

GOVERNMENT OF ZAMBIA

ACT

No. 14 of 1987

Date of Assent: 19th April, 1987

An Act to amend the Income Tax Act

[24th April, 1987

ENACTED by the Parliament of Zambia.

Enactment

1. (1) This Act may be cited as the Income Tax (Amendment) Act, 1987, and shall be read as one with the Income Tax Act, hereinafter referred to as the principal Act.

Short title
and commence-
ment.
Cap. 668

(2) The provisions of this Act referred to in—

- (a) Part I of the Schedule hereto shall be deemed to have come into operation on the 1st April, 1985, and shall have effect in relation to assessments for the charge year ended the 31st March, 1986, and in relation to each subsequent charge year;
- (b) Part II of the Schedule hereto shall be deemed to have come into operation on the 1st April, 1986, and shall have effect in relation to assessments for the charge year ended the 31st March, 1987, and in relation to each subsequent charge year;
- (c) Part III of the Schedule hereto shall be deemed to have come into operation on the 1st January, 1987, and shall have effect in relation to assessments for the charge year ended the 31st March, 1987, and in relation to each subsequent charge year;

and any provision of this Act not referred to shall come into operation on the 1st April, 1987.

2. Section *two* of the principal Act is amended in subsection (1) by the deletion in the definition of "manufacturing" of "change," and the substitution therefor of "changes".

Amendment
of section 2

3. Section *seventeen* of the principal Act is amended by the deletion of paragraph (g) and the substitution therefor of the following:

A amendment
of section 17

(g) income from the letting of property; .

Amendment
of section 21

4. Section *twenty-one* of the principal Act is amended—

- (i) in subsection (5) by the deletion of “per annum” and the substitution therefor of “per annum, for an equivalent maximum period of five years,”;
- (ii) in the proviso by the deletion of “ten thousand kwacha” and the substitution therefor of “twenty thousand kwacha”.

Insertion of
new section
29A

5. The principal Act is amended by the insertion after section *twenty-nine* of the following new section:

29A. Notwithstanding the provisions of section *twenty-nine* or any other provisions of this Act, any foreign currency exchange gains or losses, other than those of a capital nature, shall be assessable or deductible, as the case may be, in the charge year in which such gains or losses are realised, that is to say, in the charge year in which the person or partnership concerned is required to pay the additional kwacha or is allowed a rebate or a reduction, as the case may be, in settlement of a foreign debt or liability.

Amendment
of section 31

6. Section *thirty-one* of the principal Act is amended by the deletion of the words “from income or” where they first appear.

Amendment
of section 34

7. Section *thirty-four* of the principal Act is amended by the deletion of subsection (2) and the substitution therefor of the following:

(2) Where a person incurs capital expenditure on the purchase of any new or unused implement, machinery or plant, other than motor vehicles intended for use or capable of being used on roads, to be used by him in his business as a manufacturer, an investment allowance of twenty per centum of such expenditure shall be deducted in ascertaining the gains or profits of that business for the charge year in which the said implement, machinery or plant is first used in any manufacturing process in the manufacturing business.

Amendment
of section 37

8. Section *thirty-seven* of the principal Act is amended—

- (a) in subsection (1) by the—
 - (i) deletion in sub-regulation (1) of paragraph (c) of “ten per centum” and the substitution therefor of “fifteen per centum”;
 - (ii) deletion in paragraph (d) of “ten per centum” and the substitution therefor of “fifteen per centum”; and

(iii) deletion in paragraph (e) of "ten per centum" and the substitution therefor of "fifteen per centum"; and

(b) in subsection (2) by the deletion in paragraph (c) of "fifteen per centum" and the substitution therefor of "twenty per centum".

9. Section *forty-one* of the principal Act is amended—

Amendment
of section 41

(a) in paragraph (c) of subsection (1) by the addition after "is made or is to be made" of "and the Minister may in like manner withdraw such approval and such withdrawal may be made retrospectively";

(b) in subsection (2)—

(i) by the deletion of "ten per centum" and the substitution therefor of "fifteen per centum"; and

(ii) in the proviso by the insertion immediately after the "Republic" of "or for the construction in Lusaka of the Headquarters of the United National Independence Party".

10. Section *forty-three C* of the principal Act is amended by the deletion of subsection (5) and the substitution therefor of the following:

Amendment
of section 43C

(5) No deduction shall be allowed under subsection (1) if the individual, or his wife living with him in a charge year, is in receipt of an owner-occupied housing allowance payable to an employee or office holder, and such individual has irrevocably elected for such charge year the exemption under sub-paragraph (v) of paragraph 7 of the Second Schedule.

11. Section *forty-four* of the principal Act is amended in proviso (iii) to paragraph (h) by the deletion of "K5.00" and the substitution therefor of "K20.00".

Amendment
of section 44

12. Section *sixty-two A* of the principal Act is amended by the deletion of the proviso and the substitution therefor of the following:

Amendment
of section
62A

Provided that there shall be no right of election under this section where an election has already been made under this section in respect of one of two consecutive charge years in respect of the same income or loss.

13. Section *eighty-two A* of the principal Act is amended in subsection (1) by the—

Amendment
of section
82A

(i) deletion of paragraph (d) and the re-numbering of the existing (e) as (d); and

- (ii) deletion of the proviso thereof and the substitution therefor of the following new proviso:

Provided that the provisions of this section shall not apply—

- (i) to interest payable to an individual or persons in partnership, not resident in the Republic; and
- (ii) to interest payable on a bill of exchange drawn for one hundred and eighty days or less.

