

**VALUE ADDED TAX ACT  
NO. 4 OF 1995  
(Cap. 331)**

[View Subsidiary Legislation]

[ASSENTED TO 1 MAY, 1995.]  
[DATE OF COMMENCEMENT: 1 JULY, 1995.]

This Act has been updated to the Value Added Tax (Amendment) Act, No. 19 of 2025.

**commenced by**

SI 58 of 1995

**as amended by**

SI 88 of 1995

SI 91 of 1995

SI 103 of 1995

SI 108 of 1995

SI 122 of 1995

SI 146 of 1995

SI 150 of 1995

SI 22 of 1996

SI 27 of 1996

SI 79 of 1996

SI 11 of 1996

SI 109 of 1996

SI 110 of 1996

SI 11 of 1997

SI 16 of 1997

Value Added Tax (Amendment) Act, No. 2 of 1997

[with effect from 1 April, 1997]

Value Added Tax (Amendment) Act, No. 6 of 1998

[with effect from 1 April, 1998, unless otherwise indicated]

Revenue Appeals Tribunal Act, No. 11 of 1998

Value Added Tax (Amendment) Act, No. 1 of 1999

[with effect from 1 April, 1999, unless otherwise indicated]

Value Added Tax (Amendment) Act, No. 6 of 2000

[with effect from 1 April, 2000]

Value Added Tax (Amendment) Act, No. 3 of 2001

Value Added Tax (Amendment) (No. 2) Act, No. 10 of 2001

Value Added Tax (Amendment) Act, No. 2 of 2002

[with effect from 1 April, 2002]

Value Added Tax (Amendment) Act, No. 2 of 2003

[with effect from 1 April, 2003]

Value Added Tax (Amendment) Act, No. 2 of 2004

[with effect from 7 February, 2004]

Value Added Tax (Amendment) Act, No. 2 of 2005

[with effect from 29 January, 2005]

Value Added Tax (Amendment) Act, No. 8 of 2006

[with effect from 4 February, 2006]

Value Added Tax (Amendment) Act, No. 3 of 2007

[with effect from 10 February, 2007]

Value Added Tax (Amendment) Act, No. 3 of 2008

[with effect from 26 January, 2008]

Value Added Tax (Amendment) Act, No. 3 of 2009

[with effect from 31 January, 2009]

Value Added Tax (Amendment) (No. 2) Act, No. 29 of 2009

[with effect from 1 January, 2010]

SI 87 of 2010

[with effect from 1 January, 2011]

SI 89 of 2010

[with effect from 1 January, 2011]

Value Added Tax (Amendment) Act, No. 48 of 2010

[with effect from 1 January, 2011]

SI 49 of 2011

[with effect from 1 January, 2011]

SI 50 of 2011

[with effect from 1 January, 2011]

Value Added Tax (Amendment) Act, No. 30 of 2011

[with effect from 1 January, 2012]

Value Added Tax (Amendment) Act, No. 14 of 2012

[with effect from 1 January, 2013]

Value Added Tax (Amendment) Act, No. 15 of 2013

[with effect from 1 January, 2014]

Value Added Tax (Amendment) Act, No. 13 of 2014

[with effect from 1 January, 2015]

SI 68 of 2014

[with effect from 1 January, 2015]

SI 69 of 2014

[with effect from 1 January, 2015]

Value Added Tax (Amendment) Act, No. 17 of 2015

[with effect from 1 January, 2016, with the exception of sections 5 and 6]

Value Added Tax (Amendment) Act, No. 44 of 2016

[with effect from 1 January, 2017]

Value Added Tax (Amendment) Act, No. 12 of 2017

[with effect from 1 January, 2018]

Value Added Tax (Amendment) Act, No. 15 of 2018

[with effect from 1 January, 2019]

Value Added Tax (Amendment) Act, No. 14 of 2019

[with effect from 1 January, 2020]

Value Added Tax (Amendment) Act, No. 23 of 2020

[with effect from 1 January, 2021]

Value Added Tax (Amendment) Act, No. 44 of 2021

[with effect from 1 January, 2022]

Value Added Tax (Amendment) Act, No. 26 of 2022

[with effect from 1 January, 2023]

Value Added Tax (Amendment) Act, No. 27 of 2023

[with effect from 1 January, 2024]

Value Added Tax (Amendment) Act, No. 23 of 2024

[with effect from 1 January, 2025.]

Value Added Tax (Amendment) Act, No. 19 of 2025

[with effect from 1 January 2026]

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### GENERAL NOTE

In terms of section 4 (a) of Act No. 48 of 2010 the words "Commissioner of Value Added Tax", wherever they occur, are substituted with the words "Commissioner of Domestic Taxes".

In terms of section 4 (b) of Act No. 48 of 2010 the words "Value Added Tax Division", wherever they occur, are substituted with the words "Domestic Taxes Division".

In terms of section 4 (b) of Act No. 48 of 2010 the words "Value Added Tax Appeals Tribunal", wherever they occur, are substituted with the words "Revenue Appeals Tribunal".

In terms of s. 5 of Act No. 15 of 2018, the words "fiscal cash register", wherever they occur, are substituted with the words "electronic fiscal device".

In terms of s. 7 of Act No. 27 of 2023, the words "electronic fiscal device", wherever they occur, are substituted with the words "electronic invoicing system".

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### ACT

**An Act to impose a tax on the supply of goods and services in Zambia and the importation of goods into Zambia; to repeal the Sales Tax Act and the Insurance Levies Act; and to provide for matters connected with or incidental to the foregoing.**

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## PART I PRELIMINARY

### 1. Short title

This Act may be cited as the Value Added Tax Act.

### 2. Interpretation

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

**“accounting year”** means a period of twelve months ending on 31st December or such other period as the Commissioner-General may prescribe;

[Definition of “accounting year” inserted by s. 2 (b) of Act No. 48 of 2010 and substituted by s. 2 of Act No. 30 of 2011.]

**“authorised officer”** means a person appointed under section 35 to be an authorised officer for the purposes of this Act;

**“Authority”** means the Zambia Revenue Authority established by the Zambia Revenue Authority Act;

[Cap. 321.]

**“calendar month”** means the first day to the last day of a month under the Gregorian calendar;

[Definition of "calendar month" inserted by s. 2 of Act No. 29 of 2009.]

**"commercial property"** means a building that is used for commercial purposes, or land designated or sold for commercial purposes, and includes an office building, an industrial building, a health facility, hotel, shopping mall, retail store, shopping centre, warehouse, garage, recreation centre, dwelling house used for commercial purposes and multi facility building;

[Definition of "commercial property" inserted by s. 2 of Act No. 29 of 2009, substituted by s. 2 (a) (i) of Act No. 48 of 2010, by s. 2 of Act No. 15 of 2013 and by s. 2 of Act No. 26 of 2022.]

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

[Cap. 321.]

**"cross-border electronic services"** means electronic services supplied in the Republic by a supplier who is resident or carries on business outside the Republic;

[Definition of "cross-border electronic services" inserted by s. 2 (c) of Act No. 27 of 2023.]

**"disbursement"** means expenditure incurred by a supplier in the course of providing goods or services to a customer;

[Definition of "disbursement" inserted by s. 2 of Act No. 3 of 2007.]

**"electronic commerce"** . . . . .

[Definition of "electronic commerce" inserted by s. 2 of Act No. 14 of 2019 and deleted by s. 2 (a) of Act No. 27 of 2023.]

**"electronic fiscal device"** . . . . .

[Definition of "electronic fiscal device" inserted by s. 2 (b) of Act No. 15 of 2018 and deleted by s. 2 (a) of Act No. 27 of 2023.]

**"electronic fiscal printer"** . . . . .

[Definition of "electronic fiscal printer" inserted by s. 2 (b) of Act No. 15 of 2018 and deleted by s. 2 (a) of Act No. 27 of 2023.]

**"electronic invoicing system"** means the core system and any other system which has a fiscal memory capable of generating and storing fiscal information and transmitting production, invoicing and stock data in real time to the Authority, and has the capacity to generate and record data and other reports and includes software applications and web based applications;

[Definition of "electronic invoicing system" inserted by s. 2 (c) of Act No. 27 of 2023.]

**"electronic payment machine"** means a payment terminal used by a taxable supplier to receive a payment;

[Definition of "electronic payment machine" inserted by s. 2 of Act No. 14 of 2019.]

**"electronic service"** means a service provided or delivered on or through the internet, electronic or digital network;

[Definition of "electronic service" inserted by s. 2 of Act No. 14 of 2019 and substituted by s. 2 (b) of Act No. 27 of 2023.]

**"electronic signature device"** . . . . .

[Definition of "electronic signature device" inserted by s. 2 (b) of Act No. 15 of 2018 and deleted by s. 2 (a) of Act No. 27 of 2023.]

**"exempt importation"** means an importation of goods described in the First Schedule;

**"exempt supply"** means a supply of goods or services described in the First Schedule;

**"finance lease"** means a lease of implements, machinery or plant where—

- (a) the term of the lease, including any period under an option to renew, is equal to or exceeds seventy-five per centum of the effective life of the leased implements, plant or machinery;

- (b) the lessee has an option to purchase the implements, plant or machinery at the expiration of the lease for a fixed or determinable price;
- (c) the estimated residual value of the implements, plant or machinery at the expiration of the lease term is less than twenty-five per centum of its fair market value at the commencement of the lease; or
- (d) the lessor does not retain the risks and rewards of ownership.  
[Definition of "finance lease" inserted by s. 2 of Act No. 3 of 2008.]

**"fiscal cash register" . . . . .**

[Definition of "fiscal cash register" inserted by s. 2 of Act No. 17 of 2015 and deleted by s. 2 (a) of Act No. 15 of 2018.]

**"fiscal memory" . . . . .**

[Definition of "fiscal memory" inserted by s. 2 (b) of Act No. 15 of 2018 and deleted by s. 2 of Act No. 27 of 2023.]

**"fiscalised electronic register" . . . . .**

[Definition of "fiscalised electronic register" inserted by s. 2 (b) of Act No. 15 of 2018 and deleted by s. 2 (a) of Act No. 27 of 2023.]

**"goods"** means any article or substance of value, any immovable property and any interest in land, but does not include money, securities or any choses in action;

**"Government agency"** means—

- (a) any Ministry or Department of the Government;
- (b) any statutory corporation or board;
- (c) any local authority; or
- (d) any institution or body in which the Government has direct or indirect control or which is wholly or partially owned by the Government;  
[Para. (d) inserted by s. 2 (a) of Act No. 2 of 1997.]

**"health facility"** has the meaning assigned to it in the Health Professions Act, 2009;

[Act No. 24 of 2009.]

[Definition of "health facility" inserted by s. 2 (b) of Act No. 48 of 2010.]

**"importation of goods"** includes any dealing with goods that renders the goods liable to any duty or other impost under the Customs and Excise Act;

**[Cap. 322.]**

**"imported service"** means a service rendered by a supplier who is resident outside the Republic and—

- (a) performed or undertaken in the Republic; or
- (b) the benefit of the service is for a recipient in the Republic.  
[Definition of "imported service" inserted by s. 2 (c) of Act No. 27 of 2023.]

