

GOVERNMENT OF ZAMBIA

ACT

No. 2 of 2003

Date of Assent: 26th March, 2003

An Act to amend the Value Added Tax Act.

[27th March, 2003

ENACTED by the Parliament of Zambia.

Enactment

1. (1) This Act may be cited as the Value Added Tax (Amendment) Act, 2003, and shall be read as one with the Value Added Tax Act, in this Act referred to as the principal Act.

Short title and commencement

Cap 331

(2) This Act shall come into operation on 1st April, 2003.

2. Section *two* of the principal Act is amended by the deletion of the definition of "taxable supplier" and the substitution therefor of the following new definition:

Amendment of section 2

"taxable supplier" means a person who is registered or is required by this Act to be registered and includes a tax agent or recipient of imported services referred to in section *eight*;

3. Section *six* of the principal Act is amended by the insertion immediately after subsection (2) of the following new subsection:

Amendment of section 6

(3) A government agency which is not engaged in providing taxable supplies shall claim from the ministry responsible for finance a refund of the input tax paid in connection with the supply of goods or services referred to in subsection (1) including any other goods or services supplied to it.

4. Section *eight* of the principal Act is amended —

Amendment of section 8

(a) in paragraph (b) by the addition after the words "importation of goods" of the words "or services";

(b) by the insertion immediately after subsection (4) of the following new subsections:

(5) A recipient of an imported service shall pay tax on the importation of a service, where such a service is performed, undertaken or utilised in Zambia or the

benefit of the supply is for a recipient in Zambia :

Provided that the provisions of this subsection shall apply where the supplier who is resident outside Zambia has not appointed a tax agent as required under subsection (7).

(6) The corresponding input tax shall be excluded from any claim, deduction or credit under section *eighteen*.

(7) A supplier who—

(a) does not have a business establishment in Zambia; or

(b) being an individual or partner in a partnership, does not have a usual place of residence in Zambia;

shall appoint a person resident in Zambia (in this provision referred to as a “tax agent”) to act on behalf of the supplier in matters relating to tax.

(8) Where the Commissioner-General accepts the appointment of a tax agent, referred to in subsection (7), any liability of the taxable supplier under the Act (other than any liability subsisting before the agent’s appointment) including any liability to—

(a) keep and preserve, or produce any records or accounts;

(b) furnish a tax return;

(c) pay tax or interest under the Act;

(d) comply with any requirement of the Commissioner-General in respect of the business;

shall on and from the appointment, and without affecting such liability of the supplier, subsist to the like extent and severally against the tax agent until such time as the Commissioner-General accepts the appointment of another tax agent.

(9) For the purpose of this section, a supply of services shall include the supply of services that is made by a supplier who is resident or carries on business outside Zambia to a recipient who is resident in Zambia.

Amendment
of section 9

5. Section *nine* of the principal Act is amended by the —

(a) insertion immediately after subsection (2) of the following new subsection:

- (3) Tax on an imported service shall be charged on the taxable value of the service at the prescribed rate of tax; and
- (b) re-numbering of subsections (3) and (4) as (4) and (5) respectively.
6. Section *twelve* of the principal Act is amended by the insertion immediately after subsection (1) of the following new subsection:
- (1A) A service shall be regarded as supplied in Zambia—
- (a) if the supplier of the services—
- (i) has a place of business in Zambia and no place of business elsewhere;
- (ii) does not have a place of business in Zambia and elsewhere but the supplier's usual place of residence is in Zambia; or
- (iii) if the supplier of the services has a place of business in Zambia and elsewhere but the place of business most directly concerned with the supply of the services in question is the one in Zambia.
- (b) if the service is imported.
7. The principal Act is amended by the repeal of section *twenty-nine* and the substitution thereof of the following:
29. A supplier who—
- (a) contravenes any term or condition of that supplier's registration; or
- (b) not being a taxable supplier, holds oneself out as such; commits an offence and shall be liable, upon conviction, to a fine not exceeding ten thousand penalty units or to imprisonment for a term not exceeding twelve months, or to both.
8. The principal Act is amended by the insertion immediately after section *twenty-nine* of the following new section:
- 29A A supplier who being required to apply or register under this Part fails to do so within one month after becoming liable to apply shall pay a late registration fee of ten thousand fee units for each standard tax period the supplier remains unregistered after qualifying for the registration threshold.
9. Section *fifty-one* of the principal Act is amended in subsection (2) by the—
- (a) deletion of the word "and" at the end of paragraph (f);

Amendment
of section
12

Repeal and
replacement
of section 29

Offences and
penalties

Insertion of
new section
29A

Late
Registration

Amendment
of section 51

(b) deletion of the full stop after paragraph (g) and the substitution therefor of a semi colon and the word "and"; and

(c) addition immediately after paragraph (g) of the following new paragraph:

(h) the use of cash registers by retailers or such other equipment as the Commissioner-General may consider appropriate in recording daily sales.
