GOVERNMENT OF ZAMBIA

ACT
No. 7 of 2001

Date of Assent: 8th November, 2001

An Act to provide for the establishment of the Export Processing Zones Authority and its functions; the constitution of the Export Processing Zones Authority Board; the establishment of export processing zones and their licensing and regulation; the granting of incentives to investors and business enterprises in export processing zones; and to provide for other matters connected with or incidental to the foregoing.

[9th November, 2001

ENACTED by the Parliament of Zambia.

PART I
PRELIMINARY

1. This Act may be cited as the Export Processing Zones Act, 2001 and shall come into operation on such date as the Minister may, by statutory instrument, appoint.

2. (1) In this Act, unless the context otherwise requires—
"Authority" means the Zambia Export Processing Zones Authority established by section three;
"Board" means the Zambia Export Processing Authority Board constituted under section seven;
"Customs and Excise Division" has the meaning assigned to it under the Customs and Excise Act;
"customs territory" means any part of Zambia other than an export processing zone;
"developer" means a person who holds a permit issued under section seventeen;
zone and which is authorised by the investor's licence;

"export processing zone" means any area or premises in Zambia, declared under section fourteen to be an export processing zone;

"investor" means the holder of an export processing licence granted under section twenty;

"licence" means an export processing licence granted under section twenty;

"member" means the Chairperson or any other member of the Board established by section seven; and

"permit" means a permit granted to a developer under section twenty.

(2) Except as otherwise provided in this Act or any other law, nothing in this Act shall be construed as exempting any person within or in relation to an export processing zone from any law applicable in an area other than an export processing zone.

PART II
THE ZAMBIA EXPORT PROCESSING ZONES AUTHORITY AND THE ZAMBIA EXPORT PROCESSING ZONES AUTHORITY BOARD

3. There is hereby established the Zambia Export Processing Zones Authority which shall be a body corporate with perpetual succession and a common seal, capable of suing and being sued in its corporate name and with power, subject to this Act, to perform all acts that bodies corporate may by law perform.

4. The seal of the Authority shall be such device as may be determined by the Board.

5. Any agreement, contract or instrument approved by the Board may be entered into or executed on behalf of the Authority by the Managing Director or by any person generally or specially authorised by the Board for the purpose.

6. (1) The functions of the Authority shall be—

(a) to develop export processing zones;

(b) to facilitate the development of export processing zones by developers and investor;

(c) to consider and determine applications for licences under this Act and to issue licences;

(d) to assist applicants for licences under this Act by providing services for obtaining other relevant licences, permits and facilities;
THE EXPORT PROCESSING ZONES ACT, 2001

ARRANGEMENT OF CLAUSES

PART I
PRELIMINARY

1. Short title and commencement
2. Interpretation

PART II
THE ZAMBIA EXPORT PROCESSING ZONES AUTHORITY AND THE ZAMBIA EXPORT PROCESSING ZONES AUTHORITY BOARD

3. Establishment of Authority
4. Seal of Authority
5. Execution of contracts and instruments by Authority
6. Functions of Authority
7. Constitution of Authority Board
8. Committees of Authority

PART III
FINANCIAL PROVISIONS

9. Managing Director and other employees
10. Funds of Authority
11. Financial year
12. Accounts
13. Annual report

PART IV
EXPORT PROCESSING ZONES

14. Declaration of export processing zones
15. Facilities etc within an export processing zone
16. Production of goods in export processing zone

PART V
PERMITS FOR DEVELOPERS AND LICENSING OF INVESTORS

17. Application for developer's permit
18. Application for export processing licences
19. Considerations for approving applications for export processing licence or permit
20. Approval or refusal of application for permits or licences
21. Period of validity of licences or permits

Copies of this Act can be obtained from the Government Printer, P.O. Box 30136, 10101 Lusaka. Price K6. 000 each.
22. Renewal of export processing licences or permits
23. Register of licences and permits
24. Investor to notify Authority of non-implementation of investment
25. Transfer of licences prohibited
26. Records to be kept by export processing licence holder
27. Return to be submitted to Authority
28. Suspension or revocation of licence or permit
29. Appeals to Revenue Appeals Tribunal

