



# 2026

## BUDGET HIGHLIGHTS

Overview of Tax Changes



**Consolidating Economic and Social  
Gains Towards a Prosperous,  
Resilient and Equitable Zambia**

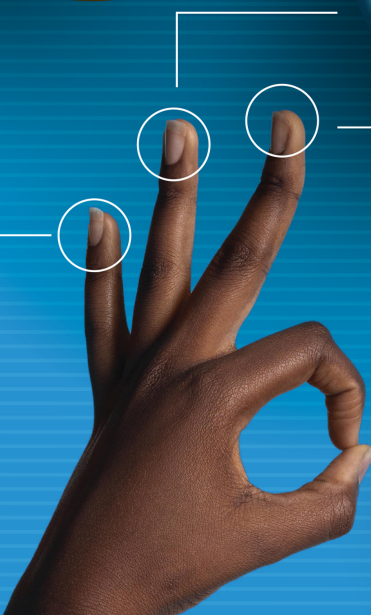


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**TABLE OF CONTENT**

**INTRODUCTION..... 2**

**1.0. INCOME TAX MEASURES ..... 3**

    1.1. REVENUE CONCESSION MEASURES..... 3

    1.2. COMPENSATING MEASURES ..... 5

    1.3. HOUSEKEEPING MEASURES ..... 5

**2.0. VALUE ADDED TAX MEASURES ..... 9**

    2.1. REVENUE CONCESSION MEASURES..... 9

    2.2. HOUSEKEEPING MEASURES ..... 9

**3.0. MOBILE MONEY TRANSACTION LEVY ACT ..... 10**

    3.1. REVENUE MEASURE ..... 10

    3.2. HOUSEKEEPING MEASURES ..... 10

**4.0 CUSTOMS AND EXCISE MEASURES ..... 11**

    4.1 REVENUE CONCESSION MEASURES..... 11

    4.2 COMPENSATING MEASURES ..... 12

    4.3 HOUSEKEEPING MEASURES ..... 13

**5.0 CROSS-CUTTING MEASURES ..... 17**

    5.1 EXTEND ENERGY PRIORITY SECTOR INCENTIVES TO TRANSMISSION AND  
    DISTRIBUTION OF ELECTRICITY..... 17

## INTRODUCTION

The Minister of Finance and National Planning, Honourable Dr. Situmbeko Musokotwane, MP, announced the National Budget for the fiscal year 1<sup>st</sup> January, 2026 to 31<sup>st</sup> December, 2026. In his National Budget Address, the Honourable Minister announced some measures aimed at updating, strengthening and removing ambiguities in certain provisions of the tax and other relevant laws and making tax administration more effective. It is for this reason that I have the honour to present to you our taxpayers and stakeholders, a summary of the amendments to tax legislation and other important information that will affect tax administration in 2026.

Esteemed taxpayers and members of the public, this publication is intended to provide a concise overview to highlight key measures announced in the Budget and focuses on key changes to be driven by new legislations through; amendment Acts, Statutory Instruments, and Commissioner General's Administrative Rules. The changes contained in the Address some of which will require approval by Parliament, while others take effect as pronounced by the Minister, will impact revenue generation, expenditure allocations, and overall economic policy. Hence the need to familiarise ourselves with these changes.

For comprehensive details, refer to the published legislations and for additional details on matters highlighted in this publication and other useful tax information, please visit the ZRA website at ([www.zra.org.zm](http://www.zra.org.zm)). You may also contact our Call Centre on 4111.



**Dingani Banda**  
**COMMISSIONER GENERAL**

## **1.0. INCOME TAX MEASURES**

### **1.1. REVENUE CONCESSION MEASURES**

#### **1.1.2 Extend the 2 percent local content allowance to income earned from value addition to milk, raw hides and skins.**

This measure is aimed at extending local content allowance to milk, raw hides and skins, to encourage value addition in the leather and dairy sub-sectors.

