

MMLP

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KEY CHANGES TO TAX LEGISLATION 2024

1. INTRODUCTION

1.1. The legal landscape governing taxation in Zambia has undergone significant transformations following the 2023 Budget Address to the National Assembly of Zambia (the “**Budget Address**”) delivered on 30 September 2023 by the Minister of Finance and National Planning (the “**Minister**”). Effective 1 January 2024, the following Acts ushered in various regulatory changes.

- (a) The Value Added Tax (Amendment) Act No. 27 of 2023;
- (b) The Income Tax (Amendment) Act No. 22 of 2023;
- (c) The Customs and Excise (Amendment) Act No. 25 of 2023;
- (d) The Zambia Revenue Authority (Amendment) Act No. 26 of 2023; and
- (e) The Mobile Money Transaction Act No. 16 of 2023.

1.2. This legal alert explores some of the key provisions encapsulated within these Acts.

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1. THE VALUE ADDED TAX ACT NO. 27 OF 2023

Overhaul of the Charging Section

- 1.1. The charging section of the Act has undergone a significant transformation, through its repeal and replacement. This strategic step signifies the government's intention to reshape the Value Added Tax ("VAT") framework, ushering in a more refined and efficient approach. Below are some of the key features brought about by the amendments.

(a) Scope of Taxation

In the repealed provision, the ambit of VAT encompassed every taxable supply of goods or services made in Zambia and taxable importation. The substituted provision narrows this scope, specifically applying VAT to supplies made within Zambia and imports into Zambia. The new provision also introduces a "*prescribed manner*" for tax payment, emphasising procedural clarity and explicit definitions.

(b) Timing and Obligations

Under the repealed section, VAT payment responsibility rested with the supplier at the time of supply, and VAT on importation mirrored customs duty, payable by the importer. The substituted section maintains this dynamic, ensuring continuity. The supplier remains responsible for VAT payment at the time of supply, and VAT on importation is still treated as customs duty, paid by the importer.

(c) Taxation of Imported Services

While the repealed provision obligated the recipient to pay VAT on imported services under specific conditions, such as the recipient not paying VAT in the country of exportation or the non-appointment of a tax agent by a supplier residing outside Zambia, the revised section expands this obligation to cover the supply of imported services not falling within the realm of cross-border electronic services. In essence, it explicitly excludes services falling under the umbrella of cross-border electronic services. Noteworthy is the Act's definition of "*cross-border electronic services*," encompassing electronic services provided in Zambia by a supplier who resides or conducts business outside Zambia. Furthermore, the term "*imported service*" is now refined to include services rendered by a supplier residing outside Zambia, which are either performed or undertaken in Zambia, or where the benefit of the service accrues to a recipient in Zambia.

(d) Appointment of Tax Agents

Under the repealed section, non-resident suppliers were mandated to appoint a tax agent in Zambia. Upon the Commissioner-General's approval of the tax agent's appointment, specific liabilities of the non-resident supplier were transferred to the tax agent. These responsibilities encompassed duties related to record-keeping, tax return submission, payment of tax or interest, and compliance with the requirements as outlined in the Act.

The substituted section upholds this fundamental requirement while introducing more detailed provisions, providing a more comprehensive framework. It introduces the concept of voluntary exclusion, enabling suppliers to seek exemption from appointing a tax agent. The registration process is established to ensure that, upon accepting the tax agent's appointment, any liabilities of the taxable supplier (excluding pre-existing ones) extend to the tax agent. The scope of these liabilities is specified, outlining responsibilities such as record-keeping, tax return submission, payment of tax or interest, and compliance with the requirements stipulated in the Act.

These amendments to the Act enhance the level of detail in the framework for tax agent appointments, obligations, and exclusions. Importantly, they grant discretionary authority to the Commissioner-General, facilitating informed decisions and a flexible approach in managing tax agent obligations and appointments tailored to individual circumstances.

