



**ZAMBIA  
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## ***VAT Deferment***

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### What is VAT deferment?

VAT deferment is an incentive available to VAT registered suppliers who, subject to such conditions as the Commissioner-General may require and in such circumstances as may be allowed, are permitted to account for tax on capital goods specified in the Third Schedule to the Administrative Rules by deferring the payment of tax on approved goods at importation, provided that the registered supplier also foregoes the equivalent tax deduction or credit under section 18 of the VAT Act.

### Who qualifies for VAT deferment?

VAT deferment is available to VAT registered taxpayers. But since the Statutory threshold for VAT registration is the same as that for Income Tax, it is a requirement that the taxpayer also be registered for Income tax, PAYE and all other relevant taxes for which they may be eligible to register.

### How does one access the VAT deferment scheme?

Taxpayers registered for all relevant taxes are required to apply in writing on the company letter-head, to the Commissioner-General, who subject to other conditions as he may require, shall approve the application.

### What are the requirements for approval to the scheme?

1. The taxpayer should be registered for VAT, Income Tax, PAYE; and all other relevant taxes for which they are eligible to register.
2. Applicant must be up to date with return submission for all tax types for which registered.
3. Applicant should be tax compliant with no outstanding liabilities in the various tax accounts.
4. The equipment or capital good that is the subject of importation must be directly attributable to standard rated sales or activities
5. Consequently, partially-exempt suppliers may not qualify for approval
6. Taxpayers that meet all these conditions will have their applications approved within such period as maybe specified.

### What do I need to attach to the application letter?

The taxpayers are required to attach a copy of the commercial invoice or quotation of the equipment imported to their application.

### Which equipment or capital goods enjoy VAT deferment?

Equipment or capital goods that are subject to VAT deferment are specified in the Third Schedule to the VAT General Rules. Consequently, only these gazetted and specified goods will defer import VAT.

### What happens if a Taxpayer configured for VAT deferment imports equipment not specified in the Third Schedule?

A taxpayer who imports equipment that is not eligible for VAT deferment shall pay import VAT despite the TPIN having been configured for VAT deferment on Asycuda World and will claim back the input tax through a tax return.

