

Zambia

Equity Levy Act, 1982

Chapter 338

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Zambia

Equity Levy Act, 1982

Chapter 338

Published on 8 April 1982

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[11 of 1982; 8 of 1983; 10 of 1985]

An Act to provide for payment by parastatal companies of equity levy instead of income tax where the tax chargeable under the Income Tax Act is of a lesser amount than the equity levy; and to provide for matters connected with or incidental to the foregoing.

1. Short title and commencement

This Act may be cited as the Equity Levy Act, and shall be deemed to have come into operation on the 1st April, 1981.

2. Interpretation

(1) In this Act, unless the context otherwise requires—

"**charge year**" shall have the meaning ascribed thereto in the Income Tax Act;

"**Commissioner-General**" means the Commissioner-General appointed under the provisions of the Zambia Revenue Authority Act;

"**equity**" means such portion of the share capital of any parastatal company as relates to the shares held directly or beneficially by the Government;

"**equity levy**" means the levy referred to in section four;

"**parastatal company**" means a company registered under the Companies Act in which the Government holds, directly or beneficially, fifty *per centum* or more shares.

[Cap. 323; [Cap. 321](#); Cap. 388]

(2) Unless the context otherwise requires, words and expressions not defined in this Act but defined in the Income Tax Act shall, in this Act, have the meaning assigned thereto in the Income Tax Act.

[Cap. 323; Cap. 323]

3. Functions and powers of Commissioner-General

The Commissioner-General shall, subject to the directions of the Minister, be responsible for giving effect to the provisions of this Act, and shall for that purpose have all the powers conferred on the Commissioner-General by the Income Tax Act.

[Cap. 323]

4. Equity levy

(1) In respect of each charge year, every parastatal company shall, in the return of income furnished under section forty-six of the Income Tax Act, include—

(a) a description of its capital structure;

- (b) a description of the shares held directly or beneficially by the Government in such parastatal company and the nominal value thereof; and
 - (c) a statement of the equity levy payable in accordance with sub-section (2).
- (2) There shall be charged, in respect of each charge year, an equity levy at the rate of one and one-half *per centum* of the equity in every parastatal company:

Provided that where a holding parastatal company holds equity in an operating parastatal company, then equity levy in respect of such equity shall be payable only by the operating parastatal company, and any holding parastatal company by (or through) which such equity is held shall not be liable to equity levy thereon.

- (3) Notwithstanding sub-section (2), no equity levy shall be payable if the Commissioner-General is satisfied that the amount of income tax payable under the Income Tax Act by a parastatal company for any charge year is greater than the equity levy payable by it for the same charge year or that the operation of sub-section (2) would be detrimental to a parastatal company's operations.

[Cap. 323]

- (4) No equity levy shall be payable by a parastatal company—
- (a) before the date of commencement of commercial operations; or
 - (b) after the cessation of commercial operations.
- (5) In this section "commercial operations" includes all business activities, lending or borrowing of money, receiving or paying of dividends or any similar activity carried on as the main object or as one of the main objects for which the parastatal company was incorporated; but does not include "exploration activities" in the case of a parastatal company engaged in mining or exploration with a view to winning or discovering new minerals.

[As amended by Acts 8 of 1983 and 10 of 1985]

4A. Exemptions

The Minister may, by statutory instrument, exempt any parastatal company from the payment of equity levy.

[As amended by Act [No. 8 of 1983](#)]

5. Payment of equity levy

Equity levy shall be paid and shall become due and payable on the 31st July of the year following the charge year to which it relates, or within such longer period as the Commissioner-General may, in his discretion, allow generally or in relation to any particular case.

6. Penalty or late payment

Where any amount of the equity levy is not paid within the period prescribed by or allowed under section five, a penalty equal to five *per centum* of the unpaid amount shall be charged for each month or part thereof for which the equity levy remains unpaid, and for the purposes of recovery and collection such penalty shall be deemed to be a part of the equity levy:

Provided that the Commissioner-General may, for sufficient cause shown, remit the whole or any part of the penalty.

7. Recovery, etc., of equity levy

Subject to the provisions of this Act, sections sixty-nine, seventy, seventy-nine, seventy-nine A, seventy-nine B, seventy-nine C, eighty-two B, eighty-three, eighty-four, eighty-six and ninety-two of the Income Tax Act, shall, *mutatis mutandis*, apply to the recovery of the equity levy under this Act.

[Cap. 323]

8. Offences

Subject to the provisions of this Act, the provisions of Part X of the Income Tax Act, relating to contraventions of the provisions of the Income Tax Act and to penalties for such contraventions shall, *mutatis mutandis*, apply to the contraventions of this Act, as if a contravention of any provision of this Act were a contravention of the provisions of the Income Tax Act.

[Cap. 323]

9. Regulations

The Minister may, by statutory instrument, make regulations prescribing all matters which are necessary or expedient for the proper carrying out of the purposes of this Act.