**"industrial park"** has the meaning assigned to it in the Zambia Development Agency Act, 2006;

[Act No. 11 of 2006.]

[Definition of "industrial park" inserted by s. 2 of Act No. 3 of 2009.]

**"input tax"** has the meaning ascribed to it in section 18;

**"multi-facility economic zone"** has the meaning assigned to it in the Zambia Development Agency Act, 2006;

[Act No. 11 of 2006.]

[Definition of "multi-facility economic zone" inserted by s. 2 of Act No. 3 of 2009.]

**"operating lease"** means any lease of implements, plant or machinery, other than a finance lease;

[Definition of "operating lease" inserted by s. 2 of Act No. 3 of 2008.]

**"prescribed accounting period"**, in relation to a taxable supplier, means the accounting period determined under section 16 that is applicable to that supplier;

**"prescribed interest rate"** means the rate that exceeds, by two per centum per annum, the prevailing official discount rate, as published by the Bank of Zambia, that is in force on the twenty-second day of each month;

[Definition of "prescribed interest rate" substituted by s. 2 (b) of Act No. 2 of 1997.]

**"registered"** means registered under Part V;

**"supplier"** means—

- (a) a person, corporation, partnership, joint venture or organisation that supplies goods or services; and

[Para. (a) substituted by s. 2 of Act No. 6 of 1998 and by s. 2 (a) of Act No. 1 of 1999 w.e.f. 30 January 1999.]

- (b) any Government agency.

**"supply of a service"** includes—

- (a) the provision of goods on lease, hire or loan;
- (b) a treatment of any goods;
- (c) any other activity which the Minister, by regulation, declares to be the supply of a service for the purposes of this Act,

but does not include—

- (i) the provision of any service without consideration, except in so far as the Minister, by regulation, otherwise determines, or
- (ii) any other activity which the Minister by regulation declares not to be a supply of a service for the purposes of this Act.

**"supply of goods"** means—

- (a) a sale of goods;
- (b) a gift of goods;
- (c) where goods are obtained by a taxable supplier for the purposes of a business carried on by him or are, in the course of such a business, manufactured or produced for supply, an appropriation or transfer of possession of the goods—
- (i) for his own use or consumption, or for use or consumption by him and others, or
- (ii) for use or consumption by his employees or partners, or otherwise in connection with a business carried on by him, or
- (d) any other dealing with the goods (other than the supply, in relation thereto, of a service) which the Minister, by regulation, declares to be a supply of the goods for the purposes of this Act,

but does not include an importation of the goods, or any dealing with the goods which the Minister, by regulation, declares not to be a supply of the goods for the purposes of this Act;

**"tax"** means value added tax imposed by section 8 or additional tax payable under section 17, and "taxation" shall be construed accordingly;

**"tax commencement day"** means such day, being the first day of a month, as the Minister may, by statutory order, appoint;

**"tax invoice"** means an invoice, showing such particulars as the Commissioner-General may, by administrative rule, prescribe, relating to a taxable supply of goods or services;

**"tax return"** means a return referred to in section 16;

**"taxable importation"** means an importation of goods that takes place in Zambia after the tax commencement day, other than an exempt importation;

**"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 8;

[Definition of "taxable supplier" substituted by s. 2 of Act No. 2 of 2003.]

**"taxable supply"** has the meaning ascribed to it in section 7;

**"taxable value"**, in relation to goods or services supplied, or goods imported, means their taxable value ascertained in accordance with section 10, unless the Minister by regulation, in relation to specified supplies or imports, declares a different value;

[Definition of "taxable value" amended by s. 2 (c) of Act No. 2 of 1997.]

**"Tribunal"** means the Revenue Appeals Tribunal established under the Revenue Appeals Tribunal Act, 1998;

[Act No. 11 of 1998.]

[Definition of "Tribunal" substituted by s. 2 (a) (ii) of Act No. 48 of 2010.]

**"zero-rated supply"** means a supply of goods or services described in the Second Schedule.

(2) In this Act, a reference to a supply of goods or services in the course or furtherance of a business includes—

- (a) a reference to supplies made by a supplier during any enterprise or activity which is carried on continuously or regularly, in the course or furtherance of which, goods or services are supplied to any other person for a consideration, whether or not for profit, including any trade, profession or vocation and any concern of a continuing nature or in the form of an association or club;

[Para. (a) amended by s. 2 (b) (i) of Act No. 1 of 1999.]

- (b) a reference to a supply of goods or services for the promotion of a business; or

[Para. (b) amended by s. 2 (b) (ii) of Act No. 1 of 1999.]

- (c) anything done in connection with the cessation, liquidation or receivership or the intended cessation, liquidation or receivership.

[Sub-s. (2) substituted by s. 2 (d) of Act No. 2 of 1997 and amended by s. 2 (b) (i) of Act No. 1 of 1999. Para. (c) inserted by s. 2 (b) (iii) of Act No. 1 of 1999.]

### **3. Application of this Act to partnerships**

(1) Where a firm consisting of two or more individuals in partnership is a registered supplier, the firm shall be taken, for the purposes of this Act, to be the supplier of any goods and services supplied in the course of the business of the firm; but in default of such registration, each partner shall be deemed to be the supplier of any such goods and services.

(2) Without prejudice to any other law providing for the sufficiency of any means of giving notice to a partnership, any notice of assessment or other notice given under this Act to a partnership may be addressed to the partnership in the name under which it is registered under this Act.

(3) Subject to this section, in determining for the purposes of this Act whether any goods or services are supplied to, or by, a partnership, no account shall be taken of any change in the partnership.

(4) Without prejudice to the operation of any law providing for the imposition of liability on members of a partnership, until the date on which a change in the partnership is notified to the Commissioner-General, a person who has ceased to be a member of a partnership shall be regarded as continuing to be a partner for the purposes of this Act and, in particular, for the purpose of any liability for tax or interest due from the partnership under this Act.

(5) Where a person ceases, for the purposes of this Act, to be a member of a partnership, any notice of assessment or other notice given to the partnership under this Act that relates to any matter—

- (a) arising within or in connection with the prescribed accounting period during which he so ceased to be a member of the partnership; or
- (b) arising within or in connection with any earlier prescribed accounting period during which, or during any part of which, he was for the purposes of this Act a member of the partnership,

shall be deemed to have been served on him.

### **3A. Application of Act to sole proprietorships**

(1) Where a person in business as a sole proprietor is a registered supplier, that person shall be taken to be the supplier of any goods or services supplied in the course of the business and is liable for any tax due under this Act.

(2) Any notice of assessment or other notice given under this Act to a person referred to in subsection (1) may be addressed to the person.

(3) Where a person referred to in subsection (1) operates several businesses, the aggregate turnover from the businesses shall be used to determine the eligibility of the person for tax registration.

(4) Notwithstanding subsection (3), a person referred to in subsection (1) who operates several businesses may register the businesses separately if each of the businesses reaches the turnover threshold as prescribed by the Minister, by statutory instrument.

(5) A person referred to in subsection (1) and operating several businesses shall furnish the Commissioner-General with details of the businesses.

[S. 3A inserted by s. 2 of Act No. 8 of 2006 and substituted by s. 3 of Act No. 3 of 2007.]

### **4. Application of this Act to unincorporated organisations**

(1) Where a club, association or other unincorporated organisation is a registered supplier, the organisation shall be taken, for the purposes of this Act, to be the supplier of any goods and services supplied in the course of the business of the organisation; but in default of such registration, every member of the organisation shall be deemed to be the supplier of such goods and services.

(2) The names and other particulars of the members of the management committee of an unincorporated organisation that is a registered supplier shall be recorded in the register, and such members shall bear the liabilities of the organisation under this Act.

(3) Until the date on which a change in the management committee is notified to the Commissioner-General, a person who has ceased to be a member of the management committee of an unincorporated organisation that is a registered supplier shall be regarded as continuing to be such a member for the purposes of this Act and, in particular, for the purpose of any liability for tax or interest due from the organisation under this Act.

(4) Where a person ceases, for the purposes of this Act, to be a member of the management committee of an unincorporated organisation that is a registered supplier, any notice of assessment or other notice given to the organisation under this Act that relates to any matter—

- (a) arising within or in connection with the prescribed accounting period during which he so ceased to be a member of the management committee; or
- (b) arising within or in connection with any earlier prescribed accounting period during which, or during any part of which, he was for the purposes of this Act a member of the management committee,

shall be deemed to have been served on him.

(5) Where a person is a member of the management committee of an unincorporated organisation during part only of a prescribed accounting period, his liability for tax on the supply by the organisation of goods or services during that period, and any liability for payment of any interest or additional tax as a consequence, shall be limited to such proportion of the organisation's liability as may be just in the circumstances.

## **5. . . . .**

[S. 5 amended by s. 3 of Act No. 17 of 2015 and repealed by s. 2 of Act No. 44 of 2016.]

## **6. Application of this Act to Government agencies**

(1) Except to the extent to which provision is otherwise made by or under this Act, this Act applies to a Government agency as though a supply of goods or services to it for the purposes of the performance of its official functions were a supply of the goods or services for the purposes of a business carried on by it.

(2) The Minister may, by regulation, provide for the modification of any provision of this Act, or of any regulation or rule made under this Act, in its application to a Government agency.

## **(3) . . . . .**

[Sub-s. (3) inserted by s. 3 of Act No. 2 of 2003 and deleted by s. 3 of Act No. 44 of 2016.]

## **PART II VALUE ADDED TAX**

## **7. Taxable supplies**

(1) For the purposes of this Act, any supply of goods or services made by a taxable supplier, in the course or furtherance of a business, that takes place in Zambia on or after the tax commencement day, other than an exempt supply, is a taxable supply.

[Sub-s. (1) substituted by s. 3 of Act No. 1 of 1999 w.e.f. 30 January 1999.]

(2) Although tax is not payable on a zero-rated supply, the provisions of this Act, apart from section 8, shall otherwise apply to a zero-rated supply in the same way as to all other taxable supplies.

(3) A taxable supplier shall issue a tax invoice for the supply of goods and services using an electronic invoicing system.

[Sub-s. (3) inserted by s. 2 of Act No. 12 of 2017 and substituted by s. 3 of Act No. 14 of 2019.]

(4) Despite subsection (3), the Commissioner-General may approve the issuance of a tax invoice using an approved computer application or pre-printed tax invoice by a taxable supplier.

[Sub-s. (4) inserted by s. 2 of Act No. 12 of 2017 and substituted by s. 3 of Act No. 14 of 2019.]

(5) A taxable supplier who fails to issue a tax invoice commits an offence and is liable, on conviction, in the case of a—

- (a) first offence, to a penalty not exceeding one hundred thousand penalty units;
- (b) second offence, to a penalty not exceeding two hundred thousand penalty units; and
- (c) third or subsequent offence, to a penalty not exceeding three hundred thousand penalty units, or to imprisonment for a term not exceeding three years, or to both.

[Sub-s. (5) inserted by s. 3 of Act No. 14 of 2019 and substituted by s. 2 of Act No. 44 of 2021.]

## **7A. Record of sales**

(1) A taxable supplier shall use an electronic invoicing system to record each sale or transaction.

[Sub-s. (1) amended by s. 3 (a) of Act No. 44 of 2021.]

