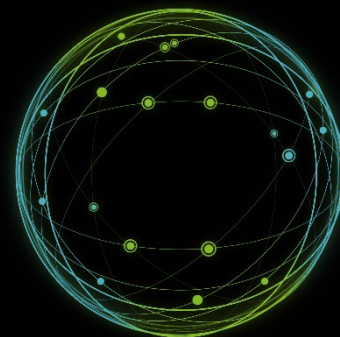


International Tax Zambia Highlights 2026

Updated April 2026



Investment basics

Currency: Zambian Kwacha (ZMW)

Foreign exchange control: There are no foreign exchange controls.

Accounting principles/financial statements: IFRS applies. The Companies Act No. 10 of 2017 also provides for company accounting regulations.

Principal business entities: There are broadly two types of companies that can be incorporated in Zambia: private limited companies and public limited companies. The types of private limited companies that can be incorporated in Zambia include a company limited by shares, a company limited by guarantee, and an unlimited private company. A foreign company can register a subsidiary or a branch in Zambia.

Corporate taxation

Rates	
Corporate income tax rate	30%
Branch tax rate	30%, plus 20% branch remittance tax
Capital gains tax rate	There is no capital gains tax

Residence: A company is resident in Zambia in a tax year if it is incorporated or formed under the laws of Zambia, or if its place of effective management is in Zambia during the tax year.

Basis: Zambia operates a source-based system of taxation. Every person (including a corporate body) receiving income from a source within, or deemed to be within, Zambia is liable to income tax in Zambia on that income.

Foreign dividends or interest earned by a Zambian resident are deemed to be sourced in Zambia and, accordingly, subject to income tax in Zambia.

There is no major difference between the taxation of a subsidiary and a branch under domestic law.

Taxable income: Taxable income includes gains or profits from any business; dividends; interest, charges, and discounts; royalties; premiums and any similar consideration for the use or occupation of any property; and income from letting property.

Expenses that are incurred wholly and exclusively for purposes of a business and that are revenue in nature may be deducted when ascertaining taxable income. An employer is granted an annual tax deduction of ZMW 2,500 for each individual with a disability employed in their business.

Capital expenditure is not deductible when calculating taxable income. However, relief in the form of capital allowances is available on an asset-by-asset basis at straight-line rates (i.e., 25% on equipment, plant, machinery, and commercial vehicles; 20% on non-commercial vehicles; and 2% and 5% on commercial and industrial buildings, respectively).

Expenses that cannot be deducted include losses that are recoverable under an insurance contract or indemnity, contingent employee costs, the cost of providing non-cash benefits to employees, expenses on gifts, and incidental costs of obtaining finance, among others.

Rate

General

The standard corporate income tax rate is 30% for both companies and branches of foreign companies. A 5% turnover tax applies to businesses with annual turnover above ZMW 30,000 and up to ZMW 5 million, instead of corporate income tax. Special rates apply to the following sectors/entities:

- Electronic communications businesses: 35%;
- Companies listed on the Lusaka Securities Exchange (LuSE): 30% (2% discount in the first year of listing, plus an additional 5% discount for as long as one-third of the shares are owned by indigenous Zambians);
- Lapidary and jewelry facilities (value addition to gemstones): 25%;
- Manufacturing of products using copper cathodes: 20%;
- Export of non-traditional products (excluding the export of minerals, electricity, services, and cotton lint exported without an export permit from the Ministry of Commerce, Trade and Industry): 20%;
- Annual rental income:
 - Up to ZMW 30,000: 0%;
 - ZMW 30,001 to ZMW 800,000: 4%; and
 - Over ZMW 800,000: 16%;
- Profits from a business run by any approved public benefit organization: 15%;
- Manufacturing of chemical or organic fertilizer: 15%;
- Advance income tax (on imports, exports, and outward remittances above USD 2,000 or ZMW equivalent by taxpayers without valid tax clearance certificates): 15%;
- Farming, agro-processing, and non-traditional exports from farming and agro-processing: 10%;
- Gig economy: 5% on gross turnover up to ZMW 5 million;
- Artisanal and small-scale mining: 4% on gross turnover up to ZMW 800,000 less mineral royalty tax paid;
- Cotton spinning and weaving of thread: 0% for the first 10 years of operations;
- Cotton seed production or cotton ginning: 0% for the first five years of operations; and
- Rural enterprises: Tax reduced by one-fifth for the first five years of operations.