Currently, there is a 2 percent local content allowance on income earned from value addition to tomatoes, pineapples, cassava, mango, sorghum, and millet.

#### **1.1.3 Remove carry forward time limitation of disallowed interest under section 29(4) of the Income Tax Act.**

This measure seeks to remove the current time limitation that restricts businesses from carrying forward disallowed interest expenses beyond the stated periods.

Currently, there is a time limitation of 10 years for the mining and electricity generation sectors and 5 years for all other sectors, on the excess interest expense that a business can deduct subject to the carry forward time limitation. The amount of interest expenses that is allowed for deduction is capped at 30 percent of the business' Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA).

#### **1.1.4 Increase the Turnover Tax and Rental Income Tax exempt threshold to K2,500 from K1,000 per month.**

This measure seeks to raise the tax-exempt threshold which is currently at K1,000 per month, to provide relief to small businesses and low-income earners. This adjustment would not only lessen the tax burden on the most vulnerable businesses but also stimulate economic activities in the informal sector.

#### **1.1.5 Increase the turnover threshold for Artisanal and Small-Scale mining from K800,000 to K5,000,000 to align with the standard Turnover Tax threshold.**

This measure intends to align the Artisanal and Small-Scale mining turnover threshold with the standard Turnover Tax threshold to simplify and enhance compliance in the sector.

Currently, a person under Artisanal or Small-Scale mining with annual turnover of K800,000 and below pays a presumptive tax at 4 percent of the turnover less the mineral royalty paid while the Turnover Tax annual turnover threshold is at K5,000,000.

**1.1.6 Reduce the penalty for late Turnover Tax payment to 0.5 percent from 5 percent per month or part thereof.**

The measure is intended to reduce the late payment penalty to 0.5 percent for businesses on Turnover Tax to encourage voluntary compliance.

Currently, the penalty for late payment of Turnover Tax is 5 percent of the unpaid tax per month or part thereof.

**1.1.7 Increase the allowable income tax deduction for companies that employ Persons with Disabilities to K2,500 from K2,000 per annum.**

This measure is intended to increase the tax rebate to encourage more businesses to employ persons with disabilities.

Currently, an employer who employs a person with a disability on a full-time basis is entitled to an allowance of K2,000 per employee as a credit against the employer's taxable income.

**1.1.8 Income Tax concessions for Railway sub-sector Public-Private Partnership**

Amend the Income Tax Act to provide for the fiscal regime for the Public Private Partnership for the rehabilitation, renovation, operation, maintenance, management, and financing of the TAZARA Special Purpose Vehicle (SPV).

*Table 1: Income Tax Concessions for the Railway Sector*

S/No	Measure	Period	Proposed Rate (%)
1.	Reduce the Corporate Income Tax rate from 30 percent of the SPV during the operation period as follows:	Year 1 to 5	0
		Year 6 to 15	10
		Year 16 to 25	12
		Year 26 to 28	30
2.	Exemption from the Minimum Alternative Tax for the first 12 years of operation;		
3.	Deductibility of losses incurred in a charge year to 70 percent from the current 50 percent of income tax from the same source.		
4.	Increase the carry forward period of losses from the current 5 years to 12 years		
5.	Increase the capping on interest deduction from 30 percent to 70 percent of EBITDA		
6.	Increase the carry forward period of disallowed interest from the current 5 years from 12 years, subject to Section 29(4) of Income Tax Act.		

## **1.2. COMPENSATING MEASURES**

### **1.2.1 Exclude public service vehicles with seating capacity of 50 and above from Presumptive Tax and subject the income earned to Turnover Tax or Corporate Income Tax.**

This measure seeks to subject income earned from buses of seating capacity above 50, used for the carriage of persons to Corporate Income Tax, if the annual turnover is above K5 million per year, or Turnover Tax, where the annual turnover is K5 million or less.