(e) Obligations and Regulatory Compliance

While the repealed provision extended liabilities of the taxable supplier comprehensively to the tax agent, the substituted provision sustains this extension but explicitly excludes input tax corresponding to the tax paid on imported services from any claim, deduction, or credit.

Input tax

- 1.2. The provision which governs the supporting documents for claiming input tax, has undergone a significant transformation through repeal and replacement. The following are some noteworthy distinctions between the repealed provision and its successor.
 - (a) In its original form, it set out precise conditions for the issuance of a tax invoice, stipulating that it must originate from a serially numbered invoice book printed by a Commissioner General-authorized printer or from a computer package sanctioned by the Commissioner General for invoicing taxable supplies. Additionally, the repealed provision mandated that, in the case of imported goods, suppliers must possess import bills of entry and documentary evidence of tax payment as prescribed by the Commissioner General.
 - (b) The substituted provision brings about several notable alterations. It simplifies tax invoice printing requirements by retaining the necessity for a tax invoice from a serially numbered invoice book, omitting, however, the specification of a printer authorized by the Commissioner General. Importantly, it introduces a new avenue, an Approved Invoicing System, providing flexibility in the methods employed for generating invoices. Furthermore, the updated provision mandates that invoices must adhere to the contents outlined in administrative rules set forth by the Commissioner-General, thereby allowing for greater flexibility in specifying required invoice details.
 - (c) With respect to imported goods documentation, the substituted provision maintains the prerequisite for import bills of entry and documentary evidence of tax payment. Crucially, it empowers the Commissioner-General with the authority to determine specific requirements through administrative rules, ensuring adaptability in response to evolving needs.

Streamlining Taxation of Electronic Services in Zambia

- 1.3. The provision focused on the taxation of electronic services, has been repealed. This deletion reflects the government's commitment to strengthening the taxation framework for electronic services in Zambia. The key goal is to eliminate the requirement for non-resident taxpayers to engage a tax agent for VAT accountability on electronic services. This change is expected to encourage voluntary compliance among non-resident providers of electronic services, representing a substantial stride towards a more streamlined and accessible tax system.

Advancements in Accounting Practices for Mining Companies

- 1.4. The Act has been amended to permit mining companies to maintain their books of accounts in United States dollars, provided their gross income constitutes no less than 75 percent in the form of foreign exchange earned outside Zambia. This amendment is a strategic move designed to introduce a specific requirement for taxable suppliers engaged in mining operations, where a substantial portion, 75 percent or more, of the gross income is derived in United States Dollars.
- 1.5. The primary objective of this measure is to align the Value Added Tax Act with the Income Tax Act, establishing a consistent approach across tax regulations. The previous scenario allowed taxpayers to keep their books of accounts exclusively in Zambia Kwacha for VAT purposes, but the recent amendment introduces a critical exception for mining companies meeting the specified criteria.

Transitioning to Electronic Invoicing Systems

- 1.6. The Act has undergone a significant transformation by removing the term “*electronic fiscal devices*” (“EFDs”) and substituting it with “*electronic invoicing system*” (“EIS”) throughout its provisions. This deliberate amendment aims to broaden the scope of fiscalisation, accommodating all modes and systems as prescribed by the Commissioner General.
- 1.7. The EIS is defined as the core system and any other system equipped with a fiscal memory capable of real-time generation, storage, and transmission of fiscal information, production, invoicing, and stock data to the Zambia Revenue Authority (the “ZRA”). It also has the capacity to generate, record data, and produce reports, covering software applications and web-based applications.
- 1.8. The rationale behind this measure is to break free from the constraints of the current definition of EFDs, primarily limiting fiscalisation to physical devices. In contrast to its predecessor, the EIS is expected to operate on a software-based platform, extending its coverage beyond VAT and Insurance Premium Levy to include various tax types, notably income tax and excise duty. The strategic adoption of an EIS aims to revolutionise transaction monitoring, providing real-time oversight and minimising the occurrence of fictitious invoices, contributing to a reduction in the VAT gap.
- 1.9. By implementing the EIS, the government seeks to close loopholes in the VAT system and other transactional tax types through enhanced taxpayer compliance and efficient tax administration systems.

