LEGAL ALERT

KEY TAX AND REGULATORY CHANGES UNDER THE 2027 NATIONAL BUDGET

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01. INTRODUCTION

- On 6 November 2026, the Minister of Finance and National Planning, Honourable Dr. Situmbeko Musokotwane, announced the National Budget for the fiscal year commencing 1 January 2027 and ending 31 December 2027. The Budget proposes several changes to Zambia's tax and non-tax revenue framework, affecting businesses, investors and individual taxpayers.
- The proposed measures cover various areas, including income tax, value added tax ("VAT"), Betting Levy, customs and excise duties, mobile money transactions and statutory fees and charges. The changes include increases in certain tax rates, the introduction of new duties and levies, amendments to existing tax exemptions and changes to tax administration and compliance requirements. Below is a summary of the notable proposed changes.

02. INCOME TAX MEASURES

- First, the Government proposes to reduce the mineral royalty rate on gold from 6% to 3% for artisanal and small-scale mining operators who sell gold to approved aggregators.
- The Budget also proposes to increase the Company Income Tax ("CIT") rate by 5% for categories of income currently taxed below the standard CIT rate of 30%. The affected categories include income from farming and agro-processing, exports of non-traditional products derived from farming and agro-processing, income earned by producers of organic and chemical fertilisers, exports of non-traditional products and income earned by companies that add value to copper cathodes.
- In the mining sector, the withholding tax rate on dividends distributed by mining companies is proposed to increase from 0% to 15%. This change will affect the tax treatment of dividend distributions by mining companies and the net returns received by their shareholders.
- For individual taxpayers, the Government proposes to introduce an additional PAYE tax band of 39.5% for individuals earning more than K37,000 per month. Individuals earning K37,000 per month or below will not be affected by this additional tax band.
- The Budget also proposes to limit the application of Minimum Alternative Tax to businesses that have recorded losses for three consecutive years.
- Further, the Budget seeks to clarify the tax treatment of income earned by businesses providing online betting services. In particular, such income will be subject to Betting Levy rather than Income Tax, in accordance with the Betting Levy introduced in 2026 to replace Income Tax on gaming and betting activities.

03. VALUE ADDED TAX MEASURES

- The Budget proposes a number of amendments to the VAT framework, including an increase in the standard VAT rate and changes affecting electronic services, energy-saving appliances, Smart Invoice compliance and PPP projects.
- The most notable proposal is an increase in the standard VAT rate from 16% to 16.5%, representing an increase of 0.5%.
- The Government also proposes to discontinue the zero-rating of energy-saving appliances by revoking the existing provisions that provide for their zero-rating. Consequently, supplies and imports of the affected appliances will no longer benefit from VAT zero-rating.
- In relation to electronic services, the Budget proposes to

clarify that cross-border electronic services are electronic services supplied in Zambia by a supplier based outside Zambia.

- On tax administration, the Budget proposes to empower the Commissioner General of the Zambia Revenue Authority ("ZRA") to waive fines imposed for failure to use Smart Invoice, in lieu of prosecution.
- The Government further proposes to extend VAT zero-rating to goods supplied to or imported by a contractor engaged by a concessionaire or special purpose vehicle to implement a PPP project. Accordingly, contractors undertaking PPP projects will be able to acquire or import goods required for the projects without being subjected to VAT, subject to the applicable requirements.

04. BETTING LEVY MEASURES

- The Budget proposes to expand the scope of the Betting Levy to cover non-brick-and-mortar betting activities and gaming activities that do not involve deposits into or withdrawals from a customer's gaming account.
- The Budget also proposes to empower the Commissioner General to require an appointed agent to remit any Betting Levy withheld to the ZRA within a prescribed period.
- Further, a penalty of 10,000 penalty units will be introduced for each day, or part thereof, during which an appointed agent fails to remit withheld Betting Levy within the prescribed period.

05. CUSTOMS AND EXCISE DUTY MEASURES

- The Budget proposes several amendments to customs and excise duties affecting the tourism, manufacturing, agricultural, mining and other sectors.
- In the tourism sector, the Government proposes to suspend Customs Duty on safari vehicles, hospitality equipment and communications infrastructure used in tourism operations.
- In the manufacturing sector, the Budget proposes a 100% Customs Duty and VAT exemption on the importation of raw materials used in the manufacture of sanitary products, including sanitary pads, panty liners and related hygiene products.
- The Government also proposes to increase Customs Duty on ceramic tiles under HS Heading 69.07 from 25% to 40%. Customs Duty on selected imported aluminium bars, rods and profiles under HS Heading 76.04 will increase to 25%, from the current rates of 0% and 5%. In addition, a Selected Goods Surtax of 20% will be introduced on the selected aluminium products.
- The Selected Goods Surtax on selected imported processed meat products, including meat and edible offal of bovine, sheep, goats, horses and mules, is proposed to increase from 20% to 30%.
- The Budget further proposes to increase Customs Duty on crude soya bean oil, crude palm oil and crude sunflower oil from 0% to 15%. In addition, a Selected Goods Surtax of 10% will be introduced on crude soya bean oil and crude sunflower oil. Customs Duty on float glass will also be harmonised at 25%, up from 15%.
- In relation to plastics, the Government proposes to increase Excise Duty on single-use plastics from 100% to 200%. It also proposes to introduce a specific Excise Duty of 80 ngwee per bottle on plastic bottles and introduce or harmonise Excise Duty at 30% on selected plastic articles under HS Headings 3918, 3923 and 3926.
- The Budget also proposes to exclude used second-hand clothing and handbags from the Customs Duty relief currently