PART VI
RESPONSIBILITIES OF EXPORT PROCESSING ZONE DEVELOPERS AND INVESTORS

30. Powers and obligations of export processing zone developers and investors

PART VII
OPERATIONS WITHIN EXPORT PROCESSING ZONE

31. Goods deemed or imported into Zambia
32. Goods within an export processing zone
33. Prohibited activities within an export processing zone
34. Removal of goods from an export processing zone
35. Submission of periodic returns

PART VIII
INCENTIVES RELATING TO BUSINESS ENTERPRISES IN EXPORT PROCESSING ZONES

36. Relief from taxes and duties
37. Extension of relief
38. Options between incentives under this Act and incentives under Investment Act

PART IX
MISCELLANEOUS

39. False statements
40. Transition
41. Regulations
42. Repeal of section twenty-eight of Investment Act

SCHEDULE
ADMINISTRATION OF BOARD

1. Tenure of office and vacancies
2. Proceedings of Board
3. Disclosure of interest
services for obtaining other relevant licences, permits and facilities;
(e) to administer, control and regulate export processing zones and to ensure compliance with this Act and any other laws relevant to the activities of export processing zones;
(f) to monitor and evaluate the activities, performance and development of enterprises in export processing zones;
(g) to promote and market export processing zones among investors; and
(h) to advise the Minister on matters relating to investment in, or the operation of, export processing zones.

(2) The Authority shall perform its functions in consultation with the Customs and Excise Division and other public authorities.

7. (1) There is hereby constituted the Zambia Export Processing Zones Authority Board which shall consist of the following members appointed by the Minister:
(a) the Permanent Secretary of the Ministry responsible for trade and industry;
(b) the Permanent Secretary of the Ministry responsible for finance;
(c) the Permanent Secretary of the Ministry responsible for labour;
(d) the Permanent Secretary in the Ministry responsible for lands;
(e) the Commissioner-General of the Zambia Revenue Authority established by the Zambia Revenue Authority Act;
(f) the Director-General of the Zambia Investment Centre established by the Investment Act;
(g) the Executive Director of the Export Board of Zambia established by the Export Development Act;
(h) the Chief Executive Officer of the National Science and Technology Council;
(i) a representative of the Zambia Export Growers Association;
(j) a representative of the Textiles Producers Association of Zambia;
(k) a representative of the Zambia Bankers Association; and
(l) one other person from the private sector.
shall be elected by the members from amongst themselves.

(3) Where any member referred to in paragraphs (a) to (h) is unable to attend any meeting of the Board, that member may in writing, nominate another senior officer to attend in that member's stead and that person shall be deemed to be a member for the purposes of the meeting.

(4) The Board shall be the governing body of the Authority and shall have power to carry out the proper management of the Authority and to perform the functions conferred on the Authority by this Act.

(5) The Board may, either generally or in any particular case, delegate in writing to the Managing Director or to any Committee of the Board any of its functions under this Act.

(6) The provisions of the Schedule shall apply to the proceedings and other matters of the Board.

8. (1) The Board may for the purpose of performing its functions under this Act constitute any Committee, the Chairperson of which shall be member of the Board, and may delegate to that Committee any of its functions.

(2) The Board may appoint as members of Committee established under subsection (1), persons who are or are not members of the Board and such persons shall hold office for such period as the Board may determine:

Provided that at least half of the members of a Committee shall be members of the Board.

(3) Subject to any specific or general directions of the Board any Committee established under subsection (1), may regulate its own procedure.

9. (1) The Board shall appoint, the Managing Director on such terms and conditions as the Board may determine.

(2) The Managing Director shall be the Chief Executive officer of the Authority and shall be responsible for the management of the affairs of the Authority in accordance with the policies and directions of the Board.