2. THE INCOME TAX (AMENDMENT) ACT NO. 22 OF 2023

Real-time Transaction Monitoring through Electronic Invoicing

- 2.1. On 1 January 2023, the Act underwent changes, requiring taxpayers to smoothly integrate their systems with the ZRA’s infrastructure. This integration enables the real-time capture of business transactions. Simultaneously, the amendments mandated the use of EFDs for recording sales relevant to income taxes. The implementation of these changes will be determined by a date specified by the Minister through statutory instruments.
- 2.2. These provisions have since been updated to specify that taxpayers must now utilise an EIS instead of EFDs. Furthermore, the revised provisions grant the Commissioner General the authority, under prescribed conditions, to exempt individuals, partnerships, or specific categories from the obligation to use an EIS.

Expanding Withholding Tax Provisions

- 2.3. A targeted amendment has been introduced in the withholding tax provisions on treasury bills, broadening their applicability to encompass similar financial instruments. The amended provision explicitly stipulates that any payment exceeding the original issue price, not only for treasury bills but also for similar financial instruments sold at a discount from face value, will now be categorised as a payment of interest upon the presentation of the respective financial instrument for redemption or rediscount. The incorporation of the phrase “*any treasury bill or similar financial instrument*” represents a pivotal expansion of the withholding tax treatment. Essentially, this amendment broadens the scope of tax implications, catering to the evolving intricacies of financial transactions beyond the realm of traditional treasury bills.

Enhancing Clarity in Transfer Pricing

- 2.4. The transfer pricing provisions have undergone amendment with the introduction of Section 97A(11B), succeeding Section 97(11A). Section 97A(11) outlines prerequisites for claiming credit under a Double Taxation Agreement for foreign tax, emphasising the exclusion of any foreign tax amount not meeting arm’s length conditions. It underscores that the determination of income eligible for credit should align with arm’s length conditions. In tandem, Section 97(11A) imposes a temporal constraint, stipulating that claims must be submitted within twelve months from the assessment date.

- 2.5. The crux of the recent amendment, encapsulated in Section 97A(11B), addresses a procedural nuance, in that for cases under litigation, the date of determination or the final ruling shall be considered as the date of assessment. It elucidates that in cases where a decision under section 97A is under appeal or pending before a court, the date of assessment mentioned in Section 97(11A) will be deemed the date when the decision on appeal is rendered or the final court ruling is provided. This amendment aims to enhance clarity and coherence in determining the timeline for submitting claims related to transfer pricing when legal proceedings are involved. By offering a definitive reference point linked to the resolution of appeals or court rulings, this amendment streamlines the procedural intricacies of transfer pricing assessments.

Penalties in Artisanal Mining Documentation

- 2.6. A new provision has been introduced to address penalties for inaccurate returns specifically within the domain of artisanal mining. This section prescribes penalties for the submission of incorrect documents, taking into account instances of negligence, wilful default, or fraud. The structured penalties are as follows:
- (a) for negligence, an amount equal to one-point five percent of the total;
 - (b) in instances of wilful default, a penalty amounting to three percent of the total; and
 - (c) in cases involving fraud, a penalty equivalent to four-point five percent of the total.

Wear and Tear Allowances

- 2.7. There has been a notable expansion in the scope of accelerated wear and tear allowances. This enhancement goes beyond just benefiting businesses within a priority sector, it now explicitly extends to developers operating within a special economic zone, which is an area that is subject to unique economic regulations and includes multi-facility economic zones, industrial parks, inter-country trade zones and export processing zones. The amended provision stipulates that both businesses in a priority sector and developers in a special economic zone have the eligibility to claim wear and tear allowances at an accelerated rate, with a maximum cap set at 100 percent. The measure is intended to extend relief to developers of special economic zone and thereby incentivise additional investment in these zones. Previously, accelerated depreciation was only applicable to the investor and not the developer.