### **1.2.2 Extend the charging of Advance Income Tax (AIT) on foreign remittances above US\$2,000, to other financial institutions and platforms.**

This measure is intended to extend the requirement of AIT on remittance to other financial institutions and remittance platforms.

Currently, any person sending funds outside Zambia exceeding US\$2,000 through the bank is required to avail a valid Tax Clearance Certificate. Failure to provide a valid Tax Clearance Certificate attracts a 15 percent Withholding Tax. This, however, does not apply when sending money through non-bank platforms.

## **1.3. HOUSEKEEPING MEASURES**

### **1.3.1 Remove the reference to the Mines and Minerals Development Act, 2015 in the Income Tax Act and replace with “Minerals Regulation Commission Act, 2024”, wherever the reference is made.**

This measure seeks to update the Income Tax Act by removing reference to the repealed Mines and Minerals Development Act, 2015 wherever it appears, and replacing with the Minerals Regulation Commission Act 2024.

### **1.3.2 Allow mineral processing businesses to keep books of accounts in US dollars.**

This measure seeks to extend the option to maintain books of accounts in US dollars to businesses engaged in mineral processing.

Currently, a person carrying out any mining operations and earning not less than 75 percent of income in form of foreign exchange from outside Zambia, may elect to keep books of accounts in US dollars of all transactions relating to, connected with, or incidental to mining operations.

### **1.3.3 Allow taxpayers on voluntary VAT registration scheme to register for Turnover Tax.**

This measure seeks to allow taxpayers on voluntary VAT registration scheme to register for Turnover Tax following the increase of Turnover Tax threshold to K5 million in 2025, which allows a person to be on both Turnover Tax and VAT.

Under the current law, persons on voluntary VAT are required to be registered for Income Tax, even if they fall below the Income Tax registration threshold.

**1.3.4 Align the legal framework governing disclosure of information received pursuant to Exchange of Information Agreements, with the international standards in Section 74 of the Income Tax Act.**

This measure seeks to strengthen the provisions of Section 74 of the Income Tax Act to treat information received under Exchange of Information agreements as secret and restricting its disclosure to the precise conditions set out in each treaty.

**1.3.5 Remove penalties chargeable on a taxpayer that has made a voluntary disclosure to the Zambia Revenue Authority.**

This measure aims to remove the penalties chargeable on a taxpayer that has made voluntary disclosure of errors or omissions.

This will act as an incentive to encourage voluntary disclosure. Currently, there is no provision to encourage taxpayers to voluntarily disclose errors or omissions.

**1.3.6 Introduce an Anti-Fragmentation Rule that treats all related business activities carried out at one or more fixed locations in Zambia, as a single permanent establishment, whenever their combined functions go beyond mere preparatory or auxiliary tasks.**

This measure introduces an Anti-Fragmentation Rule that treats all related business activities carried out at one or more fixed locations in Zambia as a single permanent establishment, whenever their combined functions go beyond mere preparatory or auxiliary tasks. This will align the domestic law with OECD BEPS Action 7, which specifically targets artificial avoidance of permanent establishment status through fragmentation and dependent-agent schemes, and strengthens the Country's ability to curb base erosion, and upholds internationally agreed standards for fair and effective cross-border taxation.

**1.3.7 Replace reference to subsection (7) with subsection (6) in Section 84(7) of the Income Tax Act.**

This measure intends to remove the ambiguity and make it clear that agents who fail to remit on time will clearly face the intended 1.0 percent monthly penalty.

Currently, subsection (7) of section 84 mistakenly refers to the same subsection instead of subsection (6), which sets out when an appointed agent must remit withheld tax.

**1.3.8 Exempt Private Funds from Income Tax.**

The measure seeks to exempt income earned and retained by a private fund from Corporate Income Tax.



Currently, income of a private fund is exempt to the extent to which it is distributed to participants in the private fund.

