

GOVERNMENT OF ZAMBIA

STATUTORY INSTRUMENT NO. 49 OF 2011

The Value Added Tax Act
(Laws, Volume 19, Cap. 331)

The Value Added Tax (Exemption) Order, 2011

IN EXERCISE of the powers contained in section *fifteen* of the Value Added Tax Act, the following Order is hereby made:

- | | |
|--|---|
| 1. This Order may be cited as the Value Added Tax (Exemption) Order, 2011, and shall be deemed to have come into operation on 1st January, 2011. | Title and commencement |
| 2. The Act is amended by the repeal of the First Schedule and the substitution therefor of the First Schedule set out in the Appendix. | Repeal and replacement of First Schedule Cap. 331 |
| 3. The Value Added Tax (Exemption) Order, 2010, is hereby revoked. | Revocation of S.I. No. 87 of 2010 |

APPENDIX
(Paragraph 2)

FIRST SCHEDULE
(section 15)

- | | |
|--|----------------|
| 1. In this Schedule, unless the context otherwise requires—
“life policy” means a policy under which the insurer assumes a contingent obligation dependent on human life, or a life insurance contract, but does not include—
(a) a funeral policy; or
(b) a policy under which the contingent obligation dependent on human life forms a subordinate part of the insurance effected by the policy; and | Interpretation |
|--|----------------|

“ poultry ” means chicken, ducks, geese and turkeys.

Exempt
supplies

2. The following supplies are exempt:

Group 1—Water Supply Services

The supply of mains water and sewerage services, excluding sewerage pump out services.

Group 2 Health Services

(a) the supply of health and medical services by a medical doctor, optician, dentist, hospital or clinic registered under the Health Professions Act, 2009; and

(b) the supply of articles designed for use by persons with disabilities.

Act No. 24
of 2009

Group 3—Educational Services

(a) educational services provided to primary or secondary learners;

(b) educational services provided to other learners otherwise than for profit; and

(c) educational services provided to nursery or pre-school children.

Group 4—Books and Newspapers

(a) booklets, maps and charts; and

(b) newspapers and journals.

Group 5—Transport Services

(a) transportation of persons by air;

(b) transportation of persons by rail;

(c) transportation of persons by boat; and

(d) aircrafts licensed to carry passengers.

Group 6—Conveyance, etc. of Real Property

(a) the sale or lease of an interest in land, other than the lease or rental of commercial property;

(b) the sale or lease of domestic buildings, other than development of dwelling houses for sale; and

(c) any fee, royalty or similar right to exploit or remove any natural resource.

Group 7—Financial and Insurance Services

(a) the arrangement or provision of ownership of any life policy;

(b) the arrangement or provision of re-insurance;

- (c) the arrangement, provision or transfer of ownership of any insurance contract of insurance underwritten before 1st January, 2011;
- (d) the provision of the following financial services:
- (i) up-country cheques;
 - (ii) returned cheques;
 - (iii) buying and selling of foreign currency;
 - (iv) commission on online and TT transactions;
 - (v) commission on local drafts and transfers;
 - (vi) commission on foreign drafts and transfers;
 - (vii) negotiable bills;
 - (viii) electronic transfers;
 - (ix) special clearance;
 - (x) traveller's cheques;
 - (xi) letters of credit;
 - (xii) interest on lending to banks;
 - (xiii) interest on lending to customers;
 - (xiv) any charge on savings account;
 - (xv) maintenance activity or ledger fees;
 - (xvi) account maintenance;
 - (xvii) closure of accounts;
 - (xviii) cheque books;
 - (xix) internet banking;
 - (xx) Bank of Zambia treasury bills handling charges;
 - (xxi) commission on postage;
 - (xxii) commitment fees; and
 - (xxiii) arrangement fees in provision of credit.
- (e) the provision of credit and the interest component of finance leases, excluding the—
- (i) principal and other finance charges on finance leases;
 - (ii) principal, interest and other finance charges charged on operating leases; and
 - (iii) principal, interest and other finance charges charged by institutions engaged in hire purchase;
- (f) the issue, allotment or transfer of ownership of shares in a company registered or incorporated under the Companies Act; and
- (g) uncirculated new kwacha notes.

Group 8—Metals

The supply to a bank of gold in bullion form.

Group 9—Funeral Services

- (a) caskets and coffins;
- (b) tombstones;
- (c) embalming of dead persons; and
- (d) services provided at the burial of a person by a funeral home, including the hire of a hearse, provision of furniture, tents and other funeral accessories, but excluding meals, beverages and other hospitality services.

Group 10—Relief at Importation

S. I. No. 54
of 2000

- (a) goods in respect of which a rebate, refund or remission of duty is available under the Customs and Excise (General) Regulations, 2000, subject to the same limitations and conditions as pertain to such a rebate, refund or remission; and

S. I. No. 7 of
2009

- (b) imported goods in respect of which a funding of duty is available under the Customs and Excise (Public Benefit Organisation) (Rebate, Refund or Remission) Regulation, 2009, subject to the same limitations and to such modification as may be specified therein.

Group 11—Domestic Kerosene

The supply of domestic kerosene (paraffin).

Group 12—Trade Union Subscriptions

Trade union subscriptions.

Group 13—Treated and Untreated Mosquito Nets

- (a) finished mosquito nets (treated and untreated);
- (b) insecticide kits used to treat mosquito nets; and
- (c) insecticides of public health used for the treatment of mosquito nets.

Group 14—Road Construction Agreements

Road construction agreements entered into with the Government of the Republic of Zambia prior to 1st July, 1995.

Group 15—Statutory Fees

Statutory fees which are prescribed and regulated by an Act of Parliament or statutory instrument, except when paid as a consideration for a supply or when payment is not for the execution of statutory responsibilities.