Progressive Changes in Pay As You Earn Regime

- 2.8. To provide relief to workers and increase their disposable income, the Pay As You Earn regime has been amended as follows:

Previous regime		Current regime	
Income	Tax Rate	Income	Tax rate
0 – ZMW 4,800	0%	0 – ZMW 5,100	0%
K4,801 – K6,800	20%	K5,101 – K7,100	20%
K6,801 – K8,900	30%	K7,101 – K9,200	30%
Above K8,900	37.5%	Above K9,200	37%

Tax Holidays for the Cotton Value Chain

- 2.9. The Act has been amended to introduce tax holidays as follows:
- (a) 5-year tax holiday on profit for local producers of cotton seed;
 - (b) 5-year tax holiday on profit from ginning of cotton; and
 - (c) 10-year tax holiday on profit made from spinning of cotton and weaving of thread.

Enhanced Tax Concessions for Rural Enterprises

- 2.10. The Act has revised the taxation framework for income earned through rural enterprises. Initially, the

law stipulated a gradual reduction in tax over the first five years of operation, with the reduction set at one-seventh of the standard tax on that income. The Act brings a significant change by allowing a more favourable tax concession. Specifically, it permits a tax reduction equal to one-fifth of the corporate tax rate during the initial five years of operation, signaling a noteworthy shift from the previous one-seventh reduction rate.

Notice to Commissioner-General

- 2.11. The provision governing notice to the Commissioner-General has undergone a notable transformation, departing from the prior requirement of submitting written notice within thirty days of receiving taxable income. The amendment strives for clarity, emphasising that businesses or individuals are now required to secure a Taxpayer Identification Number (“**TPIN**”) and register for the relevant tax types at the inception of their business activities, rather than waiting until actual income is received. This updated framework introduces a threefold requirement:
- (a) Individuals are mandated to obtain a unique ten-digit computer-generated TPIN from the ZRA. This number is essential for all tax-related transactions with the ZRA. Additionally, bank account holders are obligated to secure a TPIN.
 - (b) Individuals involved in business partnerships must acquire a TPIN dedicated to that specific partnership from the ZRA.
 - (c) Mandatory registration with the ZRA for the appropriate tax type is required within thirty days of initially receiving income subject to taxation under the Act.

The Commissioner-General’s Extended Authority

- 2.12. The provision which enables the Commissioner-General to request a person to furnish information relating to the affairs of that person or any other person has undergone a substantial expansion, broadening the Commissioner General’s powers significantly. The revised language in the Act now empowers the Commissioner-General to request information crucial for the effective implementation of the Income Tax Act, surpassing any constraints imposed by other written laws.
- 2.13. This amendment has revolutionised tax oversight, particularly in the Commissioner General’s ability to seek information from regulators. The amendment extends the provision on secrecy or other restrictions related to information disclosure, to regulatory bodies. This strategic move aligns with international best practices in taxation and anti-money laundering efforts.
- 2.14. This alignment ensures a seamless flow of essential information for tax purposes, fostering transparency and adherence to global standards in taxation and financial regulation.

Strengthening Tax Compliance with Audited Accounts

- 2.15. The recent amendments mark a significant shift in tax compliance for large taxpayers. Now, large taxpayers must submit audited financial statements as required by the Commissioner General. This targeted measure aims to boost compliance accuracy within this taxpayer segment, ensuring transparent and accountable reporting.

3. THE CUSTOMS AND EXCISE (AMENDMENT) ACT NO. 25 OF 2023.

Aircraft Cargo Manifest Submission

- 3.1. In a significant legislative development, the Act has been amended to streamline and fortify the processing of courier cargo upon arrival, bolstering risk management through advanced electronic information. Aligned with Article 7.8 (Expedited Shipments) of the Trade Facilitation Agreement, a pivotal modification introduces a provision mandating the electronic submission of a cargo manifest by the pilot in charge of an aircraft to the Customs Services Division before or immediately after departure. This rectifies a previous absence of a stipulated timeframe for such submissions, aligning the Act with international trade facilitation standards.

