

No. 2 of 1995

GOVERNMENT OF ZAMBIA

ACT

No. 2 of 1995

Date of Assent: 21st April, 1995

An Act to amend the Income Tax Act

[28th April, 1995

ENACTED by the Parliament of Zambia.

1. (1) This Act may be cited as the Income Tax (Amendment) Act, 1995, and shall be read as one with the Income Tax Act, in this Act referred to as the Principal Act.

(2) Subject to the other provisions of this Act, this Act shall come into operation on 1st April, 1995, and shall have effect in relation to assessments for the charge year which ends on 31st March, 1996 and in relation to each subsequent charge year.

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

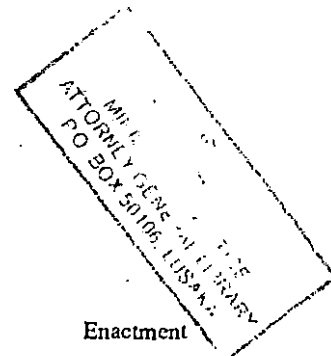
(a) by the deletion of the definition of " fringe benefit ";

(b) in the definition of " assessable income ", by the deletion of the words " other than personal allowances " after the words " allowing deductions ";

(c) in the definition of " Charging Schedule ", by the insertion of the words " tax credits " after the words " personal allowances ".

3. Section *seven* of the principal Act is amended in subsection (1) by the deletion of the words " Department of Taxes " and the substitution therefor of the words " Direct Taxes Division ".

4. Section *thirty-seven* of the principal Act is amended in subparagraph (ii) of paragraph (c) of subsection (1) by the deletion of " forty-eight thousand kwacha " and the substitution therefor of " sixty thousand kwacha ".



Enactment

Short title and commencement Cap. 668

Amendment of section 2

Amendment of section 7

Amendment of section 37

Amendment
of section 44

5. Section *forty-four* of the principal Act is amended by the deletion of paragraph (1) and the substitution therefor of the following paragraph:

(1) the cost of any benefit advantage not capable of being turned into money or money's worth that is provided to employees, subject to such directions as shall be issued by the Commissioner.

Amendment
of section 46

6. Section *forty-six* of the principal Act is amended by the addition of the following new subsection:

(4) Where a person fails to submit a return on or before 30th September, there shall be charged a penalty of five per centum per month of the tax payable for that charge year or—

(a) in the case of an individual, thirty thousand kwacha;

or

(b) in the case of a company, sixty thousand kwacha;

whichever is the greater:

Provided that, where the Commissioner is satisfied that, owing to absence from the Republic, sickness or other reasonable cause, a person was prevented from furnishing the return on or before the due date, the Commissioner may remit the whole or part of any such penalty.

Amendment
of section
46A

7. Section *forty-six A* of the principal Act is amended in the proviso to subsection (1) by the deletion of " seventy-two thousand kwacha " and the substitution therefor of " four hundred thousand kwacha ".

Amendment
of section
81A

8. Section *eighty-one A* of the principal Act is amended—

(a) in subsection (1)—

(i) by the deletion of " certificate of exemption " and the substitution therefor of " certificate of compliance ";

(ii) by the deletion of the words " where the Commissioner directs " after the words " outside the Republic, shall ";

(b) in subsection (2), by the deletion of the words " directed by the Commissioner under subsection (1) " after the word " partnership ";

(c) in subsection (3), by the deletion of the words " directed by the Commissioner under subsection (1) " after the word " partnership ";

(d) in subsection (4), by the deletion of the words " directed by the Commissioner under subsection (1) " after the word " partnership " .

9. Section *eighty-two A* of the principal Act is amended in subsection (1) by the addition of the following new paragraphs:

Amendment
of section
82A

(b) a management or consultancy fee deemed under section *eighteen* to be from a source within the Republic;

(e) dividends.