Amendment
of Second
Schedule

14. (1) The Second Schedule to the principal Act is amended in sub-paragraph (5) by the insertion after sub-paragraph (c) of the following new sub-paragraph:

(d) the Zambia National Holdings Limited; .

(2) The Second Schedule to the principal Act is amended in paragraph 7—

(a) by the deletion of sub-paragraph (m) and the substitution therefor of the following:

(m) by way of inducement allowance, as defined in subsection (1) of section two, payable by an employer to an expatriate employee, or by way of an inducement allowance or gratuity paid by the British Government to public officers;

(b) by—

(i) the deletion in sub-paragraph (v) of the semicolon at the end and the substitution therefor of a comma; and

(ii) the addition of:

Provided the employee irrevocably elects in respect of any charge year at least three months before the end of the charge year to which such election relates, and makes a claim in that behalf.

(c) by the addition after “service” of “, Party service, the office of Attorney-General, the office of Clerk of the National Assembly or an office in the Clerk’s department where such office is held on permanent and pensionable terms.

(3) The Second Schedule to the principal Act is amended in paragraph 9—

(a) by the deletion—

(i) in sub-paragraph (b) of sub-paragraph (4), of “up to the first five hundred kwacha,”

(ii) of the full stop at the end of the sub-paragraph and the substitution therefor of “; and”; and

(b) by the addition after sub-paragraph (b) of the following sub-paragraph:

(c) interest earned on any sum deposited or invested in a savings or deposit account with any building society or commercial bank registered outside the Republic shall, if received by an individual resident in the Republic, be exempt.

15. The Fifth Schedule to the principal Act is amended in sub-paragraph (4) of paragraph 21—

Amendment
of Fifth
Schedule

(a) by the deletion of the colon immediately preceding the proviso and the substitution therefor of a full stop; and

(b) by the repeal of the proviso.

16. The Sixth Schedule to the principal Act—

Amendment
of Sixth
Schedule

(a) is amended in paragraph 1 by the deletion in the definition of “farm dwelling” of “eight thousand kwacha” and the substitution therefor of “twenty thousand kwacha”;

(b) amended by the repeal of paragraph 7 and the substitution therefor of the following:

7. In ascertaining a farmer's gains or profits, the value of his livestock, including livestock bought by him for stud, is the market value or the cost to the farmer of the livestock, whichever is the lower.”; and

(c) amended by the repeal of paragraphs 8 and 9;

(d) amended by the re-numbering of the existing paragraph 10 as paragraph 8.

17. The Charging Schedule to the principal Act is—

Amendment
of Charging
Schedule

(a) amended in paragraph 1 by the deletion of proviso (ii) and the substitution therefor of the following:

(ii) such return and claim is made not later than six years after the end of the charge year to which it relates or, if later, six years after the date of service of a notice of assessment for that charge year;

(b) amended by the repeal of paragraph 2 and the substitution therefor of the following:

2. A married allowance shall be deductible where the claimant lives with his spouse at any time during the charge year, and such married allowance shall be equally apportioned between the spouses, unless the claimant proves that his spouse is, for the relevant charge year, not in receipt of earned income in which case the allowance deductible from the claimant's income under this paragraph

shall not exceed sixty per centum of the allowance due under this paragraph.;

(c) amended by the repeal of paragraph 3;

(d) amended in paragraph 5—

(i) by the deletion of the full stop and the substitution therefor of a colon;

(ii) by the addition of the following proviso to sub-regulation (1):

Provided that in the case of a child to whom an individual stands in place of a parent, child allowance shall only be deductible commencing from the charge year in which the claim is made to the Commissioner.;

(iii) amended by the insertion immediately after sub-paragraph (1) of the following:

(2) The individual entitled to a child allowance under this paragraph may, by notice in writing to the Commissioner, elect to apportion the child allowance for any charge year:

Provided that—

(i) such notice shall—

(a) be signed by both spouses or claimants;

(b) specify the proportion or amounts in which the child allowance is to be apportioned;

(c) be irrevocable in respect of the charge year for which it is made; and

(d) be received by the Commissioner not later than three months before the commencement of the charge year to which it relates;

(ii) for a child born during a charge year, such notice shall be given not later than three months before the end of the charge year in which the child is born;

(e) by the re-numbering of the existing sub-paragraphs (2), (3) and (4) as (3), (4) and (5).

(f) amended in paragraph 6—

(a) by the deletion in sub-paragraph (b) of sub-paragraph (1) of "any part" and the substi-

tution therefor of “ an equivalent amount ” ;
and

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

(2) Where an insurance premium is paid by a wife on her own life or on the life of her husband or her minor child, she shall be deemed to be the claimant for the purposes of this paragraph and the provisions of paragraph 9 of this Schedule shall be construed accordingly.

(g) amended—

(i) by the insertion in Annexure “ A ” of the following additional Table:

Table 12: With effect from 1st April, 1987

	K
(a) Married Allowance under paragraph 2 (subject to apportionment)	4,600
(b) Single Allowance under paragraph 4 ..	1,800
(c) Child Allowance under paragraph 5 (subject to apportionment)	330
(d) Insurance Allowance under paragraph 6	the amount of premium up to a maximum of 800
(e) Handicapped Person's Allowance under paragraph 8A	600

(ii) by the insertion in Annexure “ C ” of the following Table:

Table 9: With effect from 1st April, 1986

	<i>Rate per centum</i>
Manufacturing company on income from manufacturing	35
Others	45

SCHEDULE
(Section 1 (2))

PART I
Section 7

PART II
Sections 14 (2) (a) and (b) and 17 (g) (ii)

PART III
Sections 4 and 14 (2) (c)

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