**1.3.9 Broaden the Definition of “Commodity Royalty” to include financing arrangements where no purchase price has been made to a resident company or where the payment of dividends to shareholders has been recharacterised as a Commodity Royalty.**

This measure intends to broaden the scope of Commodity Royalties to include financing arrangements where no payment of purchase price has been made. Currently, for a payment to qualify as a commodity royalty, the financing arrangement should include a purchase price which, is an amount advanced in return for the future payment of commodity royalty.

**1.3.10 Remove the term limit of tax collection agency contracts.**

The measure intends to remove the two-term limit of tax collection agency contracts of appointed tax agents. This will facilitate uninterrupted tax collection services at the local level.

The current provision limits the appointment of tax collection agents to a maximum of two terms, each lasting two years, capping service to four years.

**1.3.11 Limit the types of surrender or forfeiture that are exempt for Property Transfer Tax purposes.**

This measure intends to curb avoidance of Property Transfer Tax to preserve the tax base.

Currently, Section 6(1)(h) of the Property Transfer Tax Act exempts any share “surrender or forfeiture, where there is no consideration.

**1.3.12 Extend the relief applicable to group reorganisation under Section 5(2)(A) of the Property Transfer Tax Act to cases that result in change of shareholding with respect to a company incorporated in Zambia, where companies involved in the transfer have been part of the group for three years or more, preceding the transfer.**

The measure is intended to provide for use of nil realised value where the transfer of shares for the purpose of group reorganisation, will result in change of shareholding in a company incorporated in Zambia provided companies involved in the transfer have been part of the group for three years or more, preceding the transfer.

Currently, a nil value may be determined for Property Transfer Tax purposes where a transfer of shares is made in a company incorporated outside Zambia, for the purposes of group reorganisation, when;

a). there is no change in shareholding with respect to the company resident in Zambia; and

b). the companies involved in the transfer have been part of the group for three years or more preceding the transfer.

**1.3.13 Amend the Registration of Business Names Act to make it compliant with the Global Forum's recommendation.**

This measure is intended to provide disclosure of beneficial ownership information under the registration of Business Names Act. This will enable Zambia meet the international standards on regarding disclosure of beneficial ownership as recommended by the Global Forum on Transparency and Exchange of Information for Tax Purposes.

## **2.0. VALUE ADDED TAX MEASURES**

### **2.1. REVENUE CONCESSION MEASURES**

#### **2.1.1 Increase the intending trader period to 10 years from 7 years for hydro-electricity generation for VAT purposes.**

This measure aims to extend the intending trader period to 10 years from 7 years, for businesses under the hydro-electricity subsector so as to attract more investment in the sector. Eligible businesses will be allowed to claim VAT on inputs for up to 10 years.

Currently, the intending trader period for hydro-electricity is 7 years

#### **2.1.2 Zero rate the supply of mains water.**

This measure intends to zero rate mains water supply by water utility companies. This will allow the water utility companies to claim attributable input VAT, hence reducing their operating costs.

Currently, mains water supply services are VAT exempt, meaning utility companies can neither charge VAT on their services nor claim VAT paid on inputs such as chemicals, pipes, energy or technical services.

#### **2.1.3 Zero rate supplies to Government projects funded through loans.**

The measure intends to zero rate supplies of the government projects funded through loans which will ease government cashflow.

Currently, supplies to donor funded government projects are zero rated for VAT purposes while supplies to loan funded government projects are standard rated.

### **2.2. HOUSEKEEPING MEASURES**

#### **2.2.1 Amend Regulation 12 of the VAT regulation by inserting the word “taxable” before the word “supplier”.**

This measure seeks to insert the word “taxable” before “supplier.”

