

GOVERNMENT OF ZAMBIA

ACT

No. 1 of 2005

Date of Assent: 23rd March, 2005

An Act to amend the Income Tax Act

[30th March, 2005

ENACTED by the Parliament of Zambia:

Enactment

1. (1) This Act may be cited as the Income Tax (Amendment) Act, 2005, 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, 2005, 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, 2006, and in relation to each subsequent charge year.

2. Section *two* of the principal Act is amended in subsection (1) by the deletion of the definition of "former Zambia Consolidated Copper Mining Company" and the substitution therefor of the following:

Amendment to section 2

"former Zambia Consolidated Copper Mining Company" means any division or metal treatment operation of Zambia Consolidated Copper Mines Limited sold under the Privatisation Act and includes any of its successors in title or assigns."

Cap. 386

3. Section *twenty-one* of the principal Act is amended in subsection (5) by the deletion of the words "five million kwacha" and the substitution therefor of the words "ten million kwacha".

Amendment to section 21

4. Section *forty-four* of the principal Act is amended by the deletion of paragraph (m) and the substitution therefor of the following new paragraph:

Amendment of section 44

(m) any copper price participation payment or cobalt price participation payment:

Provided that a deduction shall be allowed to Konkola Copper Mines Plc and Mopani Mines Plc in respect of any payments made pursuant to cobalt price participation and copper price participation agreements between Konkola Copper Mines Plc or Mopani Copper Mines Plc and Zambia Consolidated Copper Mines Limited;

Amendment
of section 46

5. Section *forty-six* of the principal Act is amended in subsection (4)—
- (a) by the deletion in paragraph (a) of the words “ one hundred and seventy penalty units ” and the substitution therefor of the words “ one thousand penalty units ”; and
- (b) by the deletion in paragraph (b) of the words “ three hundred and forty penalty units ” and the substitution therefor of the words “ two thousand penalty units ”.

Amendment
of section 46A

6. Section *forty-six A* of the principal Act is amended in subsection (8)—
- (a) by the deletion in paragraph (a) of the words “ one hundred and seventy penalty units ” and the substitution therefor of the words “ one thousand penalty units ”; and
- (b) by the deletion in paragraph (b) of the words “ three hundred and forty penalty units ” and the substitution therefor of the words “ two thousand penalty units ”.

Amendment of
section 64 A

7. Section *sixty-four A* of the principal Act is amended in subsection (2)—
- (a) by the deletion of the full stop at the end of that subsection and the substitution therefor of a colon; and
- (b) by the insertion after the colon of the following new proviso:
- Provided that the provisions of this subsection shall not apply to income earned from the provision of consultancy services.

Repeal and
replacement
of section 81B

8. The principal Act is amended by the repeal of section *eighty-one B* and the substitution therefor of the following new section:

Tax
clearance
certificate

81B. (1) Where any person, institution or authority is empowered by any written law or otherwise to register the transfer of any property, that person, institution or authority shall not register the transfer unless the person or partnership transferring the property produces a tax clearance certificate issued to them for the purpose of the transfer.

(2) Any person, institution or authority empowered to issue a trading licence under the Trades Licensing Act or any other

written law shall not issue the trading licence to any applicant unless the applicant produces a tax clearance certificate. Cap. 393

(3) Any person, institution or authority empowered to issue a permit or mining 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

(4) A person, partnership, institution, organisation, or association shall not transact with a supplier of goods or services unless the supplier produces a tax clearance certificate issued pursuant to subsection (2).

(5) The Commissioner-General may by notice in writing cancel a tax clearance certificate and the cancellation shall have effect from the date of service of the notice on the holder of the tax clearance certificate.

(6) The holder of a tax clearance certificate shall, within thirty days after the date of service and of the notice of cancellation of the certificate, return the certificate to the Commissioner-General.

(7) For purposes of this section—

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

“ permit ” means a prospecting licence;

“ property ” means—

(a) any land in Zambia; or

(b) any share issued by a company incorporated in Zambia; and

“ tax clearance certificate ” means a certificate issued by the Commissioner-General, valid for such period as may be specified in it, stating that the person or partnership to whom or to which it is issued fulfilled all obligations imposed upon them or it by this Act and by any other Act for which the Commissioner-General is responsible or has made arrangements satisfactory to the Commissioner-General for doing so.

9. The Charging Schedule to the principal Act is amended---

Amendment
of Charging
Schedule

(a) in clause (b) of subparagraph (1) of paragraph 1 by the deletion of the words “ eighteen thousand kwacha per annum ” and the substitution therefor of the words “ thirty-

six thousand kwacha per annum”; and

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

(i) by the insertion in the proviso to clause (a) of the words “ and defined benefit fund or scheme. ” after the word “ scheme ”;

(ii) by the deletion in clause (c) of the words “ three million, one hundred twenty thousand kwacha ” and the substitution therefor of the words “ three million, three hundred and sixty thousand kwacha ”; and

(iii) by the deletion of clauses (d), (e) and (f) and the substitution therefor of the following new clauses:

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

(e) on the balance of so much of an individual’s income as exceeds twelve million 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 thirty-seven point five per centum per annum.
