

GOVERNMENT OF ZAMBIA

**ACT**

No. 11 of 1992

Date of Assent: 1st April, 1992

**An Act to amend the Income Tax Act**

[1st April, 1992

ENACTED by the Parliament of Zambia.

Enactment

1. (1) This Act may be cited as the Income Tax (Amendment) Act, 1992, and shall be read as one with the Income Tax Act, in this Act referred to as the principal Act.

Title and  
commence-  
ment  
Cap. 668

(2) Subject to the other provisions of the Act, this Act shall come into operation on the 1st April, 1992, and shall have effect in relation to assessments for the charge year which ends on the 31st March, 1993, and in relation to each subsequent charge year.

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

Amend-  
ment of  
section 2

(a) by the insertion in the appropriate places of the following definitions:

“taxpayer identification number” means the National Registration Card Number or such other number as may be designated by the Minister.

“fringe benefit” means an emolument other than the basic salary.

(b) by the deletion of paragraph (c) under the definition of “lump-sum payment” and the substitution thereof of the following new paragraph:

(c) in relation to a beneficiary who is employed on pensionable terms, any amount received or accrued which is paid or payable by an employer upon cessation of employment, by way of compensation for leave due but not taken.

Amend-  
ment of  
section 14

3. Section *fourteen* of the principal Act is amended—
- (a) by the insertion after subsection (2) of the following new subsection:
- (3) In the case of any individual, the charge of tax on any income referred to in subsection (2) shall be abated by the amount of a tax credit, pursuant to the Charging Schedule.
- (b) by the renumbering of subsection (3) as subsection (4).

Amend-  
ment of  
section 21

4. Section *twenty-one* of the principal Act is amended by the deletion of subsection (5) and the substitution thereof of the following new subsection:
- (5) Where, upon the termination of the services of an individual in any office or employment, income is received by such individual by way of compensation for loss of office or employment, including termination for reason of redundancy or early retirement, the first K200,000 of such income shall be exempt from income tax.

Amend-  
ment of  
section 37

5. Section *thirty-seven* of the principal Act is amended—
- (a) in subsection (1) by the deletion—
- (i) in sub-paragraph (ii) of paragraph (c);
- (ii) in paragraph (d); and
- (iii) in paragraph (e) of “two thousand kwacha” and the substitution thereof of “twelve thousand kwacha”;
- (b) in paragraph (b) of subsection (3) by the deletion of “three thousand kwacha” and the substitution thereof of “twelve thousand kwacha”; and
- (c) in subsection (4) by the deletion of “three thousand kwacha” and the substitution thereof of “twelve thousand kwacha”.

Amend-  
ment of  
section 41

6. Section *forty-one* of the principal Act is amended—
- (a) in subsection (1) by the deletion of the words “the United National Independence Party”;
- (b) in subsection (2) by the deletion of the proviso.

Amend-  
ment of  
section 43A

7. Section *forty-three C* of the principal Act is amended by the repeal of subsection (5).

Amend-  
ment of  
section 44

8. Section *forty-four* of the principal Act is amended—
- (a) in paragraph (h) by the deletion of sub-paragraph (ii) of the proviso to that paragraph;
- (b) by the insertion after paragraph (k) of the following new paragraph:

- (l) the cost of any emoluments provided to employees in the form of non-money fringe benefits, subject to such directions as shall be issued by the Commissioner.

9. The principal Act is amended by the insertion after section *forty-five* of the following new section:

Insertion  
of new  
section 45A  
Duty to  
provide  
taxpayer  
identi-  
fication  
number

45A. (1) Every person shall provide his taxpayer identification number with all forms, notices, certificates, documents, and other communications submitted to the Commissioner under this Act.

(2) Any person carrying on any business in partnership shall provide the taxpayer identification number of every partner with all documents, forms, notices, certificates, and other communications submitted to the Commissioner under this Act.