(3) The Board shall appoint on such terms and conditions as the
Board may determine, such other employees of the Authority as it considers necessary for the performance of the functions of the Authority under the Act.

Part III

FINANCIAL PROVISIONS

10. (1) The funds of the Authority shall consist of—

(a) such moneys as may be appropriated by Parliament for the purposes of the Authority;
(b) fees and other charges paid to the Authority;
(c) grants or donations from any source; and
(d) such other moneys as may vest in or accrue to the Authority.

(2) The Authority may—

(a) accept money by way of grants or donations from any source in Zambia;
(b) raise money by way of loans or other means from any source in Zambia and, subject to the approval of the Minister, from any source outside Zambia, such moneys as it may require for the discharge of its functions; and
(c) charge and collect fees in respect of licences and other services provided by the Authority.

(3) The Authority may invest in such manner as it thinks fit such of its funds as it does not immediately require for the performance of its functions.

11. The Financial year of the Authority shall be the period of twelve months ending on the 31st March in each year, or, in respect of the first accounting period following the commencement of this Act, such period, whether longer or shorter than twelve months, as the Board may determine.

12. (1) The Authority shall cause to be kept proper books of account and records relating to its accounts.

(2) The accounts of the Authority shall be audited annually by independent auditors appointed by the Board.

(3) The auditors' fees shall be paid by the Authority.

13. (1) As soon as practicable, but not later than six months after the expiry of the financial year, the Board shall submit to the Minister a report concerning the activities of the Authority during that financial year.

(2) The report referred to in subsection (1) shall include information on the financial affairs of the Authority and there shall be appended to the report—
Declaration of export processing zones

Facilities etc within an export processing zone

Production of goods in export processing zone

Application for developer's permit

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(4) an audited balance sheet;
(b) an audited statement of income and expenditure; and
(c) such other information as the Minister may require.

(3) The Minister shall, not later than seven days after the first sitting of the National Assembly next after the receipt of the report referred to in subsection (1), lay the report before the National Assembly.

PART IV
EXPORT PROCESSING ZONES

14. (1) The Minister may, on the recommendation of the Board, after consultation with the Minister responsible for finance and with the approval of Cabinet, by statutory instrument, declare an area or premises to be an export processing zone.

(2) A statutory instrument made under subsection (1) shall prescribe the limits of the area or premises declared an export processing zone to which it relates.

15. The Authority may require a developer to provide and maintain in an export processing zone such facilities, including adequate fencing or enclosures to separate the export processing zone from the customs territory and to ensure the security of the zone, as the Authority may consider necessary for the proper and efficient functioning of the zone.

16. (1) Subject to subsection (2), an export processing enterprise may, in accordance with the conditions attached to its licence, produce for export, any of the goods or services specified in the export processing licence.

(2) The Authority may authorise an export processing enterprise to dispose of not more than twenty per cent of the annual production of its goods or services in the customs territory, but such goods and services shall be subject to the law applicable to imports into the customs territory.

PART V
PERMITS FOR DEVELOPERS AND LICENSING OF INVESTORS

17. (1) A person who wishes to obtain the approval of the Authority to develop an area as an export processing zone in which licensed investors may establish and conduct their operations shall submit an application to the Authority in the prescribed form for a permit, and the application shall be accompanied by the prescribed fee and such documents and information required by the Authority.
as may be prescribed under this Act.

(2) The Authority shall, within thirty days of the submission of an application for a permit, approve or refuse to approve the application and immediately thereafter communicate the approval or refusal to the applicant.

(3) Where the Authority approves an application for a permit, it shall issue the permit subject to such terms and conditions as it may determine.

(4) The Authority may vary or amend any conditions of a permit where there are changes relating to the investment or on an application by the developer to vary the terms and conditions of the permit.

18. A person who wishes—
   (a) to obtain the approval of the Authority to invest in an export processing zone; or
   (b) to have a business or activity approved by the Authority as a business or activity in an export processing zone;
shall submit an application to the Authority in the prescribed form for a licence, and the application shall be accompanied by the prescribed fee and such documents and information as the Authority may reasonably require for the determination of the application.

