paragraph (h) by the deletion of "K5.00" and the substitution therefor of "K20.00".

12. Section sixty-two A of the principal Act is amended by the deletion of the proviso and the substitution therefor of the following:

Provided that there shall be no right of election under this section where an election has already been made under this section in respect of one of two consecutive charge years in respect of the same income or loss.

13. Section eighty-two A of the principal Act is amended in subsection (1) by the—

(i) deletion of paragraph (d) and the re-numbering of the existing (e) as (d); and
(ii) deletion of the proviso thereof and the substitution therefor of the following new proviso:

Provided that the provisions of this section shall not apply—

(i) to interest payable to an individual or persons in partnership, not resident in the Republic; and

(ii) to interest payable on a bill of exchange drawn for one hundred and eighty days or less.

14. (1) The Second Schedule to the principal Act is amended in sub-paragraph (5) by the insertion after sub-paragraph (c) of the following new sub-paragraph:

(d) the Zambia National Holdings Limited;.

(2) The Second Schedule to the principal Act is amended in paragraph 7—

(a) by the deletion of sub-paragraph (m) and the substitution therefor of the following:

(m) by way of inducement allowance, as defined in subsection (1) of section two, payable by an employer to an expatriate employee, or by way of an inducement allowance or gratuity paid by the British Government to public officers;

(b) by—

(i) the deletion in sub-paragraph (o) of the semicolon at the end and the substitution therefor of a comma; and

(ii) the addition of:

Provided the employee irrevocably elects in respect of any charge year at least three months before the end of the charge year to which such election relates, and makes a claim in that behalf.

(c) by the addition after "service" of", Party service, the office of Attorney-General, the office of Clerk of the National Assembly or an office in the Clerk's department where such office is held on permanent and pensionable terms.

(3) The Second Schedule to the principal Act is amended in paragraph 9—

(a) by the deletion—

(i) in sub-paragraph (b) of sub-paragraph (4), of "up to the first five hundred kwacha,"

(ii) of the full stop at the end of the sub-paragraph and the substitution therefor of "; and"; and
by the addition after sub-paragraph (b) of the following sub-paragraph:

(c) interest earned on any sum deposited or invested in a savings or deposit account with any building society or commercial bank registered outside the Republic shall, if received by an individual resident in the Republic, be exempt.

15. The Fifth Schedule to the principal Act is amended in sub-paragraph (4) of paragraph 21—

(a) by the deletion of the colon immediately preceding the proviso and the substitution therefor of a full stop; and

(b) by the repeal of the proviso.

16. The Sixth Schedule to the principal Act—

(a) is amended in paragraph 1 by the deletion in the definition of “farm dwelling” of “eight thousand kwacha” and the substitution therefor of “twenty thousand kwacha”;

(b) amended by the repeal of paragraph 7 and the substitution therefor of the following:

7. In ascertaining a farmer’s gains or profits, the value of his livestock, including livestock bought by him for stud, is the market value or the cost to the farmer of the livestock, whichever is the lower.”; and

(c) amended by the repeal of paragraphs 8 and 9;

(d) amended by the re-numbering of the existing paragraph 10 as paragraph 8.

17. The Charging Schedule to the principal Act is—

(a) amended in paragraph 1 by the deletion of proviso (ii) and the substitution therefor of the following:

(ii) such return and claim is made not later than six years after the end of the charge year to which it relates or, if later, six years after the date of service of a notice of assessment for that charge year;

(b) amended by the repeal of paragraph 2 and the substitution therefor of the following:

2. A married allowance shall be deductible where the claimant lives with his spouse at any time during the charge year, and such married allowance shall be equally apportioned between the spouses, unless the claimant proves that his spouse is, for the relevant charge year, not in receipt of earned income in which case the allowance deductible from the claimant’s income under this paragraph
shall not exceed sixty per centum of the allowance due under this paragraph.;

(c) amended by the repeal of paragraph 3;

(d) amended in paragraph 5—

(i) by the deletion of the full stop and the substitution therefor of a colon;

(ii) by the addition of the following proviso to sub-regulation (1):

Provided that in the case of a child to whom an individual stands in place of a parent, child allowance shall only be deductible commencing from the charge year in which the claim is made to the Commissioner;

(iii) amended by the insertion immediately after sub-paragraph (1) of the following:

(2) The individual entitled to a child allowance under this paragraph may, by notice in writing to the Commissioner, elect to apportion the child allowance for any charge year:

Provided that—

(i) such notice shall—

(a) be signed by both spouses or claimants;

(b) specify the proportion or amounts in which the child allowance is to be apportioned;

(c) be irrevocable in respect of the charge year for which it is made; and

(d) be received by the Commissioner not later than three months before the commencement of the charge year to which it relates;

(ii) for a child born during a charge year, such notice shall be given not later than three months before the end of the charge year in which the child is born;

(e) by the re-numbering of the existing sub-paragraphs (2), (3) and (4) as (3), (4) and (5).

(f) amended in paragraph 6—

(a) by the deletion in sub-paragraph (b) of sub-paragraph (1) of "any part" and the substitu-
tution therefor of "an equivalent amount";
and
(b) by the deletion of sub-paragraph (2) and the
substitution therefor of the following:
(2) Where an insurance premium is paid
by a wife on her own life or on the life of
her husband or her minor child, she shall be
deemed to be the claimant for the purposes
of this paragraph and the provisions of
paragraph 9 of this Schedule shall be
construed accordingly.

(g) amended—
(i) by the insertion in Annexure "A" of the
following additional Table:

Table 12: With effect from 1st April, 1987

(a) Married Allowance under paragraph 2
(subject to apportionment) ........................................ 4,600
(b) Single Allowance under paragraph 4 .... 1,800
(c) Child Allowance under paragraph 5
(subject to apportionment) ........................................ 330
(d) Insurance Allowance under paragraph 6 the amount of
premium up to a maximum of
800

(e) Handicapped Person’s Allowance under
paragraph 8A .......................................................... 600

(ii) by the insertion in Annexure "C" of
the following Table:

Table 9: With effect from 1st April, 1986

Manufacturing company on income from
manufacturing ......................................................... 35
Others ................................................................. 45

SCHEDULE
(Section 1 (2))

PART I
Section 7

PART II
Sections 14 (2) (a) and (b) and 17 (g) (i)

PART III
Sections 4 and 14 (2) (c)