10. Section *ninety-three* of the principal Act is amended by the deletion of " two hundred kwacha " and the substitution therefor of one thousand five hundred kwacha " .

Amendment
of section 93

11. Section *ninety-eight* of the principal Act is amended by the deletion of " five hundred thousand kwacha " and the substitution therefor of " one million kwacha " .

Amendment
of section 98

12. Section *one hundred and two* of the principal Act is amended in paragraph (f) of subsection (1) by the deletion of " one hundred and fifty thousand kwacha " and the substitution therefor of " five million kwacha " .

Amendment
of section
102

13. Sections *one hundred and seventeen* and *one hundred and seventeen A* of the principal Act are hereby repealed.

Repeal of
sections 117,
117A

14. The First Schedule to the principal Act is amended in clause (b) of sub-paragraph (1) of paragraph 5—

Amendment
of First
Schedule

(a) by the deletion of the words " all implements " and the substitution therefor of the words " the implement " ;

(b) by the deletion of the word " initial " , after the word " any " .

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

Amendment
of Second
Schedule

(a) by the deletion of sub-paragraph (1) of paragraph 9;

(b) by the deletion of sub-paragraph (2) of paragraph 9 and the substitution therefor of the following sub-paragraph:

(2) The following interest is exempt from tax:

(a) interest on any public loan raised by the Government or a statutory corporation, where the terms of the loan provide that the interest thereon shall be exempt from tax;

(b) interest on any bond issued under or in respect of a loan of the kind described in clause (a);

(c) Government of Zambia bonds.

(c) in sub-paragraph (5) of paragraph 9, by the insertion of the words " by an individual " after the words " income earned ";

(d) by the repeal of paragraph 11.

Amendment of Sixth Schedule

16. The Sixth Schedule to the principal Act is amended by the deletion of " twenty thousand kwacha " and the substitution therefor of " two hundred thousand kwacha ";

Repeal of Seventh Schedule

17. The Seventh Schedule to the principal Act is hereby repealed.

Amendment of Charging Schedule

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

(a) in the heading to Part I, by the addition the words " AND TAX CREDITS " after the words " PERSONAL ALLOWANCES ";

(b) in Sub-paragraph (1) of paragraph 1 in Part I, by the addition of the words " and tax credits " after the words " such personal allowances " wherever appearing;

(c) in the proviso to clause (b) of Sub-paragraph (1) of paragraph 10 in Part III, by the insertion after subclause (iv) of the following subclause:

(v) the maximum rate of tax on the balance of income received under subsection (5) of section *twenty-one* shall be ten per centum.

(d) by the insertion after paragraph 13 in Part III of the following new paragraph:

14. Subject to the provisions of any agreement made under section *seventy-four*, the tax with which a person shall be charged for a charge year on management or consultancy fees which the Commissioner is prohibited from including in an assessment under the provisos to subsection (1) of section *sixty-three* shall be at the rate specified in the Table appropriate to that charge year as set forth in Annexure K to this Schedule.

(e) in paragraph 15 in Part III, by the insertion of the words " which the Commissioner is prohibited from including in an assessment under the provisos to subsection (1) of section *sixty-three* " after the words " on interest and royalties ";

(f) in Annexure B, by the deletion of Table 14 and the insertion of a new Table 15, as follows:

TABLE 15

with effect from 1st April, 1995

Rate per centum

The balance of income that:	
does not exceed K900,000	15
exceeds K900,000 but does not exceed K1,200,000	25
exceeds K1,200,000	35

(g) in Annexure G, by the deletion of the heading thereto and the substitution therefor of the following heading:

ANNEXURE G

RATES FOR WITHHOLDING TAX ON INTEREST AND ROYALTIES

(h) by the insertion after Annexure J of the following new Annexure:

ANNEXURE K

RATES FOR WITHHOLDING TAX UNDER SECTION 82A

TABLE I

Rate per centum

With effect from 1st April, 1995

10

AZ 151

