

GOVERNMENT OF ZAMBIA

ACT

No. 10 of 1981

Date of Assent: 5th April, 1981

An Act to amend the Income Tax Act

[10th April, 1981

ENACTED by the Parliament of Zambia.

Enactment

1. (1) This Act may be cited as the Income Tax (Amendment) Act, 1981, and shall be read as one with the Income Tax Act, hereinafter referred to as the principal Act.

Short title and commencement.
Cap. 668

(2) The provisions of this Act shall be deemed to have come into operation on the 1st April, 1981, and shall have effect in relation to assessments for the charge year ending on the 31st March, 1982, and in relation to each subsequent charge year.

2. Section *two* of the principal Act is amended in subsection (1)—

Amendment of section 2

(a) by the deletion of the definition of “farmer” and the substitution therefor of the following definition:

“farming” means any husbandry or pastoral or agricultural activities, or the letting of any property for any such purposes;;

(b) by the deletion of the definition of "rural manufacturing business" and the insertion in the appropriate place of the following definition:

"rural enterprise" means—

(a) a manufacturing business which commenced on or after the 1st April, 1976;

(b) a hotel, motel or lodge which commences on or after the 1st April, 1981;

and which is located in a rural area.

Amendment
of
section 30

3. Section *thirty* of the principal Act is amended by the deletion of subsection (1) and the substitution therefor of the following subsection:

(1) Subject to the other provisions of this section, any loss incurred in a charge year on a source by a person, other than a company to which the provisions of section *thirty A* apply, shall be deducted only from the income of the person from the same source as that in which the loss was incurred.

Insertion
of new
section
34A

4. The principal Act is amended by the insertion after section *thirty-four* of the following new section:

Develop-
ment
allowance

34A. (1) Where a person incurs expenditure on the growing of tea, coffee, or banana plant or citrus fruit trees, or other similar plants or trees, an allowance (in this Act referred to as a development allowance) of ten per centum of such expenditure shall be deducted in ascertaining the gains or profits of that business for the charge year.

(2) The development allowance referred to in subsection (1) may, in the case of a person growing for the first time plants or trees referred to therein, be carried forward to the following charge years up to the first year of production, but in no case shall the development allowance in respect of more than three years be carried forward.

Amendment
of
section 44

5. Section *forty-four* of the principal Act is amended by the deletion of paragraphs (i) and (j) and the substitution therefor of the following paragraphs:

Act No.
9 of 1975

(i) any penalty or tax chargeable under the Selective Employment Tax Act, 1975;

Act No. 11
of 1977

(j) any penalty or tax chargeable under the Education Levy Act, 1977.

6. Section *ninety-five* of the principal Act is amended in subsection (4) by the deletion of the words "to a company, the ordinary share capital of which may be bought or sold on a stock exchange or to a company which is controlled by any such company, or".

Amendment
of section
95

7. The Second Schedule to the principal Act is amended—

Amendment
of Second
Schedule

(a) by the insertion of the following new paragraph:

2A. There shall be exempt from tax the Entertainment/Special Allowance and the Fringe Benefits paid to the following:

Chief Justice;

Investigator-General, Deputy Chief Justice
and Judges of the Supreme Court;

Puisne Judges of the High Court;

Secretary to the Cabinet;

Clerk of the National Assembly;

Auditor-General; and

Director of Public Prosecutions.

(b) in paragraph 5.—

(i) by the deletion of sub-paragraph (i) and the substitution thereof of the following:

(i) statutory corporation other than the Cold Storage Board of Zambia, the Development Bank of Zambia, the National Agricultural Marketing Board and the Dairy Produce Board;

(ii) by the deletion in sub-paragraph (2) of sub-paragraphs (d) and (e).

(c) in paragraph 7—

(i) by the deletion of the full stop at the end of sub-paragraph (p) and the substitution thereof of a semi-colon;

(ii) by the insertion after sub-paragraph (p) of the following new sub-paragraphs:

(q) as a pension by an individual who is handicapped or a pensioner who is sixty years of age or over, and who is ordinarily resident in the Republic;

- (r) by way of a dividend declared from farming income for the first five years the distributing company commences farming.

Amendment
of Fifth
Schedule

8. The Fifth Schedule to the principal Act is amended—

- (a) in paragraph 10 by the insertion after sub-paragraph (c) of the following new paragraph:

(5) Notwithstanding any other provisions of this Act to the contrary the wear and tear allowance on any implements, machinery or plant which has been used in farming for any charge year shall be calculated on a straight-line basis at the rate of fifty per centum of the cost.;

- (b) in sub-paragraph (2) of paragraph 13 by the deletion of "six thousand kwacha" and the substitution therefor of "nine thousand kwacha".