Expedited Goods Entry Process

- 3.2. The Act underscores that goods cannot be imported into Zambia without the requisite entry process and the payment or securing of duties. Notably, the Act has undergone amendments to streamline and expedite the entry process for goods in bond, significantly reducing the previous fifteen-day period to a more efficient five days. This reduction aims at ensuring prompt accounting for goods in bond, thereby mitigating the risk to revenue. Moreover, it harmonises the timeframe for goods in bond with those in transit through Zambia.
- 3.3. The amendment also extends to the requirement of an entry being made, and duties being paid or secured at the time of importation of any goods into Zambia. The timeframe stipulating that all goods not entered within fifteen days after the time of their importation shall be liable to seizure has been revised to five days. It now provides that if the goods are not entered within five days after the time of their importation, they shall be liable to seizure. This adjustment aligns with the overarching goal of expediting the entry process and fortifying revenue protection measures.

Restriction on High-Alcohol Content Imports

- 3.4. An amendment has been made to the provision regarding the importation of stills and apparatus for alcohol production or refining reflects a noteworthy change. The Act now restricts the importation of alcohol with an alcoholic content exceeding 80% to licensed manufacturers of alcoholic spirits and other users approved by the Commissioner-General. This measure enhances traceability and addresses revenue leakages by limiting importation to authorised entities, responding to instances of non-compliance by some taxpayers under the previous regime.

Enhanced Regulation of Bonded Warehouses

- 3.5. The provisions on bonded warehouses have undergone the following significant amendments:
 - (a) The renewal process for a bonded warehouse licence now requires applications to be submitted not less than ninety days before the expiry of the license, emphasising early renewal.
 - (b) A security deposit or bond guarantee has been introduced on all exports from a bonded warehouse, addressing potential revenue leakages on goods declared for export that may be consumed domestically. This amendment responds to the absence of a security/bond guarantee for goods exported from bonded warehouses, providing a safeguard against revenue loss due to non-compliance.
 - (c) The amendments also address offenses related to electronic cargo tracking devices, aiming to curb transit fraud and facilitate the legitimate flow of cargo. Offenses include the unauthorised possession of a customs seal, removal of a customs seal without authority, alteration of marks placed by an officer, and failure to disclose points for placing customs seals on ships, aircraft, or vehicles.

Evolution in Fiscalisation

- 3.6. On 1 January 2023, the Act was amended to require licensees and service providers to use an EFD for recording transactions subject to excise duty. This provision has now been amended to replace the term “EFD” with “EIF” to broaden fiscalisation horizons. This amendment signifies a deliberate effort to encompass various modes and systems prescribed by the Commissioner-General, freeing fiscalisation from constraints associated with physical devices.

Irrecoverable Debt Remission

- 3.7. The provision addressing the remission of irrecoverable debt have undergone a significant transformation to provide a more lucid and comprehensive framework for debt remission, aiming to curb the accumulation of tax debt effectively.

- 3.8. Previously, under the repealed provision, the Minister of Finance had the authority, based on the Commissioner-General's recommendation, to remit duty, fine, or interest that was deemed unrecoverable under certain conditions. These conditions included instances where the taxpayer had been declared bankrupt by the High Court, or in the case of a company, winding up proceedings had been initiated by the High Court. Additionally, for privatised companies, the debt incurred before privatisation was subject to remission unless the sale contract stipulated otherwise. The repealed provision also mandated the provision of documentary evidence by the person liable to pay tax.
- 3.9. The substituted provision introduces a more refined set of conditions for the remission of duty, fine, or interest that is not recoverable under the Act. The Minister, upon the recommendation of the Commissioner-General, can now remit such liabilities under the following circumstances:
- (a) the taxpayer is deceased, and the estate lacks sufficient funds to cover the tax debt.
 - (b) the taxpayer's tax account has been inactive for a period of ten years, remission may be granted.
 - (c) the taxpayer is insolvent.
 - (d) In the case of a privatised company, the debt incurred before privatisation can be remitted unless the sale contract specifies the transfer of liabilities to the new owners.
 - (e) Under exceptional circumstances where a tax debt is outstanding for over ten years, the cost of collection is higher than the amount to be collected, and the tax debt is less than ZMW 200.00.
- 3.10. The Act has also been amended to empower the Commissioner-General to request documentary evidence for the purposes of evaluating remission eligibility under the specified conditions.

