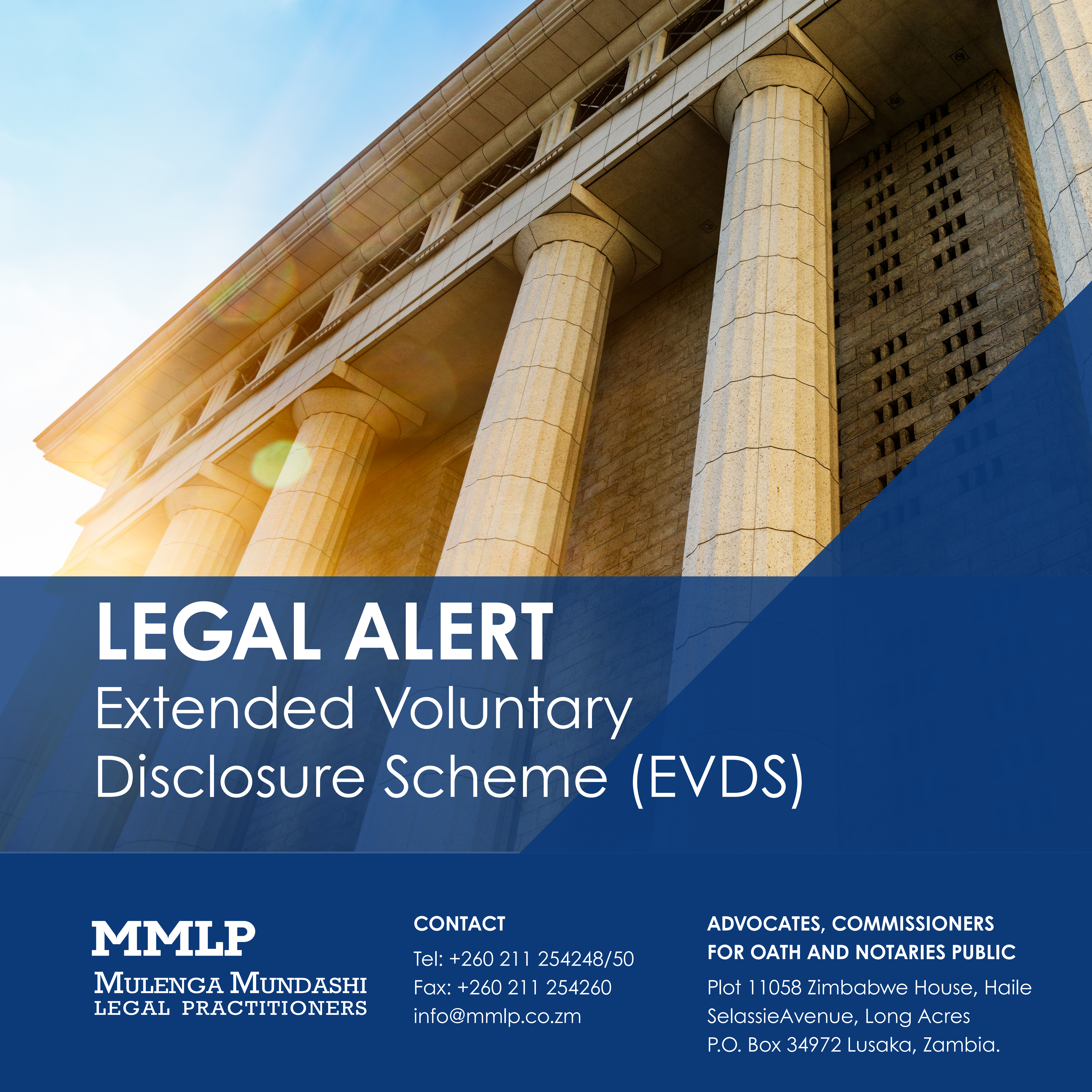




LEGAL ALERT

Extended Voluntary Disclosure Scheme (EVDS)

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Introduction

1.1. The Extended Voluntary Disclosure Scheme ("EVDS") program is an initiative by the Zambia Revenue Authority ("ZRA") for taxpayers with outstanding tax obligations and those who wish to voluntarily disclose non-compliance. The EVDS will be running between 17 September and 31 December 2026 and it will apply to interest and penalties for all tax periods up to 31 August 2026. The Program offers all taxpayers a 100% waiver of accrued penalties and interest upon settlement of the principal tax due.

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1.2. It is important to note that it applies to the following taxpayers:

- a. those with previously undeclared liabilities, who may come forward under the voluntary disclosure program; and
- b. those who have already declared their tax but carry outstanding penalties and interest.

1.3. For all voluntary disclosures, no penalties or interest will be charged in respect of the disclosed tax liabilities. In addition, all penalties and interest on outstanding tax arrears will be waived, provided that the taxpayer satisfies the requirements of the programme.

Requirements for the EVDS

2.1. The requirements of the EVDS include the full and accurate disclosure of all previously undeclared income, liabilities, and information relating to imports and exports, as well as the submission of all outstanding tax returns. To qualify for relief under the scheme, taxpayers are generally required to settle their principal tax liabilities in full. However, where immediate payment is not possible, a taxpayer may apply for a Time to Pay Agreement ("**TPA**") to facilitate payment of the outstanding principal liability over an agreed period.