Amendment
of
Charging
Schedule

9. The Charging Schedule to the principal Act is amended—

- (a) in sub-paragraph (b) of paragraph 10 by the deletion of the proviso and the substitution therefor of the following proviso:

Provided that—

- (i) the tax chargeable on income received from a rural enterprise, for each of the first five charge years for which such business is carried on, shall be reduced by such amount as is equal to two-fifths of the tax which would otherwise be so chargeable on such business income;

- (ii) the maximum rate of tax on income received from farming shall be twenty-five per centum;

- (b) in sub-paragraph (c) of paragraph 10 by the deletion of the proviso and the substitution therefor of the following proviso:

Provided that—

- (i) the tax chargeable on income received from a rural enterprise, for each of the first five charge years for which such business is carried on, shall be reduced by such amount as is equal to two-fifths of the tax which would otherwise be so chargeable on such business income;

- (ii) the maximum rate of tax on income received from farming shall be twenty-five per centum;

- (c) in paragraph 11 by the deletion of the proviso and the substitution therefor of the following proviso :

Provided that—

- (i) the tax chargeable on income received from a rural enterprise for each of the first five charge years for which such business is carried on, shall be reduced by such amount as is equal to two-fifths of the tax which would otherwise be so chargeable on such business income;
- (ii) the rate of tax on income received from farming shall be twenty-five per centum;
- (d) by the insertion in Annexure “ A ” of the following additional Table:

TABLE 7. *With effect from 1st April, 1981*

(a) Married allowance under paragraph 2	K1,500
(b) Single allowance under paragraph 4	K600
(c) Child allowance under paragraph 5 (subject to apportionment pursuant to sub-paragraph (2) of paragraph 5) ..	K225
(d) Insurance allowance under paragraph 6	The amount of premiums up to a maximum of K400
(e) Handicapped person's allowance under paragraph 8A ..	K500;

- (e) by the insertion in Part II of Annexure “ B ” of the following additional Table:

TABLE 9. *With effect from 1st April, 1981*

Balance of income excluding income charged under sub-paragraphs 10 (a), 10 (c), 10 (d) and 10 (e):

	<i>Rate per centum</i>
The part of the balance of such income that—	
does not exceed K1,000 ..	5
exceeds K1,000 but does not exceed K2,500	10
exceeds K2,500 but does not exceed K4,000	15

	<i>Rate per centum</i>
exceeds K4,000 but does not exceed K6,500	20
exceeds K6,500 but does not exceed K9,000	30
exceeds K9,000 but does not exceed K12,000	45
exceeds K12,000 but does not exceed K15,000	60
exceeds K15,000 but does not exceed K20,000	70
exceeds K20,000 but does not exceed K25,000	75
exceeds K25,000	80

(f) by the insertion in Part III of Annexure " B " of the following additional Table:

TABLE 9. *With effect from 1st April, 1981*

Balance of deemed income under section 19 (1) other than such deemed income as is chargeable under sub-paragraphs 10 (a), 10 (b) and 10 (e):

	<i>Rate per centum</i>
The part of the balance of such income that--	
does not exceed K1,000	5
exceeds K1,000 but does not exceed K2,500	10
exceeds K2,500 but does not exceed K4,000	15
exceeds K4,000 but does not exceed K6,500	20
exceeds K6,500 but does not exceed K9,000	30
exceeds K9,000 but does not exceed K12,000	45
exceeds K12,000 but does not exceed K15,000	60
exceeds K15,000 but does not exceed K20,000	70
exceeds K20,000 but does not exceed K25,000	75
exceeds K25,000	80

(g) by the insertion in Part IV of Annexure "B" of the following additional Table:

TABLE 9. *With effect from 1st April, 1981*

Balance of income received by way of gratuity under section 21, other than such income as is chargeable under sub-paragraph 10 (e):

	<i>Rate per centum</i>
The part of the balance of such income that—	
does not exceed K1,000 ..	5
exceeds K1,000 but does not exceed K2,500	10
exceeds K2,500 but does not exceed K4,000	15
exceeds K4,000 but does not exceed K6,500	20
exceeds K6,500 but does not exceed K9,000	30
exceeds K9,000 but does not exceed K12,000	45
exceeds K12,000 but does not exceed K15,000	60
exceeds K15,000 but does not exceed K20,000	70
exceeds K20,000 but does not exceed K25,000	75
exceeds K25,000	80;

(h) by the insertion in Part V of Annexure "B" of the following additional Table:

TABLE 8. *With effect from 1st April, 1981*

Balance of deemed income under section 19 (1) received by way of gratuity under section 21:

	<i>Rate per centum</i>
The part of the balance of such income that—	
does not exceed K1,000 ..	5
exceeds K1,000 but does not exceed K2,500	10
exceeds K2,500 but does not exceed K4,000	15
exceeds K4,000 but does not exceed K6,500	20

	<i>Rate per centum</i>
exceeds K6,500 but does not exceed K9,000	30
exceeds K9,000 but does not exceed K12,000	45
exceeds K12,000 but does not exceed K15,000	60
exceeds K15,000 but does not exceed K20,000	70
exceeds K20,000 but does not exceed K25,000	75
exceeds K25,000	80;

(i) by the insertion in Annexure "C" of the following additional Table:

TABLE 5. *With effect from 1st April, 1981*

	<i>Rate per centum</i>
	50
10. The Cold Storage Board Act is amended by the repeal of section <i>ten</i> .	

Amendment
of Cap. 386