

GOVERNMENT OF ZAMBIA

ACT

No. 1 of 2004

Date of Assent: 31st March, 2004

An Act to amend the Income Tax Act.

[1st April, 2004

ENACTED by the Parliament of Zambia.

Enactment

1. (1) This Act may be cited as the Income Tax (Amendment) Act, 2004, 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 1st April, 2004; 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, 2005, and in relation to each subsequent charge year.

2. Section *twelve* of the principal Act is amended—

Amendment
of section 12

(a) in paragraph (a) of subsection (2) by the insertion of the words “ or electronically ” after the word “ personally; ” and

(b) in paragraph (a) of subsection (5) by the insertion of a comma and the word “ electronically ” after the word “ personally ”.

3. Section *sixty-fourA* of the principal Act is amended—

Amendment
of section
64A

(a) in subsection (1) by the insertion of the words “ Part I of ” after the words “ as set out in ”; and

(b) by the insertion immediately after subsection (1) of the following new subsection:

(2) The Commissioner-General may make a standard assessment requiring any person carrying on any business, other than the business referred to in subsection (1), with an annual turnover of two hundred million kwacha or less to pay tax on turnover at the rate set out in Part II of the Ninth Schedule.

Amendment
of section 79

4. Section *seventy-nine* of the principal Act is amended by the insertion immediately after subsection (1) of the following new subsection:

(2) Notwithstanding the other provisions of this Act, where tax is found to be owing to the Republic under this Act the Commissioner-General may, by notice in writing issued to any individual or person, fix a date for the payment of such tax:

Provided that where payment of the tax referred to in this section is to be made by instalments, the Commissioner-General may set different dates for the payment of such tax.

Amendment
of section
82A

5. Section *eighty-twoA* of the principal Act is amended in subsection (1) by the deletion in paragraph (i) of the proviso to paragraph (b) of the words "twenty-five thousand kwacha" and the substitution therefor of the words "sixty-two thousand five hundred kwacha."

Amendment
of Second
Schedule

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

(a) by the deletion of paragraph 6A and the substitution therefor of the following paragraph:

Interest on
treasury
bills, etc
received by
charitable
institution
subject to
withholding
tax

6A. (1) 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, government bonds, corporate bonds or any financial instrument or securities received by any charitable institution, body, person or trust referred to in those subparagraphs, shall be subject to withholding tax under section *eighty-twoA*.

Cap. 354

(2) In this paragraph "securities" has the meaning assigned to it by section *two* of the Securities Act.

(b) in subparagraphs (4) and (5) of paragraph 9 by the deletion of the words "three hundred thousand" and the substitution therefor of the words "seven hundred fifty thousand".

Amendment
of Fourth
Schedule

7. The Fourth Schedule to the principal Act is amended in clause (b) of subparagraph (2) of paragraph 2 by the deletion of subclause (i) and the substitution therefor of the following subclause:

(i) provide for the payment to any employee during the employee's life of any sum except a pension which may, subject to this paragraph, be commuted or, in the event of the employee leaving the service of the employee's employer in circumstances in which no pension is payable to the employee, any contributions to—

(a) a defined contributory fund or scheme made by the employee and the employee's employer together with reasonable interest; or

(b) a defined benefit fund or scheme made by the employee and the employee's employer together with reasonable interest;

8. The Sixth Schedule to the principal Act is amended in paragraph 1 by the deletion in the definition of "farm dwelling" of the words "five million kwacha" and the substitution therefor of the words "ten million kwacha".

Amendment
of Sixth
Schedule

9. The principal Act is amended by the repeal of the Ninth Schedule and the substitution therefor of the Ninth Schedule set out in the Appendix to this Act.

Repeal and
replacement
of Ninth
Schedule

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

Amendment
of Charging
Schedule

(a) in clause (a) of subparagraph (1) of paragraph 2—

(i) by the deletion of the semi-colon after the word "annum" and the substitution therefor of a colon; and

(ii) by the insertion after the colon of the following proviso:

Provided that the refund of employer's contribution from a defined contributory pension fund or scheme shall be taxed in accordance with clauses (b), (c), (d), (e) and (f) of this subparagraph.

(b) in subparagraph (1) of paragraph 2—

(i) by the deletion in clause (c) of the words "one million nine hundred twenty thousand" and the substitution therefor of the words "three million one hundred twenty thousand";

(ii) by the deletion of clause (d) and the substitution therefor of the following clause:

(d) on the balance of so much of an individual's income as exceeds three million one hundred twenty thousand kwacha but does not exceed eleven million seven hundred sixty thousand kwacha at the rate of thirty per centum per annum; and

(iii) by the insertion immediately after clause (d) of the following new clauses:

(e) on the balance of so much of an individual's income as exceeds eleven million seven hundred sixty thousand kwacha but does not exceed sixty million kwacha at the rate of thirty-five per centum per annum; and

(f) on the balance of so much of an individual's income as exceeds sixty million kwacha at the rate of forty per centum per annum.

(c) in subparagraph (1) of paragraph 3—

(a) by the deletion of clause (a) and the substitution therefor of the following clause:

(a) on the income of any company whose shares are listed on the Lusaka Stock Exchange in the first year of its listing at the rate of two per centum below the rates specified —

(i) in clauses (b), (c), (d) and (e) of this subparagraph; and

(ii) in clauses (b), (c) and (d) of paragraph 5:

Provided that —

A. any company whose shares were listed on the Lusaka Stock Exchange prior to 1st April, 2004 shall not qualify for the tax incentive referred to in this clause; and

B: where any company, whose shares are listed on the Lusaka Stock Exchange on or after 1st April, 2004, offers and sells one third of its shares to indigenous Zambians, the income of that company shall be charged at an additional rate of five per centum below the rates specified---

(i) in clauses (b), (c), (d) and (e) of the subparagraph; and

(ii) in clauses (b), (c) and (d) of paragraph 5;

(b) by the deletion of clause (e) and the substitution therefor of the following clause:

(e) on the income from mining operations of any former Zambia Consolidated Copper Mining Company or any mining company carrying out mining operations in copper and cobalt at the rate of twenty-five per centum per annum.

APPENDIX
(Section 9)

NINTH SCHEDULE
(Section 64A)

PRESUMPTIVE TAX

PART I

TAX ON MOTOR VEHICLES FOR THE CARRIAGE OF PERSONS

<i>Type of Vehicles (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

PART II

TAX ON TURNOVER

<i>Turnover per annum</i>	<i>Tax rate</i>
K200,000,000.00 and below	3 percent