19. In considering an application for an export processing licence or permit, the Authority shall have regard to—
   (a) the promotion of economic development in Zambia;
   (b) the extent to which the proposed investment will lead to the creation of employment opportunities and the development of human resources;
   (c) the degree of export orientation of the project;
   (d) the impact the proposed investment is likely to have on the environment and, where necessary, the measures proposed to deal with any adverse environmental consequences in accordance with the Environmental Protection and Pollution Control Act;
   (e) the possibility of the transfer of technology; and
   (f) any other considerations that the Authority considers appropriate.

20. (1) The Authority shall, within thirty days of the submission of an application for a permit or licence, approve or refuse to approve the application and, immediately thereafter, communicate the approval or refusal to the applicant.
(2) Where the Authority approves an application for a permit or licence, it shall issue to the applicant a licence or permit in the prescribed form specifying—

(a) the name, nationality and address of the applicant;
(b) the legal status of the business enterprise, whether as a body corporate, partnership, association or other type of entity, its registered or other office and the names and nationalities of the chief executive and the directors or other office bearers;
(c) a description of the proposed investment, and of the approved activity which is authorised by the licence or permit;
(d) the nature and the amount or value of the foreign assets to be invested and, where applicable, the period or periods within which they shall be invested;
(e) the date of issue and expiry of the licence or permit;
(f) the terms and conditions of the licence or permit; and

(g) any other matter which the Authority considers necessary to give effect to this Act.

(3) The Authority may impose such conditions on the issue of a licence as it considers appropriate.

(4) The Authority may vary or amend any conditions attached to a licence under subsection (2), where there are any changes relating to the investment under section twenty-four on an application by the licenced investor to vary the terms and conditions attached or any other matter relating to the licence.

21. A licence or permit shall be valid, for a period of ten years from the date of issue, during which period the licenced investor or developer shall implement the proposed investment.

22. A licensed investor or developer may apply for the renewal of the licence or permit before its expiry for a period not exceeding five years at a time and an application for renewal shall be made in such form and manner and within such period as may be prescribed and shall be accompanied by the prescribed fee.

23 (1) The Authority shall maintain or cause to be maintained a register of—

(a) licensed investors and developers;
(b) licences and permits, including any conditions subject to
which each licence or permit was issued; and

\(c\) any amendments, suspensions or revocations of licences or permits.

(2) The register kept in terms of subsection (1) shall be open for inspection by members of the public at all reasonable times at the offices of the Authority on payment of the prescribed fee.

24. (1) Where for any reason a licenced investor is unable to implement the investment described in the licence, the investor shall notify the Authority of the inability to implement such investment, stating the reasons therefor, within thirty days of the investor becoming aware of the non-implementation of the investment.

(2) A licenced investor shall, without delay, inform the Authority of any material change in the information or particulars furnished by the investor when the investor applied for the licence.

25. (1) A licenced investor shall not assign, cede or otherwise transfer the investor's licence to any other person without the prior approval of the Authority.

(2) A permit issued to a developer under this part shall not be assigned, ceded or otherwise transferred to any other person without the prior approval of the Authority.

26. (1) Every enterprise in the export processing zone shall keep at its place of business or premises and maintain in form and manner conforming to accepted accounting standards the following—

\(a\) a stock book in which shall be entered the quantity and description of all raw materials used for manufacture, the quantity and description of semi-finished products, and the manner of their disposal;

\(b\) a register in which shall be entered the quantity and description of all raw materials used for manufacture, the quantity and description of semi-finished products, and the manner of their disposal;

\(c\) a stock book for recording particulars of waste materials resulting from manufacture;

\(d\) books of accounts, invoices, customs permits and other documents connected with the manufacturing operations; and

\(e\) a record of the quantity of goods lost as a result of evaporation, spillage, leakage, or other causes.