#### **2.2.2 Amend Section 19 of the VAT Act to provide for remission of irrecoverable debt by the Minister responsible for Finance, on recommendation by the Commissioner General under specific conditions.**

This measure seeks to introduce new subsections (1A) and (1B) to Section 19 to equip the Minister responsible for Finance with documentary support from the Commissioner-General to waive or reduce principal tax in clearly defined circumstances such as the taxpayer’s insolvency, death without sufficient estate, prolonged dormancy of ten years, pre-privatization liabilities or nominal debts whose collection costs exceed their value.

### 3.0. MOBILE MONEY TRANSACTION LEVY ACT

#### 3.1 REVENUE MEASURE

##### 3.1.1 Amend Section 5(1) of the Mobile Money Levy Act to adjust mobile money levy rates as follows;

Amount Range	Current Mobile Money Levy (K)	Proposed Mobile Money Levy (K)	Proposed Change or increase
Between K1 to K150	0.16	0.32	0.16
Above K150 to K300	0.20	0.40	0.20
Above K300 to K500	0.40	0.80	0.40
Above K500 to K1,000	1.00	2.00	1.00
Above K1,000 to K3,000	1.60	4.00	2.40
Above K3,000 to K5,000	2.00	7.50	5.50
Above K5,000 to K10,000	3.00	8.00	5.00

This measure is intended to raise revenue for government

#### 3.2 HOUSEKEEPING MEASURES

##### 3.2.1 Clarify that Person-to-Person Transfer includes a transfer of electronic money from one person to another or to the same person.

Currently, the definition under section 2 of the Mobile Money Transaction Levy Act of Person-to-Person transfer is that “Person-to-person transfer” means a transfer of electronic money from one person to another person. This definition implies that in an instance where the initiator of the transaction was both the sender and recipient of the electronic money, the levy would not be applied. Thus, this measure seeks to clearly define person-to-person transaction in relation to mobile money levy and ensure that electronic money transfers to and from the same person are not excluded from the collection of Mobile Money Levy.

## **4.0 CUSTOMS AND EXCISE MEASURES**

### **4.1 REVENUE CONCESSION MEASURES**

#### **4.1.1 Remove the 5 percent Selected Goods Surtax (SGS) on float glass.**

This measure is intended to reduce the cost of float glass and thereby promote local construction sectors.

#### **4.1.2 Remove the 5 percent Selected Goods Surtax (SGS) applicable on flat-rolled products of iron or non-alloy steel, painted, varnished, or coated with plastics (HS Code 7210.70.00).**

The measure is intended to lower input costs, enhance manufacturing efficiency and sustain jobs.

#### **4.1.3 Remove Customs Duty on Complete Knock Down Components for the assembly of motor vehicles, including tipper trucks, electric vehicles (EVs), tricycles, truck trailers, and tractors.**

This measure is intended to encourage the assembly of motor vehicles and foster growth in Zambia's automotive industry.

#### **4.1.4 Remove the 15 percent Customs Duty on milk pasteurisation machinery of HS code 8419.19.00.**

The measure is intended to reduce the cost of machinery and encourage further investments in the dairy sector.

#### **4.1.5 Reduce Excise Duty to 15 percent from 30 percent on new Hybrid Motor Vehicles of HS Heading 8703.**

This measure is aimed at promoting the use of environmentally friendly vehicles in line with the Government Policy of reducing emission of greenhouse gases.

#### **4.1.6 Introduce Specific Duties on second hand Hybrid Motor Vehicles in order to align the treatment with the second-hand petroleum propelled vehicles.**

The measure intends to harmonise the treatment of all second-hand motor vehicles and thereby make these environmentally friendly vehicles affordable. Second hand hybrid vehicles currently pay Duties based on Ad valorem rates.

## **4.2 COMPENSATING MEASURES**

### **4.2.1 Introduce Customs Duty at the rate of 25 percent on selected steel products under HS Codes 7213, 7214, 7215, and 7228.**

The measure is intended to support, and strengthen local manufacturers, enabling them to increase production and promote local value addition.