(2) Despite subsection (1), the Commissioner-General may, on prescribed conditions, approve the use of a document, device or equipment, other than an electronic invoicing system, by a taxable supplier.

[Sub-s. (2) substituted by s. 2 of Act No. 23 of 2024.]

(3) A taxable supplier that contravenes this section commits an offence and is liable, on conviction, in the case of a—

- (a) first offence, to a penalty not exceeding one hundred thousand penalty units;
- (b) second offence, to a penalty not exceeding two hundred thousand penalty units; and
- (c) third or subsequent offence, to a penalty not exceeding three hundred thousand penalty units, or to imprisonment for a term not exceeding three years, or to both.

[Sub-s. (3) substituted by s. 3 (b) of Act No. 44 of 2021.]

[S. 7A inserted by s. 4 of Act No. 14 of 2019, amended by s. 3 of Act No. 44 of 2021, s. 3 of Act No. 26 of 2022 and by s. 2 of Act No. 23 of 2024.]

## **8. Imposition and scope of tax**

(1) A tax shall be charged, levied, collected and paid, in a prescribed manner, in respect of a—

- (a) taxable supply of goods or services, other than zero-rated supply, made in the Republic in furtherance of a business by a registered supplier eligible for registration under section 28; and
- (b) taxable importation of goods or services into the Republic, that takes place on or after the tax commencement day.

(2) The reference in subsection (1) to a supply of goods or services in the Republic includes a reference to a supply that, by the operation of sections 11 or 12 or, of any rule made under those sections, is to be regarded as taking place in the Republic.

(3) Tax on a supply of goods and services is payable by the supplier of the goods or services and, subject to any other provisions made by or under this Act in relation to accounting, is due and payable at the time of supply.

(4) Tax on an importation of goods shall be charged as if the tax were a duty of customs under the Customs and Excise Act, and is payable, accordingly, by the importer of the goods.

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(5) A recipient of an imported service shall pay tax on the importation of that service.

(6) The tax referred to under subsection (5) shall be paid if the—

- (a) recipient of the imported service has not paid tax due in the country of exportation;
- (b) the supplier who is resident outside the Republic has not appointed a tax agent; or
- (c) services supplied are not under the prescribed scope of cross-border electronic services.

(7) The input tax corresponding to the tax paid under subsection (5) shall be excluded from a claim, deduction or credit under section 18.

(8) A supplier who does not have a registered office or permanent address of business in the Republic shall appoint a person resident in the Republic as a tax agent to act on behalf of that supplier in matters relating to tax.

(9) A supplier shall apply to the Commissioner-General for registration of the tax agent appointed by that supplier under subsection (8) in a manner determined by the Commissioner-General.

(10) Despite subsection (8), the Commissioner-General may, on application by a supplier, exclude a supplier from appointing a tax agent.

(11) Where the Commissioner-General registers a tax agent appointed under subsection (8), any liability of the taxable supplier under this Act, other than any liability subsisting before the agent's appointment, shall on and from the date of appointment, and without affecting such liability of that supplier, subsist to a like extent and severally against the tax agent until a time as the Commissioner-General may determine.

(12) The liability of the taxable supplier that extends to a tax agent includes the liability to—

- (a) keep and preserve, or produce records or accounts;
- (b) furnish a tax return;
- (c) pay tax or interest under the Act; and
- (d) comply with any requirement of the Commissioner-General in respect of the business.

(13) For the purposes of this section, "supply of services" includes the supply of a service that is made by a supplier who is resident outside the Republic to a recipient who is resident in the Republic.

[S. 8 amended by s. 4 of Act No. 2 of 2003, by s. 3 of Act No. 8 of 2006, by s. 3 of Act No. 29 of 2009, by s. 4 of Act No. 44 of 2016, by s. 5 of Act No. 14 of 2019, substituted by s. 3 of Act No. 27 of 2023 and amended by s. 3 of Act No. 23 of 2024.]

## **8A. . . . .**

[S. 8A inserted by s. 6 of Act No. 14 of 2019 and repealed by s. 4 of Act No. 27 of 2023.]

## **8B. Value added tax withholding agent**

The Commissioner-General may appoint a person resident in the Republic as a tax agent to withhold tax on payments made to a taxable supplier of goods and services.

[S. 8B inserted by s. 6 of Act No. 14 of 2019.]

## **9. Rate of tax**

(1) Tax on a taxable supply of goods or services shall be charged on their taxable value, at the prescribed rate of tax.

(2) Tax on a taxable importation of goods shall be charged on their taxable value, at the prescribed rate of tax.

(3) Tax on an imported service shall be charged on the taxable value of the service at the prescribed rate of tax.

[Sub-s. (3) inserted by s. 5 (a) of Act No. 2 of 2003.]

(4) The prescribed rate of tax shall be seventeen and a half per centum, unless the Minister, by statutory order, determines a lower rate.

[Sub-s. (4) previously sub-s. (3) renumbered by s. 5 (b) of Act No. 2 of 2003.]

(5) For the purposes of any provision of this Act, or of the regulations or rules made under this Act, the prescribed rate of tax in the case of a zero-rated supply shall be regarded as zero.

[Sub-s. (5) previously sub-s. (4) renumbered by s. 5 (b) of Act No. 2 of 2003.]

[S. 9 amended by SI 11 of 1997.]

## **10. Taxable value of supplies and importations**

(1) Subject to this section, where goods or services are supplied for a monetary consideration, the amount by which that consideration exceeds the tax payable in respect of the supply shall be the taxable value of the goods or services.

(2) Where goods or services are supplied—

- (a) otherwise than for a monetary consideration;
- (b) for a consideration that consists only partly of money; or
- (c) for a consideration that is less than the open market value of the goods or services,

the amount by which their open market value exceeds the tax payable in respect of the supply shall be the taxable value of the goods or services.

(3) The taxable value of imported goods shall be determined as for a duty of customs, but shall be taken to include the amount of any duty or other impost payable otherwise than under this Act in respect of the importation.

(4) In this section, “open market value” means the price at which the goods or services concerned would have been supplied, in the ordinary course of business, to a person independent of the supplier.

(5) Where specified supplies that are listed in the Third Schedule are supplied locally by a taxable supplier, the taxable value of the supplies shall be the greater of—

- (a) the taxable value ascertained in accordance with subsection (1); or
- (b) the amount by which the recommended retail price exceeds the tax payable in respect of the supply.

[Sub-s. (5) inserted by s. 3 of Act No. 3 of 2009.]

(6) Where specified supplies are imported, the taxable value of such supplies shall be the greater of—

- (a) the taxable value ascertained in accordance with subsection (3); or
- (b) the amount by which the recommended retail price exceeds the tax payable in respect of the supply.

[Sub-s. (6) inserted by s. 3 of Act No. 3 of 2009.]

(7) Every taxable supplier involved in the supply of goods and services listed in the Third Schedule shall submit to the Commissioner-General a schedule of the recommended retail prices, in such manner and form as the Commissioner-General may, by administrative rule, prescribe.

[Sub-s. (7) inserted by s. 3 of Act No. 3 of 2009.]

(8) For the purposes of this Act, the taxable value—

- (a) where a cash discount is granted, means the value of the tax ascertainable based on the undiscounted cash value; and
- (b) where a trade discount is granted, means the value of the tax ascertainable based on the discounted price.

[Sub-s. (8) inserted by s. 3 of Act No. 15 of 2018.]

## **11. Place of supply of goods**

(1) Goods shall be regarded, for taxation purposes, as being supplies in Zambia if—

- (a) the goods are exported from Zambia;
- (b) the goods are supplied within Zambia;
- (c) the supply of the goods involve entry into Zambia; and
- (d) the supply involves installation or assembly of the goods at a place in Zambia.

[Sub-s. (1) substituted by s. 2 of Act No. 23 of 2020.]

(2) Goods shall be regarded—

- (a) as supplied in Zambia if they are exported from Zambia or if their supply does not involve their removal from or to Zambia;
- (b) as supplied in Zambia if their supply involves their installation or assembly at a place in Zambia to which they are removed; and
- (c) as supplied outside Zambia if their supply involves their installation or assembly at a place outside Zambia to which they are removed.

(3) For the purposes of the preceding provisions of this section, where goods, in the course of their removal from a place in Zambia to another place in Zambia, leave and re-enter Zambia, the removal shall not be regarded as a removal from or to Zambia.

(4) Where the Commissioner-General is of the opinion that, in relation to any case or class of cases—

- (a) the place at which goods are regarded, for taxation purposes, as supplied is doubtful; or
- (b) the application of the provisions of this section gives rise to inequity or anomaly, whether because of the taxation laws of any other country or for any other reason appearing to the Commissioner-General to be significant,

he may, in relation to that case or class of cases, make provision, by administrative rule, for or with respect to the determination, for taxation purposes, of the place of supply in a manner calculated to avoid any such doubt or rectify or mitigate any such inequity or anomaly; and any provision so made shall have effect in the relevant case or cases, instead of the foregoing provisions of this section.

## **12. Place of supply of services**

(1) This section shall have effect for determining whether services shall be regarded, for taxation purposes, as being supplied in Zambia.

(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.

[Sub-s. (1A) inserted by s. 6 of Act No. 2 of 2003.]

- (2) . . . . .

[Sub-s. (2) deleted by s. 4 of Act No. 8 of 2006.]

- (3) . . . . .

[Sub-s. (3) deleted by s. 4 of Act No. 8 of 2006.]

(4) Where the Commissioner-General is of the opinion that, in relation to any case or class of cases—

- (a) the place at which services are regarded, for taxation purposes, as supplied is doubtful; or
- (b) the application of the provisions of this section gives rise to inequity or anomaly, whether because of the taxation laws of any other country or for any other reason appearing to the Commissioner-General to be significant,

he may, in relation to that case or class of cases, make provision, by administrative rule, for or with respect to the determination, for taxation purposes, of the place of supply in a manner calculated to avoid any such doubt or rectify or mitigate any such inequity or anomaly; and any provision so made shall have effect in the relevant case or cases, instead of the forgoing provisions of this section.

[Sub-s. (4) previously sub-s. (5) renumbered by s. 2 (b) of Act No. 6 of 2000.]

[S. 12 amended by s. 2 (a) of Act No. 6 of 2000.]

### **13. Time of supply of goods or services**

(1) This section shall have effect for determining, for taxation purposes, the time at which goods or services are supplied.

(2) The time at which any goods are supplied shall be whichever is the earliest of the following times—

- (a) the time when goods are removed from the premises of the supplier;
- (b) the time when the goods are made available to the person to whom they are supplied;
- (c) the time when payment for the supply is received; or
- (d) the time when a tax invoice is issued.

[Sub-s. (2) substituted by s. 2 (a) of Act No. 2 of 2004.]

(2A) The time of supply of services shall be whichever is the earliest of the following times—

- (a) the time when payment for the supply is received;
- (b) the time when the tax invoice is issued; or
- (c) the time when the services are actually rendered or performed.

[Sub-s. (2A) inserted by s. 2 (b) of Act No. 2 of 2004.]

(3) Where, in respect of the supply of any goods or of any service, payment is received or a tax invoice is issued in respect of part of the supply, the time of supply of such goods or services shall be determined in accordance with subsection (2) or (2A) and tax on that part of the supply shall be payable accordingly.