Amendments in Customs and Excise Duty Rates

- 3.11. Notable adjustments of some of the customs and excise duty rates signals a deliberate strategic shift in fiscal policies. Non-alcoholic beverages have experienced a significant increase in excise duty, from K0.30/ltr to K0.60/ltr, while tobacco and related products have experienced a duty increase from K361 to K400 per mil.
- 3.12. Further, the Act has introduced a customs duty payable on goods such as panels for buildings, cold room insulation and baby diapers at a rate of 15% per Kilogram. The Amendment Act goes on to revise the list of goods that shall be subject to surtax at 5% to include profiles, other glass, non-wired glass, panels for buildings and cold room insulation as well as baby diapers.
- 3.13. Another pivotal change involves the reduction in excise duty on alcohol of HS code 2207.20.9, specifically, ethyl alcohol and other spirits, denatured, with an alcoholic strength of less than 80%, decreasing from 125% to 60%. This harmonisation aims to align rates for similar alcohol types, mitigating potential misclassifications.
- 3.14. The Act has undergone further transformation with the introduction of excise duty on coke and semi-coke of coal, lignite, or peat, at a rate of 5% per tonne. Further, the customs duty rate for motor vehicles designated for passenger transportation has been decreased from 30% to 25%.
- 3.15. Prioritising the growth of the local manufacturing sector and job creation, the Act has further been amended to increase in customs duty for imported electrical panels (distribution boxes) of HS Code 8537.10.00 to 25% from 15%. Simultaneously, it advocates for cleaner energy practices by removing customs duty on electric motor vehicles for transport, electric buses, electric trucks, and accessories for electric vehicles or cycles, such as charging systems.
- 3.16. In a bid to encourage the adoption of environmentally friendly hybrid vehicles, excise duty on hybrid vehicles of HS Code 8703.40.90; 8703.50.90; 8703.60.90; and 8703.70.90 designed for passenger transport, has been reduced from 30% to 25%.

- 3.17. Additionally, to bolster the railway subsector, the 10% customs duty on the importation of rolling stock, including wagons and locomotives has been eliminated. This move aligns with the government’s strategic goal outlined in Statutory Instrument Number 7 of 2018, aiming to shift 30% of heavy and bulk cargo transportation from road to rail.
- 3.18. These amendments underscore Zambia’s commitment to trade sector diversification, fostering a conducive environment for commerce. Moreover, the Act strategically reinforces revenue accumulation by enhancing the Zambia Revenue Authority’s control mechanisms over imports and exports in the country.

4. THE ZAMBIA REVENUE AUTHORITY (AMENDMENT) ACT NO 26 OF 2023

- 4.1. In a concerted effort to combat tax evasion and fortify revenue safeguards in accordance with global standards, the Act has been amended to augment tax recovery mechanisms. This enhancement unfolds through the introduction of provisions empowering the Commissioner-General to reward individuals instrumental in the retrieval of taxes. It is imperative to underscore that information provided leading to tax recovery shall adhere to the stipulations of the Public Interest Disclosure (Protection of Whistleblowers) Act No 4 of 2010.
- 4.2. However, it is crucial to note that the reward, though prescribed, carries specific exclusions. It does not apply to individuals within the ZRA’s auditorial, investigative, or governing realms, including auditors, investigative officers, governing board members, and their relatives. The term “relative” encompasses spouses, parents, children, siblings, nephews, nieces, uncles, aunts, grandparents, or cousins of the person or their spouse. “Investigative authorities” refer to designated entities outlined in the Public Interest Disclosure (Protection of Whistleblowers) Act or any other law.
- 4.3. This transformative amendment underscores the significance of citizen engagement in the tax recovery ecosystem. The introduced reward mechanism serves as a compelling incentive for individuals possessing information pertinent to tax recovery to step forward and share it with the ZRA. This strategic approach anticipates heightened levels of tax compliance and a consequential surge in government revenue..