Surtax

There is no surtax.

Alternative minimum tax

A minimum alternative tax (MAT) of 1% of total turnover applies, regardless of whether the taxpayer is loss-making. The MAT paid is creditable against future income tax liabilities for up to five years, following which the unused MAT is forfeited. However, regulations for the administration, assessment, collection, and recovery of the MAT have not yet been published by the Minister of Finance and National Planning.

Global minimum tax (Pillar Two)

Zambia is finalizing its assessment of options to implement rules that generally are in line with the global anti-base erosion (GloBE) or “Pillar Two” model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise (MNE) groups with annual consolidated revenue of at least EUR 750 million.

Taxation of dividends: Dividend income is taxable as regular income at the rate of 30%, except where the dividend was subjected to withholding tax at source in Zambia, in which case the tax suffered at source is the final tax. See also “Dividends” under “Withholding tax,” below.

Capital gains: There is no capital gains tax regime (but see “Transfer tax” under “Other taxes on corporations and individuals,” below).

Losses: Tax losses may be carried forward for five years. In the case of mining operations and electricity generation, losses may be carried forward for 10 years.

A loss incurred by a person in a tax year from a particular source may be deducted from 50% of that person’s taxable income from the same source. If the loss exceeds 50%, the excess may be deducted from 50% of the income from the same source in the following tax year.

Foreign tax relief: Zambia grants a unilateral foreign tax credit where there is no tax treaty with the jurisdiction from which the foreign income is derived. The credit is limited to the portion of Zambian income tax that is attributable to the foreign-source income. Where there is a tax treaty with the jurisdiction from which the foreign income is derived, the treaty rates generally apply.

Participation exemption: Dividends received by individuals on shares in companies listed on the LuSE are tax exempt. There are no other participation exemptions.

Holding company regime: There is no holding company regime.

Incentives: Pursuant to the Investment, Trade and Business Development Act, investors approved and issued with investment licenses by the Zambia Development Agency and that invest in a new project or expansion project in a special economic zone, priority sector, rural area, or farm block are entitled to the following tax incentives:

- Income earned from exports by a business enterprise carrying on manufacturing activities in a multi-facility economic zone or an industrial park is taxed as follows:
 - 0% on income earned in the first 10 years of operations;
 - Applicable rate reduced by 50% from year 11 through year 13; and
 - Applicable rate reduced by 25% in years 14 and 15.
- Income earned by an agro-processing business carrying on manufacturing and processing of cornstarch in a multi-facility economic zone or an industrial park is taxed as follows:
 - 0% of the standard income tax rate through tax year 2032;
 - 50% of the standard income tax rate from tax year 2033 through tax year 2035; and
 - 75% of the standard income tax rate in tax years 2036 and 2037.
- Developers of special economic zones may claim wear and tear on a straightline basis at an accelerated rate, not to exceed 100%, with respect to any new implement, plant, or machinery acquired and used by their business for purposes of that business.
- A 0% withholding tax applies to dividends paid by a company operating in a multi-facility economic zone or industrial park on profits from exports.
- A 0% withholding tax applies through 2032 to dividends paid by an agro-processing business carrying on manufacturing and processing of cornstarch in a multi-facility economic zone or industrial park.

- A 0% import duty applies for five years to investments of at least USD 500,000 in machinery and equipment, other than spare parts, for use in manufacturing activities in multi-facility economic zones, industrial parks, rural areas, and priority sectors.
- A 0% import duty applies to machinery and equipment and other goods required for the development of a multi-facility economic zone or an industrial park.
- Goods or services supplied to or imported by a developer for the purposes of developing infrastructure in a multi-facility economic zone or industrial park are zero-rated for VAT purposes.

The current priority sectors are manufacturing, construction and establishment of infrastructure, energy and water development, and water supply.

