



MEMORANDUM

**THE INCREASE IN THE MERGER
NOTIFICATION THRESHOLD AND REDUCTION
IN SELECTED FEES AT THE PATENTS AND
COMPANIES REGISTRATION AGENCY**

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**MULENGA MUNDASHI
LEGAL PRACTITIONERS**

www.mmlp.co.zm

MEMORANDUM ON THE INCREASE IN THE MERGER NOTIFICATION THRESHOLD AND REDUCTION IN SELECTED FEES AT THE PATENTS AND COMPANIES REGISTRATION AGENCY

1. INTRODUCTION

1.1 To enhance the ease of conducting business in the private sector and to ensure that businesses operate in a conducive business environment in Zambia, the Government of the Republic of Zambia (the "GRZ"), acting through the Ministry of Commerce, Trade and Industry, implemented various reductions in selected fees at the Patents and Companies Registration Agency ("PACRA") and the Competition and Consumer Protection Commission ("CCPC"). This was achieved through the following pieces of legislation:

1. The Competition and Consumer Protection (General) (Amendment) Regulations, 2022, Statutory Instrument No. 106 of 2022;
2. The Companies (Fees) Regulations, 2022, Statutory Instrument No. 107 of 2022;
3. The Movable Property (Security Interest) (Fees) Regulations, 2022, Statutory Instrument No. 108 of 2022.

2. Merger Notification Threshold

2.1 The Competition and Consumer Protection, Act No. 4 of 2010 requires that parties to a merger transaction that meet the prescribed notification threshold must notify the CCPC of the merger. The prescribed notification threshold was set out in the Competition and Consumer Protection (General) Regulations, Statutory Instrument No. 97 of 2011 at ZMW15 million of the combined turnover or asset value of the merging parties, whichever is higher. The Competition and Consumer Protection (General) (Amendment) Regulations, Statutory Instrument No. 106 of 2022 (the "2022 CCP Rules") recently amended the prescribed notification threshold to ZMW30 million.

Companies Fees

- 2.2 As a result of the foregoing, merger transactions that fall below the prescribed notification threshold of ZMW30 million are not notifiable with the CCPC, which entails that parties to such merger transactions do not have to pay the merger notification fee to the CCPC, which is 0.1% of the combined turnover or assets, whichever is higher, of the merging parties, with a ceiling of ZMW 5 million.
- 2.3 The GRZ implemented the reduction in the notification threshold in order to support the businesses of Micro, Small, and Medium Enterprises and to encourage foreign direct investment in Zambia.

3. Companies Fees

- 3.1 The Companies (Fees) Regulations, Statutory Instrument No. 107 of 2022 (the "2022 Companies (Fees) Regulations") recently repealed and replaced the Companies (Fees) Regulations, Statutory Instrument No. 15 of 2019. The 2022 Companies (Fees) Regulations introduced various reductions to the prescribed fees charged by PACRA. Some of the notable reductions are that; the fees charged for the increase in share capital have been reduced from 2.5% to 1.5%. The prescribed minimum share capital for local commercial banks has been reduced to ZMW 104 million from ZMW 156 million, and for foreign bank the minimum share capital has been reduced to ZMW 519,999,900.10 from ZMW 780 million. The GRZ has also reduced the registration fees for charges on mortgages relating to immovable property to ZMW100.00 from being 1% of the total amount borrowed but not exceeding ZMW4,500.00.

4. Security Interest Fees

- 4.1 In addition to reducing fees under the 2022 Companies (Fees) Regulations, the GRZ has reduced and amended fees under the Movable Property (Security Interest) (Fees) Regulations, Statutory Instrument No. 73 of 2016, by repealing this regulation and replacing it with the Movable Property (Security Interest) (Fees) Regulations, Statutory Instrument No. 108 of 2022 (the "2022 Movable Property (Security Interest) (Fees) Regulations").
- 4.2 Some notable reductions include the reduction in the fees for the registration of a financing statement from ZMW100.00 to 1% of the maximum secured amount but not exceeding ZMW100.00, discharge of a financing statement from ZMW100.00 to ZMW20.00 and registration of enforcement notice of creditor's rights from ZMW50.00 to ZMW20.00.



Security Interest Fees

OUR LIMITATIONS

Kindly note that this brief is not exhaustive and does not constitute legal advice. In the event that you would like us to render a comprehensive legal opinion, kindly contact our

- Mr. Mulenga Chiteba:
mchiteba@mmlp.co.zm
- Chimwemwe Mulenga Bwalya
cmbwalya@mmlp.co.zm

Alternatively, you may call any of the following numbers: Tel: +260 211 254248/50.