5. MOBILE MONEY TRANSACTIONS ACT NO. 16 OF 2023

- 5.1. The Mobile Money Transactions Act No. 16 of 2023 was enacted by Parliament on 26 December 2023 to establish a robust framework for the imposition, payment, and collection of a mobile money transaction levy (the “Levy”). Administered by the Bank of Zambia (“BoZ”), this new legislation addresses person-to-person transfers of electronic money, requiring a Levy payment from the Sender to the Mobile Money Service Provider (the “Provider”), who, in turn, collects the Levy on each transaction.

Embedded within the Act is the following Schedule which specifies the exact amounts of the Levy corresponding to various transaction tiers, ensuring that both senders and Providers have a clear understanding of their financial obligations in each person-to-person transfer.

Amount range (ZMW)	Levy (ZMW)
Between 1 to 150	0.08
Between 151 to 300	0.10
Between 301 to 500	0.20
Between 501 to 1,000	0.50
Between 1,001 to 3,000	0.80
Between 3,001 to 5000	1.00
Between 5,001 to 10,000	1.50
Above 10,000	1.80

Levy Collection and Reporting Obligations

- 5.2. The Act stipulates that the Provider must, within ten (10) days after the close of each month, submit a return to the BoZ in the prescribed manner and form. Simultaneously, the total levies collected during that month are to be remitted to a special BoZ account. This account, subject to approval by the Ministry of Finance, serves the sole purpose of receiving levies from Providers. Upon receipt, the BoZ is mandated to deposit these funds into the Consolidated Fund.
- 5.3. Failure to comply with these provisions constitutes an offense. A contravening Provider, failing to submit the required return and remit levies within the stipulated timeframe, may be subject to a fine not exceeding ZMW 60,000.00, imprisonment for a term not exceeding two years, or both. In the case of a body corporate or unincorporate body, any director, manager, or shareholder with the knowledge of, consenting to, or conniving in the offence is also liable to the specified penalty upon conviction.

Definition of Key Terms

- 5.4. The Act provides clear definitions for crucial terms, ensuring precision and clarity in its application. A *“Mobile Money Service Provider”* is defined as an entity authorised by the BoZ to issue electronic money in accordance with the National Payment Systems Act of 2007. *“Person-to-person transfer”* is defined as the electronic transfer of funds from one individual to another, while *“electronic money”* is characterised as a digitally/electronically represented store of monetary value issued against received funds, stored on an electronic device, accepted as payment, and redeemable on demand.

Exemptions and Ministerial Authority

- 5.5. Recognising the diverse nature of transactions, certain transactions are exempt from the Levy, including those between individuals and the government, government-to-individual transactions, utility bill payments, transfers from bank accounts and payments to merchants. In the context of this Act, a *“merchant”* refers to an individual or entity that accepts electronic money as a form of payment for goods and services and is registered with the ZRA for tax purposes. However, this definition excludes betting. Furthermore, the Minister of Finance possesses the authority, exercised through Statutory Instruments, to grant exemptions from Levy payments.

BoZ Oversight and Compliance Measures

- 5.6. The BoZ is vested with the responsibility of monitoring person-to-person transfers subject to the Levy. To ensure compliance with the Act, the BoZ is empowered to verify returns submitted, access Provider’s operations, bank accounts, and Levy-related data. The BoZ may also compel Providers to furnish any additional information deemed necessary for effective monitoring and enforcement.
- 5.7. In conclusion, the Act is a forward-looking legal framework designed to enhance the efficiency, transparency, and security of mobile money transactions.

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