[Sub-s. (3) substituted by s. 2 (c) of Act No. 2 of 2004.]

(4) Where electricity, water or any other commodity measured by meter is supplied, the time of supply shall be the time when the meter is next read after

consumption of the commodity, except to the extent that payment is sooner made, or a tax invoice is sooner issued, in respect of the supply.

(5) Where the Commissioner-General is on the opinion that, in relation to any case or class of cases—

- (a) the time at which goods or services are regarded, for taxation purposes, as supplied is doubtful; or
- (b) the application of the provisions of this section gives rise to some inequity or anomaly,

he may, in relation to that case or class of cases, make provision, by administrative rule, for or with respect to the determination, for taxation purposes, if the time of supply in a manner calculated to avoid any such doubt or rectify or mitigate any such inequity or anomaly; and any provision so made shall have effect in the relevant case or cases, instead of the foregoing provisions of this section.

[Sub-s. (5) previously sub-s. (6) renumbered by s. 2 (e) of Act No. 2 of 2004.]

[S. 13 amended by s. 2 (d) of Act No. 2 of 2004.]

#### **14. Time of importation**

For taxation purposes, goods shall be taken to be imported into Zambia at the time when they are regarded as so imported under the Customs and Excise Act.

[Cap. 322.]

#### **15. Exemptions and zero-ratings**

The Minister may, by statutory order—

- (a) approve, for the purpose of exemption from tax, any supply of goods or services or an importation of goods; or
- (b) zero-rate a supply of goods or services.

[S. 15 substituted by s. 2 of Act No. 13 of 2014.]

#### **15A. Reduction of value added tax in tax free zone**

The Minister may by, statutory instrument, reduce the value added tax for investors in manufacturing, agriculture, commercial banking and insurance who operate in an area declared a tax free zone under the Customs and Excise Act to such an extent as may be prescribed in that statutory instrument.

[Cap. 322.]

[S. 15A inserted by s. 2 of Act No. 10 of 2001.]

### **PART III** **ACCOUNTING FOR AND PAYMENT OF TAX**

#### **16. Tax returns**

(1) Every taxable supplier shall, in respect of each prescribed accounting period, lodge with the Commissioner-General a tax return, in a form approved by the Commissioner-General, containing such information as the form requires in relation to the supply by him of goods or services, and the importation of goods, during that period, any tax deductions or credits and any other matter concerning his business.

(1A) A return shall be accompanied by such documents as the Commissioner-General may determine and shall be signed by the person lodging the return.

[Sub-s. (1A) inserted by s. 2 of Act No. 14 of 2012.]

(2) A return with less than ten transactions may be lodged manually and shall be submitted within five days after the end of the prescribed accounting period to which it relates or within such other time as the Commissioner-General may determine by notice.

[Sub-s. (2) substituted by s. 3 of Act No. 13 of 2014.]

(2A) A return with ten or more transactions shall be lodged electronically within eighteen days after the end of the prescribed accounting period to which it relates or within such other time as the Commissioner-General may determine by notice.

[Sub-s. (2A) inserted by s. 3 of Act No. 13 of 2014, amended by s. 5 of Act No. 44 of 2016 and by s. 3 (a) of Act No. 12 of 2017.]

(2B) A value added tax withholding agent shall lodge a return relating to value added tax withheld in the form and manner prescribed by the Commissioner-General within sixteen days following the end of the prescribed accounting period to which it relates or within such other time as the Commissioner-General may determine by notice.

[Sub-s. (2B) inserted by s. 3 (b) of Act No. 12 of 2017.]

(3) For the purposes of this Act, the prescribed accounting period for a taxable supplier shall be the month next succeeding the month in which he was registered and each succeeding calendar month, unless the Commissioner-General, by notice in writing to a particular supplier, determines another prescribed accounting period for that supplier.

(4) A form of return approved by the Commissioner-General for the purposes of subsection (1) shall, on request, be made available to any taxable supplier.

## **17. Late lodgement of returns**

(1) A taxable supplier who fails to lodge a return within the time allowed by or under this Act shall pay additional tax consisting of—

- (a) one thousand penalty units; or
- (b) one-half of one per centum of the tax payable in respect of the prescribed accounting period covered by the return,

whichever amount is the greater, for each day the return is late.

(2) A taxable supplier who lodges a return but fails to pay the tax due on the return within the prescribed time shall pay additional tax of one half of one percent of the tax payable in respect of the prescribed accounting period covered by the return for each day following the day when the payment is due to the date that the payment of the tax is made.

[Sub-s. (2) inserted by s. 3 (a) of Act No. 2 of 1997 and substituted by s. 4 of Act No. 13 of 2014.]

(3) Additional tax prescribed by this section is payable twenty-one days after the date on which it is incurred.

[Sub-s. (3) previously sub-s. (2) renumbered by s. 3 (b) of Act No. 2 of 1997.]

(4) The imposition or payment of additional tax prescribed by this section does not affect any liability of the supplier to pay any interest or penalty elsewhere prescribed in this Act.

[Sub-s. (4) previously sub-s. (3) renumbered by s. 3 (b) of Act No. 2 of 1997.]

(5) Where the taxable supplier fails to make a tax return within the time allowed and did not intend to avoid or postpone liability to pay tax, the additional tax payable under this section may be remitted in whole or in part.

[Sub-s. (5) inserted by s. 3 (c) of Act No. 2 of 1997.]

(6) The Commissioner-General may accept a pecuniary settlement instead of taking proceedings for the recovery of a penalty under this section and may, in his discretion, mitigate or remit any penalty or stay or compound any proceedings for recovery thereof and may, after judgement in any proceedings under this Act, further mitigate or entirely remit the penalty in accordance with administrative rules prescribed by the Commissioner-General.

[Sub-s. (6) inserted by s. 3 of Act No. 6 of 1998 w.e.f. 31 January 1998.]

## **17A. Proof of disbursements**

(1) A taxable supplier who does not charge value added tax on any amount on an invoice to a client, on the ground that the amount was for disbursements shall prove, to the satisfaction of the Commissioner-General, that—

- (a) the supplier paid a third party while acting on behalf of that supplier's client;
- (b) the goods or services were actually provided by the third party;
- (c) the supplier's outlay is itemised separately from disbursements on the invoice to the client; and
- (d) the supplier has recovered the exact amount of disbursements paid to the third party.

(2) The provisions of section 37 shall apply for purposes of the information required to be supplied by the taxable supplier to the Commissioner-General under subsection (1).

[S. 17A inserted by s. 4 of Act No. 3 of 2007.]

## **18. Tax deductions and credits**

(1) The amount of any tax (in this Act referred to as "input tax") of the following character—

- (a) tax payable in respect of the supply of goods or services supplied to a registered supplier during a prescribed accounting period for the purposes of a business carried on or to be carried on by him; and
- (b) tax paid by a registered supplier on the importation, during a prescribed accounting period, of any goods used or to be used for the purposes of a business carried on or to be carried on by him,

may, so far as not previously deducted and subject to the exceptions contained in or prescribed under this section, be deducted from his tax liability or otherwise credited to him in respect of that prescribed accounting period or a later prescribed accounting period.

(2) Subject to the exceptions prescribed under this section, the input tax that may be deducted by, or credited to, a registered supplier shall be—

- (a) the whole of that tax, if all the supplies effected by him in the course of his business are taxable; or
- (b) such proportion of that tax as, in accordance with administrative rules made by the Commissioner-General, is attributable to taxable supplies, if some but not all of the supplies effected by him in the course of his business are taxable.

(3) A supplier shall not deduct, credit, or claim input tax, unless the supplier at the time of lodging the return in which the deduction, credit or claim is made, is in possession of—

- (a) an invoice issued from the electronic invoicing system or an invoice issued, as prescribed, by a taxable supplier who is exempt from the use of the electronic invoicing system under section 7A (2);
- (b) an invoice with contents in accordance with the administrative rule made by the Commissioner-General; or
- (c) in the case of imported goods, import bills of entry and documentary evidence of the payment of tax that the Commissioner-General may, by administrative rule, determine.

[Sub-s. (3) substituted by s. 4 (a) of Act No. 29 of 2009, by s. 4 of Act No. 44 of 2021, by s. 5 of Act No. 27 of 2023 and amended by s. 4 of Act No. 23 of 2024.]

(3A) A supplier who contravenes subsection (3) commits an offence and shall be deemed to have taken steps for fraudulent recovery of tax in contravention of section 44.

[Sub-s. (3A) inserted by s. 4 (b) of Act No. 29 of 2009.]

(4) Input tax shall not be deducted or credited after a period of ninety days from the date of the relevant tax invoice or other evidence referred to in subsection (3) to the date of submitting the return, except in circumstances as the Commissioner-General may by rule, specify.

[Sub-s. (4) substituted by s. 2 of Act No. 2 of 2002, by s. 3 of Act No. 14 of 2012, amended by s. 6 of Act No. 44 of 2016, substituted by s. 4 of Act No. 26 of 2022.]

(5) The Minister may, by regulation, determine cases in which a deduction or credit of input tax shall not be allowed, any such determination being made by reference to—

- (a) the goods or services supplied or the goods imported; or
- (b) the supplier or importer, or the person supplied; or such other factors as the regulations may prescribe.

(6) Without limiting the generality of subsection (2) (b), rules made by the Commissioner-General for the purposes of that paragraph may—

- (a) determine a proportion of supplies in any prescribed accounting period which is to be taken as consisting of taxable supplies; and
- (b) provisionally attribute input tax in accordance with the proportion so determined and adjust the attribution over two more prescribed accounting periods.

(7) The Minister may make regulations for or with respect to enabling a taxable supplier who was not a registered supplier at the time of supply or payment to claim, as input tax, tax on the supply to him of goods or services, or paid by him on the importation of goods.

## **19. Payment of tax or credit**

(1) A taxable supplier whose tax liabilities in respect of a particular prescribed accounting period are not exhausted by allowable deductions shall, within the time allowed for lodgement of his tax return for that period, remit the tax amount due to the Commissioner-General.

(1A) The Minister may, on the recommendation of the Commissioner-General, by statutory instrument, remit the whole, or part of any, tax, fine or interest due and which is not recoverable under this Act where the liabilities meet the following conditions—

- (a) the taxable supplier is deceased and the estate is insufficient to meet the tax debt;
- (b) the tax account of the taxable supplier is inactive for a period of ten years;
- (c) the taxable supplier is insolvent;
- (d) in the case of a privatised company, the debt was incurred before privatisation, unless the contract of sale stipulates that the company's liabilities are to be carried over by the new owners; or
- (e) where—
  - (i) a tax debt is outstanding for a period of ten years;
  - (ii) the cost of collection of that tax debt is higher than the amount to be collected; and
  - (iii) the tax debt is less than two hundred kwacha.

[Sub-s. (1A) previously sub-s. (1B) inserted by s. 3 (a) of Act No. 3 of 2008, renumbered by s. 7 (b) of Act No. 14 of 2019, by s. 3 (b) of Act No. 23 of 2020 and substituted by s. 2 (a) of Act No. 19 of 2025.]