### **4.2.2 Increase the Customs Duty rate to 40 percent from 25 percent on processed meat products of Bovine, Sheep, Goats, Horses, Mules, and Edible Offal of Bovine and other Animals, Pig and Poultry Fat, Meat and Edible Meat Offal, Salted, Dried, or Smoked, and Flours, Meals and Pellets of Meat or Meat Offal.**

The measure is intended to harmonise the Customs Duty rate on all meat products and promote domestic producers and local value addition.

### **4.2.3 Increase and harmonise the Customs Duty rate on float glass to 25 percent from 5 percent and 15 percent.**

The measure seeks to harmonise the Customs Duty rate at 25 percent on float glass under HS Codes 7005.10.00, 7005.21.00, and 7005.29.00, thereby creating a uniform tariff regime for float glass products.

### **4.2.4 Increase Customs Duty on powdered milk of heading 04.02 imported for further processing from 15 percent to 25 percent and harmonise Selected Goods Surtax on imported milk and cream.**

The measure is intended to promote local value addition and reduce dependency on imported dairy products.

### **4.2.5 Increase Customs Duty on powdered milk imported for resale to 40 percent from 25 percent.**

This measure intends to enhance local production of long-life milk and yoghurt, thereby creating employment and contributing to economic growth.

### **4.2.6 Increase Customs Duty on Cheese of heading 04.06 to 40 percent from 25 percent.**

The measure is intended to promote local value addition to dairy products and reduce dependency on imported dairy products.

### **4.2.7 Increase Customs Duty on yoghurt of heading 04.03 and long-life milk of heading 04.01 to 40 percent from 25 percent.**

The measure is aimed at increasing local production and promote local value addition.

#### **4.2.8 Increase the Excise Duty on Single-Use Plastics to 100 percent from 30 percent.**

The measure aims to discourage the use of single-use plastics and motivate consumers and businesses to shift towards environmentally friendly alternatives such as reusable bags, biodegradable packaging, and paper-based substitutes.

#### **4.2.9 Introduce, increase, and harmonise the Selected Goods Surtax on selected locally available goods as follows;**

S/No	Goods Description	HS Code	Current Rate (%)	Proposed Rate (%)
1.	Selected steel products	7213, 7214, 7215, and 7228	5 & 10	20
2.	Flexible PVC hoses	39.17	N/A	20
3.	Carbon Dioxide	2811.2110 and 2811.2190	N/A	10
4.	Polyester Fibre	5503.20.00	N/A	10
5.	Mechanically deboned meat	0201,0202,0203 and 0204	10	20

### **4.3 HOUSEKEEPING MEASURES**

#### **4.3.1 Clarify that machinery and equipment required in mining and exploration are Customs Duty exempt.**

This measure is aimed at providing clarity on the provisions of Regulation 96 of the Customs and Excise (General) Regulations of 2000, that Customs Duty exemption is on machinery, equipment and other goods used in geothermal, oil and gas exploration.

#### **4.3.2 Provide for Customs conversion of foreign-currency amounts at the daily spot exchange rate published by the Bank of Zambia.**

Currently, the Zambia Revenue Authority applies an exchange rate fixed every two weeks, determined as the median of commercial bank rates, and applies it for all customs valuations during that period. The measure therefore, intends to require the use of the Bank of Zambia daily spot exchange rate for all customs foreign-currency conversions.

#### **4.3.3 Provide for a 30-day period within which an assessment of Domestic Excise Duty can be objected or subjected to review by the Commissioner-General.**

This measure will compel timely settlement of challenged assessments and provide taxpayers with clear timeline for objection, which is consistent across all indirect tax regimes.

Currently, under the Customs and Excise Act, there is no statutory deadline for lodging objections to domestic Excise Duty assessments, undermining the predictability of the dispute-resolution process.

**4.3.4 Reduce the number of days to 3 from 5 within which a payment has to be made after assessment under Regulation 31 of the Customs and Excise (General) Regulations, 2000.**

This measure aligns the number of days within which payment has to be made after assessment in the Regulations with the Act, thereby removing ambiguity.

