

GOVERNMENT OF ZAMBIA

**ACT**

No. 3 of 2003

Date of Assent: 26th March, 2003

**An Act to amend the Income Tax Act.**

[ 27th March, 2003

ENACTED by the Parliament of Zambia

Enactment

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

Short title  
and  
commencement  
Cap. 323

(2) This Act shall come into operation on the 1st April, 2003, and subject to any provisions to the contrary, shall have effect in relation to the charge of tax for the charge year which ends on 31st March, 2004 and in relation to each subsequent charge year.

2. Section *twenty-nine* of the principal Act is amended in subsection (1) by the insertion of the following proviso:

Amendment  
of Section 29

Provided that on the amount payable by way of interest upon money borrowed by any person where the Commissioner General is satisfied that the loan or advance was obtained for capital employed wholly and exclusively for business purposes or in the production of income, a deduction shall be allowed.

3. Section *twenty-nineA* of the principal Act is amended—

Amendment  
of Section  
29A

(a) in subsection (1) by the insertion of the following proviso:

Provided that foreign exchange losses of a capital nature incurred on borrowings used for the building and construction of an industrial or commercial building shall be deductible; and

(b) by the insertion immediately after subsection (3) of the following new subsection:

(4) In this section “industrial building” and “commercial building” have the meaning assigned to them in the fifteen Schedule.

Amendment  
of Section  
34 A

4. Section *thirty-four A* of the principal Act is amended in subsection (1) by the insertion of the words “rose flowers” and a coma immediately after the words “the growing of”.

Amendment  
of Section 44

5. Section *forty-four* of the principal Act is amended—

(a) in paragraph (a)—

(i) by the insertion of a full stop after the word “expense”;  
and

(ii) by the deletion of the “coma” and the words “except such interest as is allowed by section *forty-three C*” after the word “expense;”

(b) by the deletion of the full stop at the end of paragraph (m) and the substitution therefor of a semi-colon; and

(c) by the insertion after paragraph (m) of the following new paragraphs:

(n) incidental costs of obtaining finance such as commitment and guarantee fees, commissions and any other incidental cost of a similar nature; and

(o) any levy payable under the Medical Levy Act.

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Amendment  
of Section 63

6. Section *sixty-three* of the principal Act is amended in the proviso to subsection (1) by—

(a) the deletion of the full stop at the end of paragraph (v) and the substitution therefor of a semi-colon and the word “and”; and

(b) the insertion immediately after paragraph (v) of the following new paragraphs:

(vi) income of an individual from which tax in respect of that charge year has been paid under section *sixty-four A*; and

(vii) in the case of a person exempted under subparagraph (1) of paragraph 5 and subparagraph (1) of paragraph 6 of the Second Schedule, interest from which tax in respect of that charge year has been deducted under section *eighty-two A*.

Insertion of  
new section  
64A

7. The principal Act is amended by the insertion immediately after Section *sixty-four* of the following new section:

64A. (1) The Commissioner-General may make a standard assessment requiring any individual or partnership carrying on the business of operating a public service vehicle for the carriage of persons to pay a presumptive tax as set out in the Ninth Schedule.

Standard  
Assessment

8. Section *eight-one B* of the principal Act is amended by the insertion immediately after subsection (1) of the following new subsection:

Amendment  
of Section  
81B

(1A) Any person or authority empowered to issue a permit or licence under the Mines and Minerals Act shall not issue the permit or licence to any applicant unless the applicant produces a tax clearance certificate.

Cap. 213

(1B) For purposes of subsection (1A)—

“licence” means a gemstone small scale or large scale mining licence; and

“permit” means a prospecting licence.

9. The Second Schedule to the principal Act is amended—

Amendment  
of Second  
Schedule

(a) in paragraph 6 by the deletion of subparagraph (2) and the substitution therefor of the following new subparagraph:

(2) If the income referred to in subparagraph (1) is the profit of a business carried on by a charitable institution, body or persons or trust receiving it, that income is not exempt from tax and shall be taxed at the rate specified in the Charging Schedule;

(b) by the insertion immediately after paragraph 6 of the following new paragraph:

6A. Notwithstanding the provisions of subparagraph (1) of paragraph 5 and subparagraph (1) of paragraph 6, or any other provisions of this Act, any interest on Treasury Bills or Government Bonds received by any charitable institution, body, person or trust referred to in those subparagraphs, shall be subject to withholding tax under section *eighty-two A*.

(c) in paragraph 7—

- (i) by the deletion of subparagraph (n);
- (ii) by the deletion of the full stop at the end of subparagraph (m) and the substitution therefor of a semi-colon and the word “and”; and
- (iii) by the insertion after subparagraph (w) of the following new subparagraph:

(x) as emoluments by a former President of the Republic; and

(e) in paragraph 9 by the deletion of subparagraph c of subparagraph (2).

Insertion of new Ninth Schedule

10. The Principal Act is amended by the insertion of a new Ninth Schedule set out in the Appendix to this Act.

Amendment of Charging Schedule

11. The Charging Schedule to the principal Act is amended—

(a) in subparagraph (1) of paragraph 2 by the deletion of clauses (c) and (d) and the substitution therefor of the following new clauses:

(c) on the balance of so much of an individual's income as does not exceed one million nine hundred twenty thousand Kwacha at the rate of zero per centum per annum; and

(d) on the balance of so much of an individual's income as exceeds one million nine hundred twenty thousand Kwacha at the rate of thirty per centum;

(b) in subparagraph (1) of paragraph 2 by the deletion in clause (a) of the word "thirty" and the substitution therefor of the words "thirty-three".

(c) by the insertion immediately after subparagraph (e) of the following new subparagraph:

(f) the maximum rate of tax for income received by any charitable institution, body of persons or trust referred to in subparagraph 1 of paragraph 6 of the Second Schedule.

(d) in the proviso to paragraph 7 by the insertion after subparagraph (v) of the following new subparagraph:

(vi) tax required to be deducted from payment of interest on Treasury Bills and Government Bonds to any charitable institution, body, person or trust exempted under subparagraph (1) of paragraph 5 and subparagraph (1) of paragraph 6.

APPENDIX  
(Section 10)

NINTH SCHEDULE  
(Section 64A)

PRESUMPTIVE TAX

<i>Type of Vehicle (Sitting Capacity)</i>	<i>Amount of Tax per vehicle (per annum)</i>
64 seater and above	K7,200,000.00
50 – 63 seater	K6,000,000.00
36 – 49 seater	K4,800,000.00
22 – 35 seater	K3,600,000.00
18 – 21 seater	K2,400,000.00
12 – 17 seater	K1,200,000.00
Below 12 seater (including Taxis)	K600,000.00

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