(1B) The Commissioner-General may, for purposes of subsection (1A), request for documentary evidence as the Commissioner-General may determine.

[Sub-s. (1B) inserted by s. 2 (b) of Act No. 19 of 2025.]

(2) Where in respect of a particular accounting period beginning on or after 1st April, 1998, a registered supplier's allowable credits exceed what would have been the supplier's tax liabilities for the accounting period, the Commissioner-General shall, within thirty days after the return is submitted, remit to the supplier the amount standing to the credit of the supplier by reason of the excess.

[Sub-s. (2) substituted by s. 4 of Act No. 6 of 1998 and by s. 3 of Act No. 15 of 2013.]

(2A) Where any tax is due and payable by a registered supplier to the Commissioner-General under the Income Tax Act, the Customs and Excise Act and the Property Transfer Tax Act or any other written law administered by the Commissioner-General, any excess due to the registered supplier shall first be applied to satisfy the tax due and payable to the extent of such tax and the Commissioner-General shall give written notice to the taxable supplier of the amount so applied to meet the tax liability under the relevant tax Act and the nature of the tax.

[Cap. 323, Cap. 322, Cap. 340.]

[Sub-s. (2A) inserted by s. 3 of Act No. 15 of 2013.]

(3) A tourist, commercial exporter, diplomat or designated official who has paid tax in Zambia may submit a claim for a refund of the tax, in whole or in part.

[Sub-s. (3) inserted by s. 2 of Act No. 2 of 2005 and amended by s. 3 (b) of Act No. 3 of 2008.]

(4) Where a claim is submitted by a tourist, commercial exporter, diplomat or designated official under subsection (3), the Commissioner-General shall, subject to such conditions as the Commissioner-General may prescribe, pay the tax in whole or in part to the claimant.

[Sub-s. (4) inserted by s. 2 of Act No. 2 of 2005 and amended by s. 3 (c) of Act No. 3 of 2008.]

(5) In subsection (3), "commercial exporter" means a non-Zambian person who—

(a) ordinarily resides in a country outside Zambia; and

(b) enters Zambia for the purpose of purchasing goods in bulk for export.

[Sub-s. (5) inserted by s. 2 of Act No. 2 of 2005.]

[S. 19 amended by s. 7 (a) of Act No. 14 of 2019 and by s. 3 (a) of Act No. 23 of 2020.]

## **20. Interest on overdue tax**

(1) Where any tax due and payable under this Act is not paid within the time allowed, interest at the prescribed interest rate shall be payable on the amount for the time being due and unpaid.

(2) Simple interest shall be payable, under this section at each prescribed accounting period, by the supplier concerned, according to the number of accounting periods, or part of any accounting period, during which tax overdue and payable remains unpaid.

[Sub-s. (2) previously sub-s. (3) inserted by s. 3 (a) of Act No. 6 of 2000 and renumbered by s. 3 (b) of Act No. 2 of 2002.]

(3) Interest shall not be applied on additional tax referred to under section 17.

[Sub-s. (3) previously sub-s. (4) inserted by s. 3 (b) of Act No. 6 of 2000 and renumbered by s. 3 (b) of Act No. 2 of 2002.]

(4) The Commissioner-General may remit the whole or part of any interest due under this section.

[Sub-s. (4) inserted by s. 4 of Act No. 1 of 1999 w.e.f. 30 January 1999.]

[S. 20 amended by s. 3 (a) of Act No. 2 of 2002.]

(Editorial Note: S. 4 of Act No. 1 of 1999 and s. 3 (a) of Act No. 6 of 2000 both instruct the insertion of sub-s. (4). Sub-s. (4) was subsequently renumbered as sub-s. (3) by s. 3 (b) of Act No. 2 of 2002. **Sub-s. (4) inserted by s. 3 (a) of Act No. 6 of 2000** has been renumbered as sub-s. (3) and the sub-s. (4) inserted by Act 1 of 1999 has retained its numbering.)

## **21. Assessment of tax**

(1) Where, in the opinion of the Commissioner-General, a taxable supplier has failed to pay any of the tax payable by him by reason of—

- (a) his failure to keep proper books of account, records or documents as required under this Act, or the incorrectness or inadequacy of any such books, records or documents; or
- (b) his failure to make, or delay in making, any return required under this Act or the incorrectness or inadequacy of any such returns,

the Commissioner-General may assess the tax due and any interest payable thereon.

(2) Notice of an assessment shall be sent to the taxable supplier concerned and the notice shall inform the supplier of the right to appeal.

[Sub-s. (2) substituted by s. 4 (a) of Act No. 6 of 2000.]

(3) Subject to any rights of appeal conferred by this Act or any other law, the assessment of the Commissioner-General is conclusive as to the amount of tax payable, the time when it was due and ought to have been paid, the amount of any interest payable thereon and all other matters incidental thereto.

(4) Where the Commissioner-General has given notice of assessment to a taxable supplier under subsection (2), the supplier shall, subject to subsection (7), pay the amount of tax specified in the notice, not later than thirty days from the date of the notice.

[Sub-s. (4) inserted by s. 4 (b) of Act No. 6 of 2000.]

(5) Where a taxable supplier fails to pay an assessment within the period specified under subsection (4), the provisions of section 26 shall apply.

[Sub-s. (5) inserted by s. 4 (b) of Act No. 6 of 2000.]

(6) Despite the other provisions of this section, an assessment based on an incorrect or inadequate return is void if it is made two years after the Commissioner-General concludes an audit which revealed that incorrect or inadequate return.

[Sub-s. (6) previously sub-s. (4) renumbered by s. 4 (d) of Act No. 6 of 2000 and substituted by s. 4 of Act No. 23 of 2020.]

(7) On sufficient cause shown to the Commissioner-General within the appeal period, or within such further time as the Commissioner-General may allow, the Commissioner-General may make a revised assessment of tax and interest due from any taxable supplier, and such an assessment shall for all purposes rescind and replace any assessment formerly made in respect of the same liability.

[Sub-s. (7) previously sub-s. (5) renumbered by s. 4 (d) of Act No. 6 of 2000.]

(8) Any tax and interest assessed under this section shall be recoverable after or within the review period immediately after the Commissioner-General determines the matter whichever occurs earlier.

[Sub-s. (8) previously sub-s. (6) renumbered by s. 4 (d) of Act No. 6 of 2000 and substituted by s. 4 of Act No. 15 of 2013.]

(9) In this section, “review period” means a period of thirty days from the date of notice of assessment.

[Sub-s. (9) previously sub-s. (7) substituted by s. 4 (c) of Act No. 6 of 2000, renumbered by s. 4 (d) of Act No. 6 of 2000 and substituted by s. 4 of Act No. 15 of 2013.]

**PART IV**  
**DEFAULT IN PAYMENT OF TAX**

**22. Recovery of tax and interest**

(1) Tax and any interest due under this Act is a debt due to the Republic and shall be recoverable at the suit of the Commissioner-General, or any officer authorised by him, in any court of competent jurisdiction.

(2) Any amount shown on an invoice as tax chargeable on a supply of goods or services shall be recoverable as tax due from the person issuing the invoice, regardless of whether—

- (a) the invoice is made out in a form prescribed under this Act;
- (b) tax is chargeable in respect of the supply to which the invoice relates; or
- (c) the person issuing the invoice is a registered supplier,

and interest on the amount concerned may, in an appropriate case, be recovered accordingly.

(3) For the purposes of any provision of this Act or the regulations or rules under this Act relating to the collection or recovery of tax or interest, a reference in any such provision to a registered or taxable supplier shall include a reference to any person from whom tax or any interest is recoverable by virtue of this section.

**23. Attachment of debts, etc.**

(1) Where any tax or interest due from a taxable supplier remains unpaid, the Commissioner-General may, by notice in writing, require any other person—

- (a) from whom any money is due, or is accruing or may become due, to the supplier;
- (b) who holds, or may subsequently hold, money on account of some person for or on account of, or for payment to, the supplier; or
- (c) having authority from any person to pay money to the supplier,

to pay that money, or so much as is sufficient to discharge the tax or interest due from the taxable supplier, in the manner directed by the Commissioner-General as and when it would, but for the notice, be or become payable to the supplier.

(2) A person on whom a notice under this section has been served and who fails to comply with the notice shall be guilty of an offence and shall be liable, on conviction, to a fine not exceeding five thousand penalty units or ten per centum of the amount demanded by the notice, whichever is the greater.

[Sub-s. (2) previously sub-s. (3) renumbered by s. 5 (b) of Act No. 1 of 1999.]

[S. 23 amended by s. 5 (a) of Act No. 1 of 1999.]

**24. Security and production of evidence**

(1) Where the Commissioner-General considers it necessary to do so for the protection of the revenue, he may, as a condition of allowing or repaying any input tax to any registered supplier, require the supplier—

- (a) to produce any documents, relating to any such tax, that were supplied to that supplier; or
- (b) to give security, or further security, of such amount and kind as the Commissioner-General may determine, for the payment of any tax which is due from him.

[Sub-s. (1) previously s. 24 renumbered by s.4 (a) of Act No. 2 of 1997.]

(2) Where a registered supplier continues to make taxable supplies beyond the time allowed by the Commissioner-General under subsection (1) (b) as security or

further security, the supplier shall be guilty of 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.

[Sub-s. (2) inserted by s. 4 (b) of Act No. 2 of 1997.]

#### **24A. Charge on land**

(1) Notwithstanding anything to the contrary contained in any other written law, where a person or partnership from whom tax is due owns land in the Republic, the Commissioner-General may give notice to the person or partnership, in writing, stating that the amount of tax due shall be a charge on the land and is immediately created.

(2) The charge referred to in subsection (1)—

(a) is effective from the date of service of the notice;

(b) remains valid until—

(i) there is a change in the ownership of the land, or

(ii) the notice is withdrawn; and

(c) shall be registered in accordance with the Lands and Deeds Registry Act.

[Cap. 185.]

(3) For the purposes of this section, “land” includes any vacant piece of land and any building or improvements on any piece of land.

[S. 24A inserted by s. 5 of Act No. 15 of 2013.]

#### **25. Requirement for early payment**

(1) Where the Commissioner-General has reason to believe that any tax or interest due under this Act from a taxable supplier may not be paid within the time allowed by or under this Act by reason of the loss, transfer or disposition by the supplier of his assets, the Commissioner-General may, by notice in writing to him, require payment of the money forthwith.

(2) Upon service of a notice under this section, the provision of this Act shall apply as though the time allowed by or under this Act for payment by the supplier of the tax or interest concerned had expired.

(3) Where a taxable supplier fails to make any payment required under subsection (1), the supplier shall be guilty of 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.

[Sub-s. (3) inserted by s. 5 of Act No. 2 of 1997.]

#### **26. Distress**

(1) Where any tax or interest due from a taxable supplier remains unpaid, an authorised officer may, under warrant by the Commissioner-General, levy distress upon the goods and chattels of the supplier.

(2) The officer executing the warrant, with a police officer or such other assistants as he may consider necessary, may, at any time between sunrise and sunset, break open any premises of the supplier.

(3) Goods and chattels on which distress has been levied under this section shall be kept for ten days either at the premises at which distress was levied or at such other place as the officer executing the warrant may consider appropriate, at the cost of the supplier.