(3) Every person making payments for which it is required to submit to the Commissioner a return, notice, form, certificate, or other such document under sections 51, 52, 71, 80, 81, 81A, 82, or 95D of this Act shall furnish to the Commissioner on or along with that document the taxpayer identification numbers for all persons to whom the payments have been made.

(4) This section shall have effect irrespective of the charge year to which the forms, notices, certificates, documents and other communications referred to in subsection (1) to (3) pertain.

10. Section *forty-six* of the principal Act is repealed, and the following new section is substituted therefor—

Repeal and  
replacement  
of section  
46

46. (1) Every person liable to tax for any charge year, other than an individual whose income consists entirely of emoluments within the provisions of Part VI (which relates to Pay As You Earn), shall furnish to the Commissioner a return of income and such particulars as may be required for the purposes of ascertaining the income chargeable, if any, and the tax liability due, if any under this Act.

Returns  
generally

(2) The return required under this section shall—

- (a) contain a statement of the person's income liable to tax, including income deemed under this Act to be the income of the person in respect of whom the return is submitted;
- (b) contain a computation, by or on behalf of the person liable to tax, of the amount of tax due based on rates of tax applicable for such charge year and, in the case of an individual, such personal allowances, deductions, and tax credit to which he is entitled; and

(c) include a declaration by such person, or by the person in whose name he is assessable, that such return includes a full statement of income liable to tax and a proper computation of tax due for such charge year.

(3) The return referred to in subsection (1) shall be furnished to the Commissioner not later than 30th September following the end of any charge year.

(4) This section shall have effect in relation to assessments for the charge year which ends on 31st March, 1992, and in relation to each subsequent charge year.

Amend-  
ment of  
section 46A

11. Section *forty-six* A of the principal Act is amended—

(a) by the deletion of subsection (1) and the substitution therefor of the following new subsection:

(1) Without prejudice to the requirement under section *forty-six*, every person, other than an individual whose income consists entirely of emoluments within the provisions of Part VI which relates to (Pay As You Earn), shall submit in accordance with this section a return of provisional income for any charge year:

Provided that an individual who does not expect to receive assessable income (other than emoluments within the provisions of Part VI) in excess of seventy-two thousand kwacha for such charge year need not submit such return.

(b) in paragraph (b) of subsection (2) by the insertion immediately after the words "personal allowances of "tax credit and"

Amend-  
ment of  
section 71

12. Section *seventy-one* of the principal Act is amended—

(a) by the deletion at the end of subsection (1) of the fullstop and the substitution therefor of a colon;

(b) by the insertion after subsection (1) of the following proviso:

Provided that with reference to paragraph (1) of section *forty-four* the requirements of this subsection shall not apply to emoluments provided to employers in the form of non-money fringe benefits.

(c) by the deletion in subsection (8) of "personal allowances and deductions" and the substitution therefor of "personal allowances, deductions, and tax credit".

13. (1) Section *seventy-seven* of the principal Act is repealed and the following new section is substituted therefor:

Repeal and  
replacement  
of section  
77  
When tax  
due and  
payable

77. (1) The provisional tax under section *forty-six* A shall be due and payable in quartely instalments as follows:

- 1st instalment on 30th June;
- 2nd instalment on 30th September;
- 3rd instalment on 30th December;
- 4th instalment on 30th March;

of the charge year to which such return of provisional income relates.

(2) All persons liable to tax and required to file a return under section *forty-six* shall remit, along with such return, payment equal to the balance of tax liability due, if any, as computed by the taxpayer under subsection (2) of section *forty-six*.

(3) The payment referred to in subsection (2) shall be remitted by every person liable to tax no later than 30th September, following the end of any charge year, and shall be paid by that person in such form as the Commissioner may determine.

(4) The tax liable to be paid under any assessments made pursuant to sections *sixty-three* or *sixty-four* shall be due and payable by the person assessed within thirty days of the service or notice of assessment, and shall be paid by that person in the manner specified in the notice:

Provided that the tax liable to be paid under any assessment made pursuant to subsection (3) of section *sixty-three* or to paragraph (c) of section *sixty-four*, shall be due and payable on demand.