(2) One set of records may be maintained, to satisfy the requirements of the Authority.
(3) Every enterprise in the export processing zone shall produce on demand at any time for the inspection of an officer of the Authority the books, records and documents referred to in this section and shall allow such officer to make extracts therefrom, for the Authority’s record or reference.

(4) Any person who does not comply with subsection (3) commits an offence and is liable on conviction to a fine not exceeding ten thousand penalty units or imprisonment for a term not exceeding three months or to both.

27. (1) Every enterprise in an export processing zone shall submit quarterly and annual returns in such form as the Authority may determine giving details of—
(a) all raw materials received at the place or premises of manufacture during the preceding three months;
(b) production of semi-finished and finished products including by-products and their releases for local consumption and for export;
(c) waste stocks and manner of their disposal;
(d) loss through spillage, evaporation and other causes; and
(e) the balances of all raw materials and of the semi-finished products including by-products stocked at the place or premises of manufacture as at the close of business on the last day of the month.

(2) Every enterprise in the export processing zone shall furnish on demand as and when the Authority deems necessary any other information in the form of returns in the manner as may be determined by the Authority, and all such information shall be treated as confidential.

28. (1) The Authority may suspend or revoke a licence or permit where the licensed investor or developer—
(a) obtained the licence or permit on the basis of fraud or negligent misrepresentation or any false or misleading statement;
(b) assigns, cedes or otherwise transfers the licence or permit to another person without the prior approval of the Authority;
(c) fails, without reasonable explanation, to implement the approved activity described in the licence or permit within the period stipulated or any extension thereof; or
(d) is convicted of an offence under this Act or fails to comply with any conditions imposed on the licence or permit.
(2) The Authority shall, before taking any action in terms of subsection (1), notify the licensed investor or developer of its intention to suspend or revoke the licence or permit and the reason therefor, and call upon the licensed investor or developer to show cause, within such reasonable period as may be specified in the notice, why the licence or permit should not be suspended or revoked, as the case may be.

(3) If, at the expiration of the period specified in the notice given under subsection (2), and after considering any representations made by the licensed investor or developer, the Authority is satisfied for any reason specified in subsection (1) that the licence or permit should be suspended or revoked, the Authority may, by notice in writing to the investor or developer, suspend or revoke the licence or permit or take such other action as it considers appropriate, including suspending or revoking any incentives to which the investor or developer may be entitled under this Act.

29. (1) An applicant for a licence under section eighteen or a permit under section seventeen or an investor or developer who is aggrieved by a decision or determination of the Authority under this Act may, in respect of the matters set out in subsection (2), appeal to the Revenue Appeals Tribunal established by the Revenue Appeals Tribunal Act, 1998 in such manner and within such time as the Minister may, in consultation with the Minister responsible for finance, by Regulations, prescribe.

(2) The Revenue Appeals Tribunal may hear and determine appeals in respect of any of the following matters—

(a) the refusal to grant an application for an investor's licence under section seventeen or a developer's permit under section eighteen;

(b) the refusal to renew an investor's licence or a developer's permit or the suspension or revocation of any such licence or permit;

(c) a decision of the Authority under subsection (2) of section sixteen regarding the percentage of the annual production of goods or services authorised for disposal in the customs territory; and

(d) the application of any administrative decision on a matter arising from the enforcement of this Act.
PART VI
Responsibilities of Export Processing Zone
Developers and Investors

30. (1) A developer may—
(a) appoint an agent or representative to undertake the management and administration of the export processing zone on behalf of the developer; and
(b) lease, sub-lease or sell land or buildings to licenced export processing enterprises, and may charge rent or fees for other services that may be provided in the zone.

(2) A developer shall—
(a) make improvements to the export processing zone and its facilities with the approval of the Authority;
(b) provide or facilitate the provision of infrastructure and other services according to the design approved by the Authority;
(c) provide adequate security, including enclosures, to segregate the zone from the customs territory for the protection of public revenue and make suitable provision for the movement of persons, conveyances, vessels and goods entering or leaving the zone;
(d) provide within the zone adequate accommodation, facilities and security for officers of the Customs and Excise Division as determined by the Authority in consultation with the Commissioner-General of Zambia Revenue Authority;
(e) prescribe and enforce measures, for the business or activity carried out within the zone, which promote the safety and efficiency of its operations;
(f) maintain proper accounts and other records in relation to the business of the developer and report on activities performed and development of the zone to the Authority once in each year and at such other times as may be required by the Authority; and
(g) register any lease and service agreement with the authority.