(4) If the supplier does not pay the amount due under this Act, together with any costs under subsection (3), within the period of ten days mentioned in that subsection, the goods and chattels shall be sold by public auction, sealed tenders or bids.

[Sub-s. (4) amended by s. 5 of Act No. 6 of 2000.]

(5) The proceeds of a sale under subsection (4) shall be applied towards payment of those costs and any further costs of, or incidental, to the sale, and the surplus, if any, shall be applied towards payment of the amount due and the balance, if any, shall be paid to the supplier, after deduction of any further tax or interest by then due from him.

(6) A person on whose goods and chattels distress has been levied or is to be levied, or any other person, who fraudulently removes and takes away any such goods and chattels to prevent the Commissioner-General from distraining them or completing the distress so levied, or assists in the same, shall be guilty of an offence and shall be liable, upon conviction, to—

- (a) a fine not exceeding ten thousand penalty units or three times the value of the goods taken away, whichever is the greater; or
- (b) imprisonment for a term not exceeding twelve months; or to both.

## **PART V** **REGISTRATION OF SUPPLIES**

### **27. Register of suppliers**

(1) There shall be a register of suppliers, in which shall be recorded such particulars of taxable suppliers and their businesses as the Commissioner-General may determine.

(2) Where two or more individuals in partnership carry on a business involving the supply of goods or services, registration may be effected in the name of the firm.

(3) Where a club, association or other unincorporated organisation carries on a business involving the supply of goods or services, registration may be effected in the name of the organisation.

(4) . . . . .

[Sub-s. (4) deleted by s. 7 of Act No. 44 of 2016.]

(5) The registration of a company carrying on business in several divisions may, if the company so requests and the Commissioner-General sees fit, be effected in the names of those divisions, and such registration displaces any requirement under this Part to apply or effect registration of the company.

(6) The Commissioner-General may, by administrative rule, make provision for requiring registered suppliers to notify the Commissioner-General of such particulars of changes in circumstances relating to them, or any business carried on by them, as appear to him necessary for the purpose of keeping the register up to date.

### **28. Registration**

(1) Every supplier who is carrying on a business in Zambia whose taxable turnover exceeds the turnover prescribed by the Minister, by statutory order, shall make application to be registered.

(2) An application for registration shall be made in such manner and form as the Commissioner-General may, by administrative rule, prescribe.

(3) Subject to this section, the Commissioner-General shall register every applicant for registration who is carrying on a business in Zambia whose taxable turnover exceeds the turnover prescribed by subsection (1).

(4) Where the Commissioner-General considers that there is good reason to do so, he may—

- (a) register any supplier, whether or not an application for registration has been made; or

- (b) refuse to register any supplier,

regardless of the turnover of the business conducted by the supplier.

(5) Where the Commissioner-General is satisfied that all the supplies effected in the course of a supplier's business would be zero-rated supplies, he may, by notice in writing, exempt a supplier from the requirement to be registered:

Provided that such an exemption may in like manner be rescinded by the Commissioner-General at any time whereupon the supplier shall apply for registration within such time as the Commissioner-General may allow.

- (6) The registration of a supplier shall take effect—

- (a) in the case of a new business, the date of commencement of trading; or

- (b) in the case of a continuing business—

- (i) within one month of an application being made or from the date the application was received by the Commissioner-General, or

- (ii) where the application is not made within one month of first becoming liable to register, on the day following the first period during which the taxable turnover exceeded the turnover as specified in subsection (1).

[Sub-s. (6) inserted by s. 6 (a) of Act No. 2 of 1997 and substituted by s. 5 of Act No. 6 of 1998.]

(7) Taxable suppliers whose turnover falls below the registration threshold for value added tax within a particular accounting year shall be de-registered at the end of the accounting year.

[Sub-s. (7) inserted by s. 5 (a) of Act No. 13 of 2014.]

(8) In this section, "taxable turnover" means that part of the turnover of a business that is attributable to taxable supplies, calculated in a manner, and in respect of a period, prescribed by the Minister by statutory order.

[Sub-s. (8) previously sub-s. (7) renumbered by s. 6 (b) of Act No. 2 of 1997 and by s. 5 (b) of Act No. 13 of 2014.]

## **29. Offences and penalties**

- (1) 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.

[Sub-s. (1) previously s. 29 renumbered by s. 5 (a) of Act No. 29 of 2009.]

(2) Where a supplier who is eligible for registration under section 28 fails to register under that section, the Commissioner-General shall assess the tax due on the supplies made, in accordance with the provisions of this Act, from the time the supplier was due for registration to the date of the assessment, and the interest payable thereon.

[Sub-s. (2) inserted by s. 5 (b) of Act No. 29 of 2009.]

(3) Where the supplier referred to in subsection (2) receives any consideration for the supply of goods or services, the consideration shall be deemed to be inclusive of tax for the purpose of determining the taxable value under section 10.

[Sub-s. (3) inserted by s. 5 (b) of Act No. 29 of 2009.]

[S. 29 substituted by s. 7 of Act No. 2 of 2003.]

## **29A. Late Registration**

(1) 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.

[S. 29A inserted by s. 8 of Act No. 2 of 2003.]

## **PART VI REVIEW AND APPEALS**

[Part VI amended by s. 7 of Act No. 2 of 1997, by s. 8 (1) of Act No. 11 of 1998, by s. 6 of Act No. 1 of 1999 and substituted by s. 4 of Act No. 14 of 2012.]

### **30. Right of review**

A person who is aggrieved by a decision made or direction given by the Authority under this Act may apply to the Commissioner-General for a review of that decision or direction in the prescribed manner and form.

### **31. Conduct of review**

(1) A review shall be conducted in the prescribed manner.

(2) The person conducting the review shall give the applicant and the person who made the decision or gave the direction an opportunity to be heard and to make written submissions.

### **32. Appeals**

A person aggrieved by a decision of the Commissioner-General under this Act may appeal against the decision to the Revenue Appeals Tribunal as provided under the Revenue Appeals Tribunal Act.

[Act No. 11 of 1998.]

## **PART VII ADMINISTRATION AND ENFORCEMENT**

### **33. Functions of Authority**

(1) The Authority shall be responsible for the administration of this Act and for the charging, levying and collection of tax.

(2) The Minister may approve the establishment by the Authority of a reserve account with the Bank of Zambia for the payment therefrom of any credits under section 19, and from tax collected under this Act, the Authority shall from time to time appropriate sufficient funds to meet the requirements of the reserve account.

(3) Except as provided by subsection (2), tax collected under this Act shall be credited to the Treasury as soon as is reasonably practicable, and the provisions of sections 24 and 25 of the Zambia Revenue Authority Act, shall apply in respect of revenue derived from tax under this Act.

[Cap. 321.]

### **34. Delegation by Commissioner-General**

(1) The Commissioner-General shall have and may exercise and perform the powers and functions conferred on him by or under this Act.

(2) . . . . .

[Sub-s. (2) amended by s. 3 of Act No. 48 of 2010 and deleted by s. 5 of Act No. 23 of 2020.]

(3) The Commissioner-General may confer any of the functions of the Commissioner-General under this Act upon any person if that person consents; and

that person shall perform those functions under the direction of the Commissioner-General.

[Sub-s. (3) inserted by s. 2 of Act No. 3 of 2001.]

### **35. Authorised officers**

(1) Sufficient persons shall be appointed as authorised officers for the purpose of exercising and performing the powers and functions of authorised officers under this Act.

(2) Every authorised officer shall be issued with means of identification as to his appointment as such, and shall, when exercising any power under this Act, on demand, produce the same to any person of whom a requirement is made in the course of the exercise of that power.

### **36. Taking of samples**

(1) Where an authorised officer has reason to believe that it is necessary to do so for the protection of the revenue, he may take, from goods in the possession of any person who supplies goods, such samples as may be reasonably necessary to determine how the goods or the materials from which they are made ought to be or to have been dealt with for taxation purposes.

(2) No sample shall be taken under this section without the issue by an authorised officer of a receipt to the person from whom it was taken, and every sample shall be disposed of and accounted for in such manner as the Commissioner-General may direct.

(3) Where a sample taken under this section is not returned, within a reasonable time and in good condition, to the person from whom it was taken, the Authority shall pay him, by way of compensation, a sum equal to the cost of the sample to him or such larger sum as the Commissioner-General may determine.

### **37. Furnishing of information and production of documents**

(1) Every person who is concerned, in any capacity, in the supply of goods in the course of a business or to whom any goods are, in the course of a business, supplied shall—

- (a) furnish to the Commissioner-General, within such time and in such form as he may require, such information as he may specify, being information to which the person has legitimate access and which concerns the goods or their supply; and
- (b) upon demand made by an authorised officer, produce or cause to be produced any documents for inspection by the officer, being documents to which the person has legitimate access and which concern the goods or their supply, and permit the officer to make copies, of, or to take extracts from, them or to remove them at a reasonable time and for a reasonable period.

(2) Every person who is concerned in any capacity in the supply of any services for a consideration or to whom any services are, for a consideration, supplied, shall—

- (a) furnish to the Commissioner-General, within such time and in such form as he may require, such information as he may specify, being information to which the person has legitimate access and which concerns the consideration for the supply or the name and address of the person to whom the services are supplied; and
- (b) upon demand made by an authorised officer, produce or cause to be produced any documents for inspection by the officer, being documents to which the person has legitimate access and which concern any such consideration, and permit the officer to make copies of, or to take extracts from, them or to remove them at a reasonable time and for a reasonable period.

(3) The Commissioner-General or an authorised officer may, for the purpose of receiving any information or document under the foregoing provisions of this section, or for the purpose of examining the person concerned in relation to any such information or document, require the attendance of the person at the offices of the Commissioner-General or at such other place, and at such time or times, as the Commissioner-General or authorised officer may specify.

(4) For the purposes of this section, the documents relating to the supply of goods, or to the consideration for the supply of services, in the course of a business, shall be taken to include any profit and loss account and balance sheet or other book of account, and any correspondence or other writing, relating to that business and any certificate evidencing registration under this Act.

(5) Where any information or document is electronically stored, subsections (1) and (2) shall be deemed to empower the authorised officer, for the purpose of exercising the powers conferred by that subsection in relation to it—

- (a) to view the information or document and to copy or take extracts from it by electronic means; or
- (b) to require that it be reproduced in hard copy, or copied on to computer diskette or reduced to some other portable form suitable for removal and capable of reproducing the information or document for viewing.

(6) Where any documents, computer diskettes or other things removed under the powers conferred by this section are lost or damaged, the Authority shall be liable to compensate their owner for any expenses reasonably incurred by him in replacing or repairing them.

(7) A person commits an offence if that person—

- (a) avails incomplete records or fails to avail the records for inspection as required under this section; or
- (b) fails to provide information requested by an authorised officer within the time stipulated by that officer.

[Sub-s. (7) inserted by s. 4 of Act No. 12 of 2017.]

(8) A person convicted of an offence under subsection (7) is liable, to a penalty of twenty thousand penalty units.

[Sub-s. (8) inserted by s. 4 of Act No. 12 of 2017.]

(9) Without prejudice to subsection (7), a person who fails to avail the requested records under this section is liable to pay a fee of two thousand fee units for each day that the records are not provided.