2.2. Taxpayers who have already settled their principal tax liabilities but remain liable for penalties and interest may apply for a waiver of such penalties and interest in accordance with the terms of the scheme. Additionally, taxpayers operating under an existing TPA must comply strictly with its terms, as any breach may result in the termination of the agreement and the loss of benefits available under the EVDS. Furthermore, eligible VAT-registered suppliers are required to be registered on and utilise the Smart Invoice system as part of their compliance obligations under the scheme.

Application Process

3.1. Taxpayers seeking a penalty waiver are required to submit their applications online through the ZRA e-services portal, while taxpayers making voluntary disclosures must submit an application in writing addressed to the Commissioner Domestic or by email to **EVDS@zra.org.zm**. For customs-related disclosures, applications may be submitted physically to the nearest Customs Office or local ZRA office, or electronically to **CUST-TMU@zra.org.zm**. Any taxpayer dissatisfied with the outcome of an application may appeal to the Tax Appeals Office through **EVDS@zra.org.zm** or by submitting a physical appeal addressed to the Assistant Director, Tax Appeals Office.

Proportionate waiver of Interests and Penalties

4.1. The EVDS Program is granting eligible taxpayers a proportionate waiver. A proportionate waiver means the relief on penalties and interest is directly linked to how much of the qualifying principal tax the taxpayer pays i.e. Where 100% of the principal amount has been paid, a 100% waiver of the penalties and interest will be

granted. It should be noted that penalties and interest shall be waived in proportion to the qualifying principal tax paid during the program period. The waiver shall only be effected upon receipt and allocation of the corresponding principal payment.

Scope of the EVDS & Exclusions

5.1. It is important to note that the EVDS has a significantly broader scope than the voluntary disclosure programme previously provided for under section 91A of the Income Tax Act. Whereas the former regime is primarily limited to income tax matters, the EVDS extends to a wide range of tax types administered by the ZRA, including tourism levy, insurance premium levy, rental income tax, value added tax, mineral royalty tax, betting levy, customs duty, and local excise duty, among others. Consequently, EVDS provides taxpayers across various sectors with a broader opportunity to regularise historical tax non-compliance and benefit from the available reliefs under the scheme.

5.2. However, the EVDS does not apply to all tax liabilities and expressly excludes certain categories of penalties, fines and cases. In particular, the scheme does not cover fines, underestimation penalties incurred prior to the 2025 charge year, or disclosures that result in tax refunds. It likewise excludes cases that are under

investigation for fraud, willful default or other tax-related offences, as well as taxpayers who fail to remain compliant with their current tax obligations during the scheme period or who default on newly executed TPA. In addition, penalties and fines that are not legally waivable fall outside the scope of the EVDS.

5.3. Additionally, the EVDS further excludes matters that are the subject of legal proceedings, including proceedings before the Tax Appeals Tribunal, unless such proceedings are first withdrawn by the taxpayer. Similarly, penalties and interest arising from matters that have already been determined by a court or the Tax Appeals Tribunal, penalties and interest that have already been paid, and cases under objection or appeal which have not been withdrawn are ineligible for relief. Notably, the scheme also does not apply to storage charges and related costs arising from seized goods released from customs warehouses, forfeited goods and motor vehicles (including trailers and motorcycles), or penalties and interest accrued after 31 August 2026. Furthermore, active audit cases are generally excluded, unless the taxpayer makes additional disclosures during the audit, although penalties and interest unrelated to the active audit may still qualify for relief under the EVDS.

Reliefs Granted

6.1. Under the EVDS, a taxpayer who satisfies the prescribed conditions of the scheme may qualify for the waiver of various penalties and interest. These include, among others, incorrect declaration penalties, non-declaration penalties, late exit penalties, penalties and interest arising from audits, late return filing penalties, late payment penalties, late payment interest, underestimation penalties for the 2025 charge year, late bonding penalties, penalties relating to the delayed final clearance of Removals-in-Bond ("RIBs"), late ex-bonding penalties, and penalties and interest arising from enforcement assessments. The scheme therefore provides taxpayers with a valuable opportunity to regularise their tax affairs while significantly reducing the financial burden associated with historical non-compliance.

6.2. It should be noted, however, that the grant of any waiver or relief under the EVDS is not automatic. The granting of such relief remains subject to the discretion of the Commissioner General, who must be satisfied that the taxpayer has complied with the applicable requirements and conditions of the scheme. Taxpayers should therefore ensure that all disclosures are complete, accurate, and made in accordance with the prescribed procedures.

Conclusion

In view of the foregoing, the EVDS presents a significant opportunity for taxpayers to voluntarily rectify past tax irregularities, minimise their exposure to penalties and interest, and achieve compliance with their tax obligations. Eligible taxpayers should

therefore take advantage of this initiative while it remains available until 31 December 2026, as it offers a practical and cost-effective mechanism for regularising outstanding tax matters and reducing potential enforcement risks.

This legal alert is for general information only and does not constitute legal or tax advice. Specific professional advice should be sought before taking action.

FOR MORE INFORMATION, PLEASE CONTACT:
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