The following tax incentives are available to public-private partnership (PPP) projects approved under the Public-Private Partnership Act, 2023:

- A 15% tax rate on the income received by a special purpose vehicle (SPV) undertaking a PPP project for the first five years that the project makes a profit.
- Wear and tear of any new implement, plant, or machinery acquired and used by the SPV for purposes of the PPP project may be claimed on a straightline basis at an accelerated rate, not to exceed 100%.
- Machinery and equipment imported for use under a PPP project is exempt from duty in accordance with the Customs and Excise (General) Regulations, 2000.
- Machinery and equipment imported for use in a PPP project where duty is waived under the Customs and Excise (General) Regulations, 2000, is exempt from VAT, subject to the same limitations and conditions as may be specified therein.

The following tax incentives are available to SPVs in the railway sector for the first 12 years of a PPP project's operations:

- Exemption from MAT for the first 12 years of operations;
- Deductibility of losses incurred in a tax year increased from 50% to 70% of income tax from the same source;
- Loss carryforward period increased from five years to 12 years;
- Interest deduction cap increased from 30% to 70% of EBITDA (earnings before interest, taxes, depreciation, and amortization); and
- Reduction of the corporate income tax rate applicable to the SPV during the operational period, as follows:
 - Years 1 through 5: 0%;
 - Years 6 through 15: 10%;
 - Years 16 through 25: 12%; and
 - Years 26 through 28: 30%.

Compliance for corporations

Tax year: The tax year is the calendar year.

Consolidated returns: Consolidated returns are not permitted. Each company must file a separate return.

Filing and payment: Corporate taxpayers are required to make quarterly advance (provisional) payments of tax during the tax year on account of their estimated tax liability. The provisional tax payments are due on a current year basis on 10 April, 10 July, and 10 October of the current tax year, and 10 January of the following tax year. Final income tax returns are due by 21 June of the year following the tax year, with the balance of tax paid at the time the return is filed.

Penalties: A penalty equal to 25% of the underpaid tax liability for the tax year is imposed if less than two-thirds of the total liability is paid as provisional tax. Late payments of provisional tax attract interest at 2% above the Bank of Zambia discount rate. In addition, all late payments (provisional or final) are subject to a penalty of 5% of the tax due per month or part thereof. The penalty for late filing of a return is ZMW 800 per month or part thereof that the return is late or remains outstanding.

The penalties for negligence, willful default, and fraud for businesses subject to corporate income tax are, respectively, 17.5%, 35%, and 52.5% of the understatement/underestimation of income or overstatement of deductions.

Rulings: There is no advance income tax ruling system.

Individual taxation

Rates		
Individual income tax rate	Taxable income (ZMW)	Rate
	Up to 61,200	0%
	61,201–85,200	20%
	85,201–110,400	30%
	Over 110,400	37%
Capital gains tax rate		There is no capital gains tax

Residence: An individual is resident in Zambia for tax purposes if they are physically present in Zambia for at least 183 days in a tax year or have entered the country with a view to establishing residence.

Basics: Zambia operates a source-based system of taxation. Every person receiving income from a source within, or deemed to be within, Zambia is liable to income tax in Zambia on that income.

Foreign dividends or interest earned by a Zambian resident are deemed to be sourced in Zambia and, accordingly, subject to income tax in Zambia.

Taxable income: Taxable income includes employment income taxed through payroll (see “Filing and payment” under “Compliance for individuals,” below); annuities; gains or profits from a business; dividends; interest, charges, and discounts; royalties; premiums and similar consideration for the use or occupation of property; income from letting property; and income as further classified in the first schedule to the Income Tax Act. This also includes dividend and interest income earned from sources outside Zambia by individuals that are resident in Zambia.

Dividends received by individuals on shares in companies listed on the LuSE are tax exempt. Further, ex-gratia payments, medical expenses, funeral expenses, labor day awards, sitting allowances to councilors, pension benefits, etc., are exempt from income tax. Income earned by privileged persons specified in the Income Tax Act, such as the president, chiefs, diplomats, etc., is also exempt from income tax.

Rates: Individual income tax rates are progressive from 0% to 37%, as detailed in the table above.