[Sub-s. (9) inserted by s. 4 of Act No. 12 of 2017.]

### **37A. Prohibition of publication or disclosure of information to unauthorised persons**

(1) An authorised officer or other person shall not, without the consent in writing given by the Commissioner-General, publish or disclose to an unauthorised person, otherwise than in the course of duties of that officer or person under this Act, information regarding the affairs of a person under this Act.

(2) A person who contravenes subsection (1) commits an offence and is liable, upon conviction, to a fine not exceeding two hundred thousand penalty units or to imprisonment for a term not exceeding two years, or to both.

[S. 37A inserted by s. 4 of Act No. 17 of 2015.]

### **38. Entry and search**

(1) For the purpose of exercising any power conferred on him by or under this Act, an authorised officer may, at any reasonable time, enter any premises which he has reason to believe are used for or in connection with the carrying on of a business, including any premises used only for the storage of goods or documents, and shall

have full and free access therein to open any packaging, take stock of any goods and do all such things as are reasonably necessary for the performance of his duties.

(2) Where a magistrate is satisfied on sworn information that there is reason to suspect that any premises contain goods in respect of whose supply tax has been evaded, or tax deductions or credits have been wrongly made, or contain documents or other evidence of an offence against this Act, he may issue a warrant authorising an authorised officer to enter and search those premises, and the authorised officer executing the warrant may—

- (a) take with him such persons as appear to him to be necessary for its due execution;
- (b) search for and seize and remove any goods, documents or other things found on the premises which he has reason to believe to be evidence for the purpose of proceedings in connection with such an offence or for the assessment of any tax; and
- (c) search or cause to be searched any person found on the premises that he has reason to believe has committed such an offence or to be in possession of any such goods, documents or other things:

Provided that no person shall be searched by a person of the opposite sex.

(3) The authorised officer shall provide to the person apparently in charge of anything taken in execution of a warrant under this section a receipt for the thing taken.

(4) The authorised officer may seal off, lock up or in any other physical manner prevent access to any premises for the purpose of the exercise of any power under this section or for the safeguarding of evidence from tampering.

(5) The provisions of section 37 relating to documents and to the electronic storage of documents shall apply in respect of the exercise by an authorised officer of a power conferred under this section.

### **38A. Impounding and removal of goods**

(1) Where an officer of the rank of Assistant Director or above who is authorised by the Commissioner-General, has reason to believe that a supplier is selling taxable goods without charging the tax due on such supplies, the officer may impound the goods either at the premises where the goods are being sold or at such place as the officer considers appropriate.

[Sub-s. (1) amended by s. 5 (a) of Act No. 23 of 2024.]

(2) Where an officer of the rank of Assistant Director or above, who is authorised by the Commissioner-General, has reason to believe that a supplier has received taxable goods without having been charged the tax due on their supply or at importation, the officer may impound the goods either at the premises where the goods are or at such place as the officer considers appropriate.

[Sub-s. (2) amended by s. 5 (b) of Act No. 23 of 2024.]

(3) For the purposes of impounding goods under this section by an officer authorised by the Commissioner-General, a police officer may be present while the goods are being impounded.

(4) An officer authorised under subsections (1) and (2) may, at the cost of the taxpayer, employ such persons as the officer may think necessary to assist such officer in the execution of such officer's duty to ensure the security of the goods impounded or to assist with their removal.

(5) An officer who has been authorised under subsections (1) and (2) who impounds goods under subsection (1) or (2) shall issue a receipt for any such goods removed.

(6) If a taxable supplier from whom the goods have been impounded under subsection (1), fails to produce, within fourteen days, evidence that such a supplier

has complied with the provisions of this Act, the Commissioner-General may declare any or all of the goods to be forfeited.

(7) If a taxable supplier from whom the goods have been impounded under subsection (2) fails to produce, within fourteen days, evidence that tax has been paid at the time the goods are supplied or at importation, the Commissioner-General may declare any or all the goods to be forfeited.

(8) Where goods are forfeited under this section, the Commissioner-General shall, by notice in writing, specify the articles which have been seized and inform the person from whom the goods have been seized that proceedings for their recovery may be instituted within three months from the date the notice is given.

(9) If proceedings are not instituted under the provisions of subsection (8), any articles forfeited shall, by direction of the Commissioner-General, be sold at a public auction.

(10) Notwithstanding any other provision of this section, where goods which are of a perishable nature are impounded, the Commissioner-General may direct that the goods shall be destroyed or sold immediately by public auction.

[Sub-s. (10) substituted by s. 6 of Act No. 6 of 1998.]

(11) Where goods of a perishable nature have been sold and the supplier provides evidence that such supplier has complied with this section, the supplier shall immediately be paid—

- (a) the proceeds of the sale without deduction; and
- (b) such other restitution as is agreed with the Commissioner-General or the supplier may recover by restitution, in a court of competent jurisdiction.

[S. 38A inserted by s. 8 of Act No. 2 of 1997, amended by s. 6 of Act No. 6 of 1998, and by s. 5 of Act No. 23 of 2024.]

### **39. Obstruction of authorised officers**

A person who—

- (a) fails to comply with any requirements made of him under section 37; or
- (b) assaults, obstructs, hinders or resists an authorised officer in the exercise or performance of any of his powers or duties under this Act,

shall be guilty of an offence and shall be liable, on conviction, to a fine not exceeding twenty thousand penalty units or to imprisonment for a term not exceeding two years, or to both.

### **40. Impersonation of authorised officers**

A person who impersonates an authorised officer shall be guilty of an offence and shall be liable, on conviction, to a fine not exceeding ten thousand penalty units or to imprisonment for a term not exceeding twelve months, or to both.

### **41. Immunity of authorised officers**

No action or other proceedings shall lie or be instituted against an authorised officer for, or in respect of, any act or thing done or omitted to be done in good faith in the exercise or purported exercise of his functions under this Act.

## **PART VIII MISCELLANEOUS**

### **42. Records and Accounts**

(1) A taxable supplier shall keep, in the English language, such records relating to the business carried on by the taxable supplier, and preserve them for a period of

six years or such longer period as the Commissioner-General may, by notice in writing, require in any particular case.

[Sub-s. (1) substituted by s. 4 of Act No. 3 of 2009.]

(2) A supplier who fails to keep any records required by or under this section to be kept by him, or who fails to keep them for the time so required, shall be guilty of an offence and shall be liable, on conviction, to a fine not exceeding ten thousand penalty units or to imprisonment for a term not exceeding twelve months, or both.

(3) A person carrying out any mining operations may keep books of account, in United States Dollars, of all transactions relating to, connected with, or incidental to, such operations if the Commissioner-General is satisfied that not less than seventy-five percent of that person's gross income from mining operations is earned in the form of foreign exchange from outside the Republic.

[Sub-s. (3) inserted by s. 6 of Act No. 27 of 2023.]

#### **42A. . . . .**

[S. 42A inserted by s. 5 of Act No. 17 of 2015 and repealed by s. 8 of Act No. 14 of 2019.]

#### **42B. Electronic monitoring of tax compliance**

The Commissioner-General may through the Zambia Information and Communications Technology Authority collect and record, in real time, transactional data from a tax payer through applicable technical means for the purpose of ensuring compliance with this Act.

[S. 42B inserted by s. 8 of Act No. 44 of 2016.]

#### **42C. Use of electronic payment machine**

(1) A taxable supplier shall provide an electronic payment machine at a point of sale for use as a mode of payment for the customer.

(2) A taxable supplier who contravenes subsection (1), commits an offence and is liable, on conviction, to a fine not exceeding ninety thousand penalty units.

[S. 42C inserted by s. 6 of Act No. 23 of 2020.]

#### **43. False returns and statements**

Any person who, in relation to a particular tax period makes a return or other declaration, furnishes any document or information or makes any statement, whether in writing or otherwise, that is false in any material particular commits an offence and is liable, on conviction in respect of that tax period, in the case of—

- (a) first offence, to a fine not exceeding sixty thousand penalty units;
- (b) second offence, to a fine not exceeding one hundred and twenty thousand penalty units;
- (c) third offence, to a fine not exceeding two hundred and forty thousand penalty units; and
- (d) for any subsequent offence, to a fine not exceeding three hundred thousand penalty units or to imprisonment for a term not exceeding three years, or to both.

[S. 43 substituted by s. 7 of Act No. 23 of 2020.]

#### **44. Evasion of taxation**

(1) Any person who is concerned in, or takes steps with a view to, fraudulent evasion of tax or fraudulent recovery of tax shall be guilty of an offence and shall be liable, on conviction, to a fine not exceeding three hundred thousand penalty units or six times the amount of the tax sought to be evaded or recovered, whichever is greater, or to imprisonment for a term not exceeding three years, or to both.

[Sub-s. (1) amended by s. 5 of Act No. 26 of 2022.]

(2) A person who deals in or accepts the supply or importation of any goods, or the supply of any services, having reason to believe that the proper tax has not been or will not be paid or that any deduction or credit has been or will be falsely claimed in relation thereto shall be guilty of an offence and shall be liable, on conviction, to a fine not exceeding three hundred thousand penalty units or six times the amount of the tax, whichever is greater, or to imprisonment for a term not exceeding three years, or to both.

[Sub-s. (2) amended by s. 8 of Act No. 23 of 2020.]

(3) Any goods which are the subject of an offence under this section shall, if the court convicts and so orders, be forfeited.

#### **45. Fine in lieu of prosecution**

(1) If a person alleged to be an offender under this Act (hereinafter called the alleged offender) agrees to pay a specified fine proposed by the Commissioner-General, which does not exceed the maximum penalty provided by this Act for the offence in question, the Commissioner-General may impose that fine on the alleged offender:

Provided that, if criminal proceedings have been instituted against the alleged offender for such offence, the power conferred by this subsection shall not be exercised without the written consent of the Director of Public Prosecutions.

(2) The Commissioner-General shall furnish the alleged offender with a certificate setting out the nature of the offence, the date of its occurrence, and the fine imposed under subsection (1), and such certificate may be used by the alleged offender as *prima facie* proof of the facts stated therein.

(3) If any fine imposed in terms of subsection (1) is not paid on demand, the Commissioner-General may take steps for, or towards, its recovery in any manner permitted by this Act with respect to the recovery of unpaid tax.

(4) The imposition of a fine under subsection (1) shall not be treated as a conviction of the alleged offender of a criminal offence, but no prosecution for the offence in question shall thereafter be instituted or maintained.

(5) Nothing in this section shall in any way affect liability for the payment of tax or interest due under this Act.

#### **46. Advertised retail prices to include tax**

(1) An advertisement made or published in respect of the supply by retail of any goods or services shall, if it mentions the price at which such goods or services may be obtained, state the price inclusive of tax.

(2) A person who causes or permits any advertisement to be made or published in contravention of this section shall be guilty of an offence and shall be liable, on conviction, to a fine not exceeding ten thousand penalty units.

(3) In this section, "advertisement" includes any label attached to the goods and any sign displayed in connection with the goods or services and any quotation of their price.