(5) The Commissioner, in his discretion, may extend the time, limited by subsections (2), (3) or (4), in which taxes shall be paid.

(6) Subsection (4) shall have effect notwithstanding that the person assessed objects to or appeals against that assessment.

(7) Subsections (2) and (3) of this section shall have effect in relation to assessments for the charge year which ends on 31st March, 1992, and in relation to each subsequent charge year.

14. Section *seventy-eight* of the principal Act is amended by the deletion of subsection (1) and the substitution therefor of the following new subsection:

Amend-  
ment of  
section 78

(1) Subject to the provisions of subsection (5), any tax assessed by the Commissioner under section *sixty-three* or *sixty-four* shall be deemed overdue if payment of that tax has not been remitted on or before the date prescribed---

- (a) in subsection (2) of section *seventy-seven*, or as extended pursuant to the provisions of subsection (5) of section *seventy-seven*, in such cases where notice of assessment is served no later than one year after the end of the charge year for which the tax was assessed;
- (b) in subsection (3) of section *seventy-seven*, or as extended pursuant to the provisions of subsection (5) of section *seventy-seven*, in all other cases:

Provided that the Commissioner may, in his discretion, apply the date prescribed in subsection (3) of section *seventy-seven* to cases referred to under paragraph(a).

(1A) On any tax deemed overdue by one month, under subsection (1), a sum equal to five per centum of the tax unpaid shall become chargeable by way of penalty.

(1B) Subsections (1) and (1A) shall have effect in relation to assessment for the charge year which ends on 31st March, 1992, and in relation to each subsequent charge year.

Amend-  
ment of  
section 79A

15. Section *seventy-nine A* is amended in paragraph (b) of subsection (7) by the deletion of "four hundred kwacha" and the substitution therefor of "thirty thousand kwacha".

Amend-  
ment of  
section 82A

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

- (a) by the deletion in paragraph (c) of the phrase "to or on behalf of a person or persons in partnership not resident in the Republic";
- (b) by the deletion at the end of paragraph (c) of the fullstop and the substitution therefor of a colon; and
- (c) by the insertion after paragraph (c) of the following new proviso:

Provided that where the interest payment during any one month on any single saving account, deposit account or building society account, does not exceed one-twelfth of twenty thousand kwacha, then that interest payment shall be exempt from the requirement of this section.

Amend-  
ment of  
section 84

18. Section *eighty-four* of the principal Act is amended in subsection (6) by the deletion of "one thousand kwacha" and the substitution therefor of "one hundred thousand kwacha".

19. Section *ninety-three* of the principal Act is repealed and the following section is substituted therefor: Repeal and replacement of section 93
93. Notwithstanding anything contained in this Act, Tax less than no tax in respect of a charge year shall be payable by a K200 not person if the tax with which the person is chargeable in payable respect of that year is less than two hundred kwacha.
20. Section *ninety-eight* of the principal Act is amended by the deletion of "four hundred kwacha" and the substitution thereof of "thirty thousand kwacha". Amendment of section 98
21. Section *one hundred* of the principal Act is amended by the deletion in subsection (1) of paragraph (a) and the substitution thereof of the following new paragraph: Amendment of section 100
- (a) fails to furnish a return of income in accordance with the requirements of subsection (2) of section *forty-six*.
22. Section *one hundred and two* of the principal Act is amended in paragraph (f) of subsection (1) by the deletion of "two thousand kwacha" and the substitution thereof of "one hundred and fifty thousand kwacha". Amendment of section 102
23. Section *one hundred and seven* of the principal Act is amended in subsection (9) by the deletion of "fifty kwacha" and the substitution thereof of "five thousand kwacha". Amendment of section 107
24. The Second Schedule to the principal Act is amended— Amendment of Second Schedule
- (a) in Part III in paragraph 8, by the deletion of item (b), and (i) of sub-paragraph (1), sub-paragraph (c) and (d) of sub-paragraph (2);
- (b) in Part IV—
- (i) by the deletion of sub-paragraphs (s), (u), (v), (w), (x), (y), (z), (aa), (bb), (cc) and (dd) of paragraph 7;
- (ii) in paragraph 9—
- (A) by the deletion of sub-paragraph (4) and the substitution thereof of the following—
- (4) The first twenty thousand kwacha of interest earned on all sums deposited or invested in a building society registered under any law relating to the registration of building societies for the time being in force in the Republic, or deposited in a savings or deposit account with a financial institution registered under the Banking Act, shall be exempt;
- (B) by the deletion of sub-paragraph (5);
- (iii) by the deletion of paragraph 12; and
- (iv) by the deletion of paragraph 13.