(3) In relation to the premises occupied by a licensed investor, whether or not the investor is a licensed developer, the investor shall comply with the provisions of paragraphs (c), (e) and (f) of subsection (2) and, if directed in writing by the Authority, with the provisions of paragraph (a), (b) and (g).
PART VII
OPERATIONS WITHIN EXPORT PROCESSING ZONES

31. Except as otherwise provided by or under this Act or any other written law—

(a) goods which are brought from the customs territory into an export processing zone or any service provided from the customs territory to an export processing zone shall be deemed to have been exported from the customs territory; and

(b) goods which are brought from an export processing zone into the customs territory for use in the customs territory or any service provided from an export processing zone to the customs territory shall be deemed to have been imported into the customs territory.

32. (1) Goods within an export processing zone shall not be taken out of the zone except—

(a) for export as may be authorised under subsection (2) of section sixteen, to the customs territory, or to any other place;

(b) for repair and maintenance or processing or conversion with prior approval of the Authority and under supervision of the Authority and subject to such conditions as the Authority may impose.

(2) Subsection (1) shall, where appropriate, apply to services within an export processing zone in the same manner as it applies to goods.

33. (1) A person shall not —

(a) within an export processing zone, carry on any retail trade in goods produced in or imported into the export processing zone; or

(b) within an export processing zone, render business services;

without the prior approval of the Authority.

(2) Any person who contravenes this section commits an offence and on conviction is liable to a fine not exceeding eight thousand penalty units or imprisonment for a term not exceeding five years or to both.

34. Subject to this Act, goods in an export processing zone may—

(a) be removed under supervision of a customs officer from
the zone for export or sent into another export processing zone or bonded factory whether or not in their original packaging;

(b) unless otherwise directed by the Authority—

(i) be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed or otherwise manipulated or be manufactured in accordance with the provisions of this Act; or

(ii) if it appears to the Authority that the goods have been abandoned for a period exceeding three months, be disposed of by sale, destruction or in any other manner as the Authority, in consultation with the Commissioner-General of the Zambia Revenue Authority may determine.

35. Every licensed investor shall submit to the Authority, within three months after 31st March of each year, or at such other intervals as the Authority may direct, such statistical and other information and returns relating to sales and purchase of goods or services and other operations as the Authority may require or as may prescribed under this Act.

PART VIII
INCENTIVES RELATING TO BUSINESS ENTERPRISES IN EXPORT PROCESSING ZONES

36. (1) Subject to subsection (2) of section sixteen and subsection (3) of section twenty-eight, a developer or an investor shall, in respect of the investment relating to the development of the export processing zone or, as the case may be, the investment in a business or an activity authorised by the export processing licence or permit, be exempt from—

(a) corporate tax;

(b) withholding tax on dividends and tax on interest or royalties;

(c) capital gains tax;

(d) duty on imported raw materials, plant and machinery
Export Processing Zones

intermediate and capital goods, and services;

(e) import value added tax; and

(f) excise duty.

(2) An investor or developer referred to in subsection (1) shall be entitled to a refund on value added tax paid on goods and services purchased from a customs territory.

(3) The exemption granted by subsection (1) shall not apply to such motor-vehicles as may be prescribed by the Minister by statutory instrument.

37. The relief for which a developer or a licensed investor is eligible under this Part shall be effected—

(a) in full, upon the Authority certifying that the developer or the investor has complied fully with this Act and the conditions of the developer's permit or the investor's licence, as the case may be; or

(b) to the extent to which any relief is affected by the authorisation of the Authority under subsection (2) of section sixteen or by a decision of the Authority under subsection (3) of section twenty-eight, in accordance with such Regulations as the Minister may prescribe.

