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GOVERNMENT OF ZAMBIA

STATUTORY INSTRUMENT NO. 9 OF 1983

The Income Tax Act
(Laws, Volume XIII, Cap. 668)

The Double Taxation Relief (Taxes on Income) (United Kingdom) (Amendment) Order, 1983

IN EXERCISE of the powers contained in section *seventy-four* of the Income Tax Act, the following Order is hereby made:

1. This Order may be cited as the Double Taxation Relief (Taxes on Income) (United Kingdom) (Amendment) Order, 1983, and shall be read as one with the Double Taxation Relief (Taxes on Income) (United Kingdom) Order, 1973, hereinafter referred to as the principal Order.

Title

S.I. No. 89
of 1973

2. It is hereby declared that the Protocol, the text of which is set out in the Schedule hereto, being an amendment to an Agreement relating to relief from double taxation on income, made between the Government of the Republic of Zambia and the Government of the United Kingdom, shall have effect in Zambia in accordance with the provisions of section *seventy-four* of the Income Tax Act.

Protocol

Cap. 668

3. The principal Order is amended accordingly.

Amendment
of principal
Order

KENNETH D. KAUNDA,
President

LUSAKA
14th January, 1983
[MF.104/71/3]

SCHEDULE
(Paragraph 2)

PROTOCOL AMENDING THE CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND CAPITAL SIGNED AT LUSAKA ON 22ND MARCH, 1972

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Zambia;

Desiring to conclude a Protocol to amend the Convention between the Contracting Government for the Avoidance of Double Taxation and the

Prevention of Fiscal Evasion with respect to Taxes on Income and Capital, signed at Lusaka on 22nd March, 1972 (hereinafter referred to as "the Convention");

Have agreed as follows:

ARTICLE I

Article 11 of the Convention shall be deleted and replaced by the following:

"ARTICLE 11

DIVIDENDS

(1) Dividends paid by a company which is a resident of Zambia to a resident of the United Kingdom may be taxed in the United Kingdom. Such dividends may also be taxed in Zambia according to the law of Zambia but, provided the recipient is subject to tax in respect thereof in the United Kingdom, the tax so charged, being tax which is charged in addition to the tax chargeable in respect of the profits of the company, shall not exceed:

(a) 5 per cent of the gross amount of the dividends if the recipient is a company which controls directly or indirectly at least 25 per cent of the voting power in the company paying the dividends;

(b) in all other cases 15 per cent of the gross amount of the dividends.

(2) Dividends paid by a company which is a resident of the United Kingdom to a resident of Zambia may be taxed in Zambia. Such dividends may also be taxed in the United Kingdom and according to the laws of the United Kingdom but, provided the recipient is subject to tax in respect thereof in Zambia, the tax so charged, being tax which is charged in addition to the tax chargeable in respect of the profits of the company, shall not exceed:

(a) 5 per cent of the gross amount of the dividends if the recipient is a company which controls directly or indirectly at least 25 per cent of the voting power in the company paying the dividends;

(b) in all other cases 15 per cent of the gross amount of the dividends.

(3) However, as long as an individual resident in the United Kingdom is entitled to a tax credit in respect of dividends paid by a company resident in the United Kingdom, the following provisions of this paragraph shall apply instead of the provisions of paragraph (2) of this Article:

(a) (i) Dividends paid by a company which is a resident of the United Kingdom to a resident of Zambia may be taxed in Zambia on the aggregate of the amount or value of the dividends and the amount of the tax credit (if any) to which he is entitled under sub-paragraph (b) of this paragraph.

(ii) Where a resident of Zambia is entitled to a tax credit in respect of such a dividend under sub-paragraph (b) of this paragraph tax may also be charged in the United Kingdom and according to the laws of the United Kingdom, on the aggregate of the amount or value of that dividend and the amount of that tax credit at a rate not exceeding 15 per cent.

(iii) Except as aforesaid, dividends paid by a company which is a resident of the United Kingdom to a resident of Zambia who is subject to tax in Zambia on them shall be exempt from any tax in the United Kingdom which is chargeable on dividends.

(b) A resident of Zambia who receives dividends from a company which is a resident of the United Kingdom shall, subject to the provisions of sub-paragraph (c) of this paragraph and provided he is subject to tax in Zambia on the dividends, be entitled to the tax credit in respect thereof to which an individual resident in the United Kingdom would have been entitled had he received those dividends, and to the payment of any excess of that tax credit over his liability to United Kingdom tax.

(c) The provisions of sub-paragraph (b) of this paragraph shall not apply where the recipient of the dividend is a company which either alone or together with one or more associated companies controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividend. For the purposes of this sub-paragraph two companies shall be deemed to be associated if one is controlled directly or indirectly by a third company.