Capital gains: There is no capital gains tax (but see “Transfer tax” under “Other taxes on corporations and individuals,” below).

Deductions and allowances: Subject to certain restrictions, deductions are permitted in respect of certain donations and expenditure incurred wholly and exclusively for the generation of income that is revenue in nature. No deductions and/or rebates are available for employment income; however, an annual tax credit of ZMW 7,200 is available for persons with a disability that are registered with the Zambia Agency for Persons with Disabilities. An employer is granted an annual tax deduction of ZMW 2,000 for each individual with a disability employed in their business.

Foreign tax relief: Zambia grants a unilateral foreign tax credit where there is no tax treaty with the jurisdiction from which the foreign income is derived. The credit is limited to the portion of Zambian income tax that is attributable to the foreign-source income. Where there is a tax treaty with the jurisdiction from which the foreign income is derived, the treaty rates generally apply.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Joint returns with spouses are not permitted. Each spouse must file a separate return.

Filing and payment: A taxpayer with Zambian-source income who is not subject to Pay As You Earn (PAYE) or who has earned foreign dividend and/or interest income must file a provisional tax return by 31 March of each tax year and, if the income exceeds the personal tax exemption threshold, make quarterly and equal provisional tax payments on 10 April, 10 July, and 10 October of the current year, and 10 January of the following year. Final income tax returns are due by 21 June of the year following the tax year, with the balance of tax paid at the time the return is filed.

Any income or remuneration paid to an individual in the form of money or money's worth as a result of an employment exercised or an office held in Zambia, or received by virtue of any service rendered or work done by a person or partnership in the carrying on in Zambia of any business, irrespective of whether payment is made outside Zambia or by a person resident outside Zambia, is liable to income tax. This is levied on the employee and administered under the PAYE system.

The PAYE system requires an employer to withhold tax on the employment income of the employee and to remit the tax to the Zambia Revenue Authority (ZRA) on the 10th day of the month after the month to which the payment relates.

The tax on any income or benefit that cannot be converted into money or money's worth generally is imposed on the employer as opposed to the employee by disallowing the cost or an amount specified by way of a statutory instrument or administrative rule.

Late payment of PAYE attracts a penalty of 5% of the tax that remains unpaid for each month or part thereof that the amount remains unpaid. Interest is charged at the Bank of Zambia discount rate plus 2%.

Penalties: Late filing penalties of ZMW 400 apply per month or part thereof the return remains outstanding. Further, a penalty of 5% per month or part thereof is charged on the unpaid tax and interest at 2% above the Bank of Zambia policy rate is levied on unpaid tax.

The penalties for negligence, willful default, and fraud for individuals subject to individual income tax are, respectively, 17.5%, 35%, and 52.5% of the understatement/underestimation of income or overstatement of deductions.

Rulings: There is no advance income tax ruling system.

Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%/15%	0%/15%	0%/15%/20%	0%/15%/20%
Interest	0%/15%/20%	0%/15%/20%	0%/20%	0%/20%
Royalties	15%	15%	15%/20%	15%/20%

Dividends: Dividends paid to residents generally are subject to a 15% withholding tax. The 15% rate also applies to dividends paid to residents and nonresidents by a real estate investment trust from its distributable income. The rate for nonresidents generally is 20%, unless reduced under an applicable tax treaty. The following dividends paid to residents and nonresidents are exempt from withholding tax: dividends paid to an individual by a company listed on the LuSE; dividends paid by a company carrying on mining operations; dividends paid from farming income for the first five years of farming operations; and dividends paid by a company on income from the assembly of motor vehicles, motorcycles, and bicycles for the first five years of operations. Withholding tax on dividends is a final tax.

Interest: Interest paid to residents generally is subject to a 15% withholding tax. However, a 20% withholding tax rate applies to interest paid to residents and nonresidents on government bonds and treasury bills (increased from 15% previously). The rate for nonresidents generally is 20%, unless reduced under an applicable tax treaty. The following interest payments to residents and nonresidents are exempt from withholding tax: interest paid on green bonds listed on a securities exchange in Zambia with a maturity of at least three years; and interest paid to individuals on (i) all interest-earning accounts with

institutions registered under the Banking and Financial Services Act, 2017; (ii) loans advanced to members of savings groups; and (iii) life insurance policies.