38. Where an investor is entitled to an incentive under this Act which is of the same nature as an incentive to which the investor is also entitled under the investment Act, the investor shall exercise an irrevocable option for the incentive under either Act.

PART IX
MISCELLANEOUS

39. Any person who—

(a) in connection with an application for a developer's permit or a licence under this Act; or

(b) in a return referred to in section thirty-five makes any statement knowing it to be false in a material particular commits an offence and is liable on conviction to a fine not exceeding eight thousand penalty units or to imprisonment for a period not exceeding six months or to both.

40. Where any authorisation or permission is required under this Act in respect of a business or activity in existence prior to the date of commencement of this Act that authorisation or permission shall be obtained within one year from the date of commencement of this Act.
41. (1) The Minister may, after consultation with Authority, by statutory instrument, make Regulations for the purpose of this Act.

(2) Without prejudice to the generality of subsection (1), regulations under subsection (1) may—

(a) make different provisions in respect of different types of export processing zones;
(b) provide for fines not exceeding eight thousand penalty units or for imprisonment not exceeding three years or both in relation to offences against those Regulations; and
(c) anything which by this Act is required to be prescribed.

42. Section twenty-eight of the Investment Act is hereby repealed.

SCHEDULE
(Section 7(6))
ADMINISTRATION OF BOARD

1. (1) A member of the Board, appointed by the Minister, shall hold office for three years and may be reappointed for a further period of three years.

(2) Upon the expiration of the term for which a member is appointed, the member shall continue to hold office until a successor has been appointed, but in no case shall any extension of one term exceed three months.

(3) The office of a member appointed by the Minister, shall become vacant—

(a) upon the member’s death;
(b) if the member is adjudged or otherwise declared bankrupt;
(c) if the member is adjudged or otherwise declared to be of unsound mind under any law in Zambia or elsewhere;
(d) if the member is absent, without prior approval of the Chairperson from three consecutive meetings of the Board of which due notice was given to the member;
(e) upon the expiry of not less than one month’s notice, in writing, of that member’s intention to resign given by the member to the Minister and the Chairperson; or
(f) if such circumstances arise that, if the person were not a member, would disqualify that person from being appointed a member.
2. (1) The Board shall, for the transaction of business, meet once or more times in every calendar year at such places and at such times as the Chairperson may determine.

(2) Seven members shall constitute a quorum.

(3) Subject to subparagraph (1) the Chairperson shall, upon giving notice of not less that fourteen days, call a special meeting of the Board if not less than five members so request in writing.

(4) If the urgency of any particular matter does not permit the giving of the notice referred to in subparagraph (3), a special meeting may be called upon giving shorter notice.

(5) There shall preside at a meeting of the Board the Chairperson or, in the absence of the Chairperson, the Vice-Chairperson or, in the absence of both the Chairperson and the Vice-Chairperson, such member as the members present may elect for the purpose of that meeting.

(6) A decision of the Board on any question shall be by a majority of the members present and voting at the meeting and in the event of an equality of votes the person presiding at the meeting shall have a casting vote in addition to that person's deliberative vote.

(7) The Board may invite any person whose presence is in its opinion desirable, to attend and participate in the deliberations of a meeting of the Board, but that person shall have no vote.

(8) The validity of any proceedings, act or decision of the Board shall not be affected by a vacancy in the membership of the Council or by any defect in the appointment of a member.

(9) The Board shall cause minutes to be kept of the proceedings of every meeting of the Board and of every meeting of a committee established by the Board.

3. (1) If a person is present at a meeting of the Board at which any matter in which that person or that person's spouse is directly interested, the person shall, as soon as practicable after the commencement of the meeting, disclose that interest and shall not, unless the Board otherwise directs, take part in the consideration or discussion of, or vote on, any question touching that matter.

(2) Subject to the other provisions of this Act, the Board may regulate its own procedure.