Amend-  
ment of  
Charge  
Schedule

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

- (a) By the repeal of paragraph 2;
- (b) By the repeal of paragraph 6;
- (c) By the insertion after Part II of the following new part—

## PART IIA

*Individual Tax Credit*

9A. (1) A primary allowance shall be shown in Part II of Annexure "A" to indicate the level of income at or below which, for individuals, no tax shall be due.

(2) In lieu of an abatement to income by the amount of the primary allowance, there shall be an abatement to tax due under this Act, for any individual, by the amount of the tax credit shown in Part II of Annexure "A".

(3) The amount of the tax credit shown in Part II of Annexure "A" shall be set so that no tax shall be due for any individual whose income, abated for personal allowances and deductions to which he is entitled, is less than or equal to the amount of primary allowance referred to in sub-paragraph (1)

(4) For the purpose of this paragraph a husband and wife shall be deemed entitled to separate tax credit abatements.

(d) In paragraph 10 by the deletion of item (a) of sub-paragraph (1) and the substitution therefor of the following:

(a) On income received by way of lump-sum payments, shall be calculated at the rate specified for such charge year, contained in Part I of Annexure "B" to this Schedule;

(e) In the proviso to paragraph 10, by the insertion after sub-paragraph (iii) of the following new sub-paragraph:

(iv) the maximum rate of tax on income received in the form of interest payments shall be ten *per centum*;

(f) By the insertion in paragraph 15, immediately after the phrase "under section 74," of "and subject to the Exemption specified in paragraph (c) of section 82A";

(g) By the insertion immediately under the heading "Annexure "A" of the words "Part I";

(h) in Annexure "A" by the insertion of the following new Table:

TABLE 15: *With effect from 1st April, 1992*

Handicapped person's allowance under paragraph 8A K3,600

(i) By the insertion after Part I of Annexure "A" of the following new part and new Table:

ANNEXURE "A"

PART II

INDIVIDUAL TAX CREDIT  
(Paragraph 9A)

TABLE 1: *With effect from 1st April, 1992*

	K
Primary allowance under sub-paragraph 9A(1) ..	72,000
Tax credit under sub-paragraph 9A(2) and 9A(3) ..	13,000

(j) in Annexure "B" Part II the insertion of the following new Table

TABLE 13: *With effect from 1st April, 1992*

The balance of income that—

	<i>Rate per centum</i>
does not exceed K50,000 .. .. .	15
exceeds K50,000 but does not exceed K100,000 ..	25
exceeds K100,000 .. .. .	35

(k) in Annexure "C" by the insertion of the following new Table

TABLE 12: *With effect from 1st April, 1992*

	<i>Rate per centum</i>
On income from manufacturing and other income ..	40
On income of all banks registered under the Banking Act:	
(i) On income up to K10,000,000 .. .. .	40
(ii) on income in excess of K10,000,000 .. ..	45

(l) In Annexure "G" by the insertion of the following new Table:

TABLE 5: *With effect from 1st April, 1992*

	<i>Rate per centum</i>
Royalties .. .. .	10
Interest .. .. .	10

(m) In Annexure "J" by the insertion of the following new Table:

TABLE 2: *With effect from 1st April, 1992*

	<i>Rate per centum</i>
	15