Royalties: Royalties paid to residents are subject to a 15% withholding tax. The 15% rate also applies to commodity royalties paid to residents and nonresidents. Otherwise, the rate for nonresidents is 20%, unless reduced under an applicable tax treaty.

Fees for technical services: Management and consultancy fees paid to residents are subject to a 15% withholding tax. The rate for nonresidents is 20%, unless reduced under an applicable tax treaty.

Branch remittance tax: A 20% branch remittance tax applies to profit remittances made by a branch to its foreign head office.

Other

Payments to contractors and haulers

Payments to resident contractors and haulers are exempt from withholding tax. Payments to nonresidents are subject to a 20% withholding tax, unless the rate is reduced under an applicable tax treaty.

Public entertainment fees

Public entertainment fees paid to residents are exempt from withholding tax. Fees paid to nonresidents are subject to a 20% withholding tax, unless the rate is reduced under an applicable tax treaty.

Commissions

Commissions paid to residents are subject to a 15% withholding tax. The rate for nonresidents is 20%, unless reduced under an applicable tax treaty.

Treaty relief

Withholding tax is a final tax for nonresidents. The rates may be reduced under an applicable tax treaty. To enjoy treaty relief, the recipient of the payment must file an application with the ZRA. When the ZRA approves the application, it will issue a Limited Deduction Directive confirming the treaty relief.

Anti-avoidance rules

Transfer pricing: The transfer pricing regulations apply both to domestic and cross-border transactions between associated persons and require that such transactions comply with the arm's length principle. Affected taxpayers should prepare annually and maintain contemporaneous documentation evidencing the arm's length nature of the controlled transactions for the relevant tax year. Such documentation should be in place by the due date of the annual return (i.e., 21 June) and should be submitted within 30 days upon request by the ZRA. A noncompliant taxpayer will incur a penalty of up to 80 million penalty units (i.e., ZMW 32 million as each penalty unit is equivalent to ZMW 0.40).

In addition, the ZRA is authorized to adjust taxable income and deductions relating to commercial or financial transactions between associated persons to reflect the arm's length conditions. Additional penalties may be imposed under section 100 of the Income Tax Act for negligence, willful default, or fraud at 17.5%, 35%, or 52.5% of the adjustment, respectively.

Taxpayers that are not members of MNE groups and whose turnover does not exceed ZMW 50 million in a tax year are exempt from the transfer pricing documentation requirement. However, taxpayers still are required to comply with the arm's length principle on their associated party transactions.

The definitions of "MNE group" and "ultimate parent entity" have been aligned with those of the OECD.

An ultimate parent entity or surrogate parent entity of an MNE group with prior year consolidated turnover above ZMW 4,795 million is required to comply with country-by-country (CbC) reporting requirements.

The CbC obligations include the following:

- CbC notification due by the last day of the reporting year of the MNE group; and
- CbC report due no later than 12 months after the last day of the reporting year of the MNE group.

However, a Zambian entity that is neither the ultimate parent entity nor the surrogate parent entity of the qualifying group is still required to file a CbC report with the ZRA where:

- The parent company is not required to file in its jurisdiction;
- The jurisdiction of the parent entity does not have an agreement for the automatic exchange of information with Zambia; or
- There is a systemic failure in the automatic exchange of information.

Interest deduction limitations: An interest deduction rule limits the amount of tax-deductible interest expense to a fixed ratio of the interest expense to the company's earnings (fixed ratio rule), irrespective of whether the interest is capital or revenue in nature. The fixed ratio rule limits the amount of interest expense that an entity can deduct in a tax year to 30% of EBITDA. However, withholding tax still applies to the disallowed amount of interest.

The limitation applies to all borrowings, whether or not intercompany (i.e., all forms of debt, payments economically equivalent to interest, and expenses incurred in connection with the raising of finance).

The law further provides for a carry forward of disallowed interest to be used in future tax years.

Controlled foreign companies: There are no controlled foreign company rules.