**4.3.5 Provide for special disposal of goods that maybe considered to be perishable or dangerous in nature by the Commissioner General.**

Currently, the Customs and Excise Act provides for the disposal of goods after formally being forfeited to the State regardless of the goods being perishable or dangerous. Therefore, this measure will provide for disposal of perishable or dangerous goods in order to avoid wastage of the goods or the risk of a hazard occurring from keeping the goods during the forfeiture period or the period of concluding an appeal or investigation.

**4.3.6 Provide clear procedural guidance for effecting the arrest of individuals suspected of committing offences under the Act.**

This measure is necessary to ensure legal certainty, enhance procedural transparency, and strengthen enforcement under the Customs and Excise Act by aligning it with established arrest and warrant procedures. The current provisions in the Customs and Excise Act lack clarity in relation to the officer's authority and the procedure to be followed when a suspected offence arises.

**4.3.7 Empower the Commissioner General to restrict disposal of taxpayers' property and bank accounts for.**

Currently, restrictions on taxpayers' bank accounts and assets rely on external agencies like the Drug Enforcement Commission, for seizure requests and the Financial Intelligence Centre, for account freezes resulting in substantial delays and a fragmented enforcement framework. This provision is intended to provide the Commissioner-General with power to issue "Restraining Notices".

**4.3.8 Empower the Commissioner General to suspend or withhold any tax refunds due to a taxpayer who is under investigation for a suspected offence under any Tax Act.**

This measure will ensure that funds legitimately subject to recovery remain secure until investigations conclude.

Currently, taxpayers under investigation can still receive refunds which they may then dissipate before any adverse finding, creating a loophole that undermines both revenue protection and the integrity of criminal inquiries.



#### **4.3.9 Permit the Zambia Revenue Authority to submit records of unresolved tax liabilities to the Credit Reference Bureau**

This measure will amend the secrecy clauses to allow targeted disclosure of unresolved tax debts to Credit Reference Bureau. This will allow ZRA to share non-compliance details with private credit information Bureaus.

#### **4.3.10 Allow use of the Mineral Valuation Certificate issued under the Minerals Regulation Commission Act, 2024 as an alternative basis for determining the Free-On-Board (FOB) value of exported minerals.**

This measure intends to harmonise Customs valuation with the Minerals Regulation framework in the valuation of minerals.

While the Minerals Regulation Commission Act, 2024 which repealed and replaced the Mines and Minerals Development Act, 2015 introduced the Mineral Valuation Certificate as the official mechanism for valuing mineral exports, Section 88C of the Customs and Excise Act mandates only transaction-based FOB pricing.

#### **4.3.11 Require valid Tax Clearance Certificate for all Customs Incentives**

This measure provides for requirement of valid Tax Clearance Certificate as a precondition for accessing Customs and Excise incentives. This will ensure that only compliant taxpayers access Customs Duty reliefs and rebates.

#### **4.3.12 Harmonise pre-clearance requirements with regards to time limit.**

The measure is aimed at harmonising the legal provisions for pre-clearance.

Currently, the Customs and Excise Act provides for preclearance to be made 5 days prior to importation, which provision was abolished in the 2025 National Budget.

#### **4.3.13 Include Saturdays, Sundays and public holidays when counting calendar days with regard to assessment notices.**

This measure is intended to align the Regulation with the Act.

Currently, the Customs and Excise Regulations require that duty assessed on imported goods be paid within three days of service of the assessment notice excluding Saturdays, Sundays, and public holidays. The exclusion provision in the Regulation contradicts the provisions of the Act.

**4.3.14 Remove the exclusion of Saturdays, Sundays and public holidays in the counting of 3 days in which additional Duty should be paid after issuance of assessment notice.**

The measure intends to remove the exclusion of weekends and public holidays in counting of days in which additional Duty should be paid so as to harmonise the Regulation with the Customs and Excise Act.