#### **46A. Offences by principal officers, partners or shareholders of bodies corporate or bodies unincorporate**

Where an offence under this Act is committed by a body corporate or a body unincorporate, with the knowledge, consent or connivance of the director, manager, partner or shareholder of that body corporate or unincorporate body, that director, manager, partner or shareholder commits an offence and is liable, on conviction, to the penalty or term of imprisonment specified for that offence.

[S. 46A inserted by s. 4 of Act No. 15 of 2018.]

#### **47. Adjustment of contracts on changes in tax**

Where, after the making of a contract for the supply of goods or services and before the goods or services are supplied—

- (a) there is a change in the tax charged on the supply; or
- (b) tax chargeable on the supply is introduced or abolished,

then there shall be added to or deducted from the consideration for the supply an amount equal to the tax adjustment.

[S. 47 amended by s. 3 of Act No. 2 of 2004.]

#### **48. Priority of tax debts in bankruptcy**

Where an individual has been declared bankrupt, any tax or interest due under this Act shall have priority over other debts proven against the bankrupt.

#### **49. Evidence by certificate**

A certificate of the Commissioner-General that—

- (a) a person was or was not, at any date, registered;
- (b) any return required under this Act to be lodged has not been lodged or had not, on a specified date, been lodged; or
- (c) any tax shown as due in any return or assessment lodged or made under this Act has not been paid,

shall be sufficient evidence of that fact until the contrary is proven.

#### **50. Schemes for obtaining undue tax benefits**

(1) Notwithstanding any other provision of this Act, where the Commissioner-General is satisfied that any scheme that has the effect of conferring a tax benefit on any person was entered into or carried out—

- (a) solely or mainly for the purpose of obtaining that benefit; or  
[Para. (a) amended by s. 6 of Act No. 13 of 2014.]
- (b) by means or in a manner that would not normally be employed for *bona fide* business purposes, or by means of the creation of rights or obligations that would not normally be created between persons dealing at arm's length,

the Commissioner-General may determine the liability for any tax imposed by this Act, and the amount thereof, as if the scheme had not been entered into or carried out, or in such manner as, in the circumstances of the case, he considers appropriate for the prevention or diminution of the tax benefit sought to be obtained by the scheme.

(2) A determination under subsection (1) shall be deemed to be an assessment, and the provisions of section 21 and of Part VI, and any other provision made by or under this Act in relation to assessments, shall apply accordingly.

(3) In this section—

**"bona fide business purposes"** does not include the obtaining of a tax benefit;

**"scheme"** includes any transaction, operation, understanding or arrangement, whether entered into or carried out before or after the commencement of this Act, whether or not involving the alienation of any property and whether or not enforceable, and all acts and things done or performed in furtherance thereof;

**"tax benefit"** includes—

- (a) any avoidance or reduction in the liability of any person to pay tax;
- (b) any increase in the entitlement of any registered dealer to a refund of tax;

- (c) any reduction in the consideration payable by any person in respect of any supply of goods and services or the importation of any goods; or
- (d) any other avoidance or postponement of liability for the payment of any tax.

#### **50A. Tax information exchange agreements and mutual assistance in tax matters**

(1) The President may enter into an agreement, which may have retrospective effect, with the Government of any other country or territory for the exchange of information on tax matters or for mutual assistance in tax matters with the objective of rendering reciprocal assistance in the administration and collection of taxes under the tax laws of the Republic and such other country or territory.

(2) Any information received by a country or territory under an agreement entered into under subsection (1) shall be treated as secret in the same manner as information obtained under the domestic laws of that country or territory and shall be disclosed only to persons or authorities involved in the assessment, collection enforcement, prosecution or determination of appeals in relation to, the taxes under this Act.

(3) Subsection (2) shall not be construed so as to impose on a country or territory the obligation to—

- (a) carry out administrative measures at variance with the laws and administrative practices of that country or territory;
- (b) supply information which is not obtainable under the laws of that country or territory or under the laws of Zambia; or
- (c) supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy.

(4) The Minister shall lay a copy of an agreement referred to in subsection (1) before Cabinet for approval.

(5) The President shall, as soon as practicable after the conclusion and approval of any agreement under this section, notify the public of the terms of the agreement by statutory instrument, and the agreement shall, from the date of commencement of the statutory instrument, have effect as if enacted under this Act as long as the agreement has the effect of law in the of the other country or territory.

(Editorial Note: Subsection (5) wording as per *Gazette*.)

[S. 50A inserted by s. 5 of Act No. 14 of 2012.]

#### **51. Regulations**

(1) The Minister may make regulations for or with respect to any matter that by this Act is required or permitted to be prescribed, or that is necessary or expedient to be prescribed for carrying out or giving effect to this Act.

(2) Without limiting the generality of subsection (1), regulations may be made for or with respect to—

- (a) the application of this Act in relation to supplies in the course of a business conducted by the administrator of a bankrupt or deceased estate;
- (b) de-registration of suppliers;
- (c) the transfer of businesses from one supplier to another;
- (d) the imposition, in prescribed circumstances, of liability for taxes and charges on taxation agents;
- (e) the issue and display of certificates of registration;

- (f) relief from taxation on account of bad debts;  
[Para. (f) amended by s. 9 (a) of Act No. 2 of 2003.]
- (g) the service of notices or other documents for the purposes of this Act; and  
[Para. (g) amended by s. 9 (b) of Act No. 2 of 2003.]
- (h) the supply and use of electronic invoicing systems or other equipment in recording daily sales.  
[Para. (h) added by s. 9 (c) of Act No. 2 of 2003, substituted by s. 6 of Act No. 17 of 2015 and amended by s. 9 of Act No. 14 of 2019.]

(3) The Regulations may create offences, and prescribe penalties not exceeding ten thousand penalty units, for any contravention of the regulations or of the rules made under this Act.

(Editorial Note: Please note that the amendment by section 3 of Act No. 2 of 2003 to subsection (3) could not be affected as the Amendment Act was incomplete.)

[S. 51 amended by s. 9 of Act No. 2 of 2003 and by s. 3 of Act No. 2 of 2005.]

## 52. Administrative rules

(1) The Commissioner-General may, by notification published in the *Gazette*, make administrative rules for or with respect to—

- (a) the keeping of accounts, the making of returns and accounting for tax for the purposes of this Act;
- (b) the administration of input tax claims; and  
[Para. (b) inserted by s. 7 (a) of Act No. 13 of 2014.]
- (c) any matter which he is authorised, by this Act or any regulations made under this Act, to prescribe or regulate by administrative rule.  
[Para. (c) previously para. (b) renumbered by s. 7 (b) of Act No. 13 of 2014.]

(2) Rules under this section may require the keeping of accounts and the making of returns in such form and manner as may be prescribed by the rules and may require taxable suppliers supplying goods or services to other taxable suppliers to provide them with tax invoices containing statements of such particulars as may be so prescribed of the supply, the tax chargeable on it and the persons by and to whom the goods or services are supplied.

(3) Rules under this section may make provision for methods of tax accounting and, in particular, for special methods of tax accounting by such retailers or other suppliers of goods or services or any description of goods or services as may be prescribed by or under the rules.

(4) Rules under this section may make provision—

- (a) for treating tax chargeable in one prescribed accounting period as chargeable in another such period;
- (b) for the adjustment of accounts in cases where tax has become chargeable by reference to a consideration and the amount of the consideration is reduced or no consideration becomes payable and in such other circumstances as may be prescribed by the rules;
- (c) for the rounding-off of figures in tax returns; and
- (d) for the correction of errors.

(5) Rules made under this section may make provision for the settlement by instalments of tax due under this Act.

[Sub-s. (5) inserted by s. 4 (a) of Act No. 2 of 2004.]

(6) The Commissioner-General may, in addition to notifying administrative rules in the *Gazette*, publish them in such other manner as he considers desirable for the information of persons affected by them or of the general public.

[Sub-s. (6) previously sub-s. (5) renumbered by s. 4 (b) of Act No. 2 of 2004.]

### **53. Transitional registration provisions**

(1) Every supplier who, on a date prescribed by the Minister by statutory order, is carrying on a business in Zambia whose taxable turnover exceeds or is likely to exceed the turnover prescribed by that order shall make application to be registered.

(2) An application for registration shall be made in such manner and form as the Commissioner-General may, by administrative rule, prescribe.

(3) The Commissioner-General shall register every applicant for registration who, on the date prescribed for the purposes of subsection (1), was carrying on a business in Zambia whose taxable turnover exceeds or is likely to exceed such turnover as the Minister may, by statutory order, prescribe for the purposes of this subsection.

(4) Section 28 (4) (5) apply in respect of registration under this section in the same way as they apply in respect of registration under that section.

(5) In this section, "taxable turnover" has the same meaning as in section 28.

(6) A supplier required to apply for registration under this section who fails to do so within one month after becoming liable to apply shall be guilty of an offence and shall be liable, on conviction, to a fine not exceeding one thousand penalty units for each day that passes, after the expiry of that month, during which he fails to apply.

### **54. Other transitional provisions Cap. 663 of the 1971 edition**

(1) A registered supplier who, immediately before the tax commencement day, was registered as a dealer under the Sales Tax Act shall be entitled to such relief from tax under this Act as may be determined by the Minister, by regulation, in respect of goods in stock immediately before that day that were eligible for tax relief under that Act.

(2) A taxable supplier shall be entitled to such relief from tax under this Act as may be determined by the Minister, by regulation, in respect of goods that were imported on or after the date prescribed under section 53 (1) and that were in stock on the tax commencement day.

### **55. Repeal of Cap. 663 of the 1971 edition and Act No. 25 of 1990**

On the tax commencement day, the Sales Tax Act and the Insurance Levies Act shall stand repealed.

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#### **First Schedule**

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[First Sch. amended by SI 110 of 1996, by SI 16 of 1997, substituted by SI 87 of 2010 (as revoked by SI 49 of 2011) and repealed by SI 68 of 2014.]

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#### **Second Schedule**

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[Second Sch. amended by SI 109 of 1996, substituted by SI 89 of 2010 (as revoked by SI 50 of 2011) and repealed by SI 69 of 2014.]

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#### **Third Schedule** **SPECIFIED SUPPLIES**

*(Section 10)*

[Third Sch. inserted by s. 5 of Act No. 3 of 2009 and amended by s. 7 of Act No. 17 of 2015.]

1. Bulk and bagged cement (local and imported).

2. Carbonated drinks (local and imported).
  3. Non-carbonated drinks (local and imported).
  4. Clear beer (local and imported, bottled and canned).  
[Para. 4 previously para. 5 renumbered by s. 7 of Act No. 17 of 2015.]
  5. Opaque beer (bulk and packed).  
[Para. 5 previously para. 6 renumbered by s. 7 of Act No. 17 of 2015.]
  6. Cigarettes (local and imported).  
[Para. 6 previously para. 7 renumbered by s. 7 of Act No. 17 of 2015.]
  7. Air time.  
[Para. 7 previously para. 8 renumbered by s. 7 of Act No. 17 of 2015.]
  8. Mineral water (local and imported).  
[Para. 8 previously para. 7 renumbered by s. 7 of Act No. 17 of 2015.]
  9. Sugar.  
[Para. 9 previously para. 10 inserted by s. 6 of Act No. 15 of 2013 and renumbered  
by s. 7 of Act No. 17 of 2015.]
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