granted to approved Public Benefit Organisations under the Customs and Excise (Public Benefit Organisation) (Rebate, Refund or Remission) Regulations, 2009. Further, the existing Customs Duty exemption on energy-saving appliances will be discontinued.

- In the mining sector, the Government proposes to introduce Export Duty at 5% on zinc concentrates.
- The Budget also proposes to introduce Excise Duty on sugar at K1 per kilogram and Excise Duty at 20% on chocolate under HS Heading 18.06 and sugar confectionery, including white chocolate, under HS Heading 17.04. In addition, the Selected Goods Surtax on imports of cement packaging bags under HS Code 6305.33.00 and woven bags under HS Code 3923.29.99 will be harmonised at 30%.
- Finally, the Budget proposes to update the list of specified suppliers authorised to supply excisable goods to the Defence Forces to reflect companies that are currently operational.

06. CUSTOMS ADMINISTRATION AND EXPORT REQUIREMENTS

- In addition to the changes in customs and excise duties, the Budget proposes amendments to customs procedures and export documentation requirements.
- First, goods entered for export will be required to exit Zambia within five days from the date on which Customs issues the final export documents, being the T1 or release order, rather than within five days from the date of acceptance of the export declaration or entry.
- Second, Smart Invoices will be the only invoices accepted by Customs for purposes of export declarations, except where the Commissioner General exempts a taxpayer or class of taxpayers from this requirement in exceptional circumstances.
- Further, where an exporter fails to attach a valid Smart Invoice to an export declaration, the Commissioner General may, having regard to the circumstances of the case, decline to process the export declaration.

07. MOBILE MONEY LEVY MEASURES

- The Government proposes to increase the mobile money transaction levy across all existing transaction bands. The proposed changes are set out below.

Amount range (Kwacha)	Current Levy (Kwacha)	Proposed Levy (Kwacha)
From 0 to 150	0.32	0.64
Above 150 to 300	0.40	0.80
Above 300 to 500	0.80	1.60
Above 500 to 10001	2.00	4.00
Above 1000 to 3000	4.00	8.00
Above 3000 to 5000	7.50	15.00
Above 5000 to 10000	8.00	16.00

08. NON-TAX MEASURES AND STATUTORY FEES

- In addition to the proposed tax changes, the Budget introduces and revises various statutory fees and charges.
- The proposed changes include the introduction of, and

increases in, selected passport fees and increases in fees relating to residence, employment, investor, visiting, temporary employment, cross-border and spouse permits. The Budget also proposes the introduction of, and increases in, selected civil registration fees.

- In the transport sector, mechanical horses will be reclassified under the category of heavy vehicles with four axles and above.
- For NGOs, the Government proposes to introduce a Name Reservation/Clearance fee of K100 for registration purposes and increase fees applicable to NGO registration services.
- The Budget also proposes upward revisions to mining, exploration and mineral processing licence fees, area charges and other related charges. In addition, legislative amendments will be made to facilitate the charging of inspection fees for betting houses and lotteries in accordance with the Betting and Lotteries Act, Chapter 160 of the Laws of Zambia.

09. CONCLUSION

- The proposed 2027 National Budget introduces significant changes to Zambia's tax and non-tax revenue framework. The proposed increase in the standard VAT rate, adjustments to CIT rates, introduction of additional PAYE and withholding tax measures, and revisions to customs and excise duties will affect businesses, investors and individual taxpayers across several sectors.
- While certain measures provide tax relief to industries such as tourism, sanitary product manufacturing and small-scale gold mining, others increase the tax and regulatory costs of operating in sectors such as mining, manufacturing, agriculture, plastics and betting and gaming.
- The proposed amendments to Smart Invoice requirements, export procedures and Betting Levy administration also introduce additional compliance requirements for affected businesses. In addition, the revision of statutory fees and charges will affect entities and individuals applying for immigration permits, civil registration services, mining licences, NGO registration and other regulated services.
- Businesses and investors should assess the impact of the proposed measures on their operations, pricing structures, supply chains and tax compliance arrangements ahead of the 2027 fiscal year. In particular, affected businesses should review their tax positions, import and export arrangements, invoicing systems and contractual pricing provisions in preparation for the proposed changes.

DISCLAIMER

This article is based on the proposed 2027 National Budget and does not constitute legal advice. The implementation of the proposals will be subject to the relevant legislative amendments and their respective effective dates

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