The current provision under Regulation 19 of SI 54 of 2000, requires importers declared liable for additional Duty to settle that charge within three working days of receiving the assessment notice, excluding weekends and public holidays.

**4.3.15 Explicitly provide for non-collection of fees on the issuance of an electronic Certificate of Origin.**

This measure seeks to exempt the electronic Certificate of Origin from payment of the fee.

Currently, Regulation 69AF requires importers and exporters to pay a prescribed fee of 25 fee units (K10) for each manual Certificate of Origin.

**4.3.16 Provide for the annual renewal of the red book issued for motor vehicles imported under these provisions.**

This measure is intended to improve compliance with motor vehicles that are imported on a rebate.

**4.3.17 Explicitly require Ad valorem assessment on new motor vehicles when finally cleared for home consumption after temporary importation; and introduce a five-year restriction on re-importation of the same vehicle under temporary admission.**

The current framework allows temporary importation of vehicles with minimal advance charges but does not prescribe how duties should apply when they are finally cleared. This creates uncertainty and opportunities for abuse, including clearing new vehicles at lower specific rates or avoiding duty altogether. This measure seeks to align the current provision with the Customs Tariff and ensures that new vehicles pay duties proportionate to their value, maintaining fairness with ordinary imports.

**4.3.18 Provide for a break of not more than six (6) months in the four-year period under the Returning Resident tax incentive in instances where a Zambian citizen comes back to Zambia for a holiday or for any purpose.**

The measure is intended to provide for an allowance for a temporary visit of not more than 6 months without losing eligibility for Duty rebate.

Currently, the Customs and Excise (General) Regulations provides for a remission of Duty on household and personal effects goods, including one motor vehicle per household imported by a new resident who has been resident outside Zambia for a period of not less

than four years before the date of arrival in or return to Zambia. However, Zambian citizens who qualify for the four-year returning resident tax incentive lose that benefit the moment they return home even if it's just for a short holiday because there's no allowance for a temporary visit.

#### **4.3.19 Provide for a definition of used high-performance Motor Bikes.**

The measure is intended to define “used high performance motor cycle” as any previously registered motorcycle with at least a 1,000-cc engine and 200 hp, and apply a more appropriate Duty level to the luxury-grade machines. This distinction will ensure that high-value imports are taxed differently.

Currently, all used motorcycles whether basic commuter bikes or high-performance “superbikes”, attract the same duty without regarding value, engine size, and intended use.

#### **4.3.20 Provide for the inclusion of government fees due on any imported goods that are carried by the customs carrier to be secured by a bond/guarantee.**

The measure is intended to secure government fees through a bond or guarantee to ensure that government revenue is safeguarded.

Currently, government fees that are collected on behalf of other government agencies are not secured by a bond. The collection of these fees has been a challenge in instances where the principal defaults and is not traceable.

#### **4.3.21 Provide for the inclusion of government fees due on any imported goods that are subsequently warehoused in the bonded warehouse to be secured by a bond/guarantee.**

This measure is intended to safeguard government revenue by ensuring that all government fees associated with warehoused goods are backed by a bond or guarantee, thereby minimising the risk of non-payment, protecting government revenue, and strengthening compliance with statutory obligations.

### **5.0 CROSS-CUTTING MEASURES**

#### **5.1 EXTEND ENERGY PRIORITY SECTOR INCENTIVES TO TRANSMISSION AND DISTRIBUTION OF ELECTRICITY.**

The measure intends to extend the relief to projects for electricity transmission and distribution.

Currently, the Investment, Trade and Business Development (Priority Sector declaration) order, Statutory Instrument No. 47 of 2023 lists electricity generation as a priority sector, and as such, provides customs duty relief on machinery and equipment required for installing power stations. However, the relief does not extend to transmission and distribution of electricity.

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