Anti-hybrid rules: Debt instruments with equity features or debt instruments that are equity in substance are likely to be subject to the anti-avoidance rules provided in the Income Tax Act. These provisions empower the Commissioner General of the ZRA to reclassify or recharacterize a transaction whose form does not reflect its substance.

Economic substance requirements: The Commissioner General of the ZRA is empowered, under the general anti-avoidance provisions in the Income Tax Act, to recharacterize a transaction or series of transactions whose form does not reflect their substance.

Disclosure requirements: For the purpose of the administration of the Income Tax Act, the tax authorities may require any taxpayer or any other person to furnish information, documents, or other items. The ZRA also has expanded its reportable arrangement provisions to require local entities that are part of an MNE group to report to the ZRA within 30 days any changes to the group structure. See also "Transfer pricing," above.

Exit tax: There are no specific provisions in the law on the tax treatment of a company that exits Zambia or an individual who emigrates from the country. However, in a case where the exit from Zambia is by way of winding up or liquidating a company, distributable profits in cash or otherwise, other than those of a capital nature earned before or during winding up, are subject to dividend withholding tax at the rate of 15%.

General anti-avoidance rule: The Commissioner General of the ZRA is empowered under a general anti-avoidance rule to adjust the tax liability of a company where the main purpose or one of the main purposes of a transaction is considered to be the reduction or avoidance of a tax liability. Adjustments deemed "just and reasonable" are made to counteract the avoidance or reduction in tax. In so doing, the Commissioner General may recharacterize:

- A transaction or an element of a transaction that was entered into as a tax avoidance scheme; or
- A transaction whose form does not reflect its substance.

Value added tax

Rates	
Standard rate	16%
Reduced rate	0%

Taxable transactions: VAT is applied on the monetary value of taxable supplies of goods and services. VAT also applies on the procurement of services from nonresident service providers. In this case, a nonresident foreign service provider is required to appoint a local and independent tax agent in Zambia to discharge its VAT obligations, including raising VAT-inclusive tax invoices to clients in Zambia on the services provided. Where the foreign service provider does not appoint a local tax agent, the obligation to account for VAT on the services shifts to the Zambian recipient in Zambia under the VAT reverse charge mechanism. The Zambian recipient is not permitted to claim the corresponding input VAT.

Supplies of electronic/digital services by nonresidents are also subject to VAT in Zambia. This applies both to business-to-business (B2B) and business-to-consumer (B2C) transactions.

Rates: The standard rate of VAT is 16%. Certain supplies are zero-rated or exempt.

The VAT law provides an incentive that allows VAT-registered suppliers not to pay VAT when importing capital goods and other goods specified in the third schedule to the VAT Administrative Rules. To be eligible for this incentive, the imports must be wholly used on a project and not for resale, a claim of the equivalent tax must be forgone, and the taxpayer must have a good compliance record, as may be determined by the Commissioner General of the ZRA on application to the Commissioner's office.

If this incentive is approved, the VAT-registered supplier will not be required to pay VAT on qualifying imports. Approval expires at the end of each accounting year (which is a calendar year) irrespective of whether the taxpayer has made any imports. Therefore, eligibility for the scheme must be renewed every year.

The VAT law requires all VAT-registered suppliers to charge VAT on goods and services that are standard-rated (i.e., subject to VAT at 16%). However, a privileged person can purchase standard-rated supplies with tax charged at the rate of 0% using VAT zero-rating local purchase orders (VAT LPOs) issued by the ZRA. Privileged persons include the government, diplomats and diplomatic agencies, donors, donor agencies, technical aid programs or projects, and public benefit organizations.

For VAT zero-rating to apply, the person qualified to obtain and issue an LPO is required to provide the LPO to the supplier at the time of purchase. Otherwise, the supplier is mandated to charge VAT at the standard rate. This VAT, as correctly charged in the absence of a VAT LPO, will not be refunded even if the person subsequently provides an LPO to trigger a refund.

Registration: The VAT Act requires entities dealing in taxable supplies (either standard-rated or zero-rated), including suppliers of electronic services, to register for VAT if their turnover exceeds or is expected to exceed ZMW 800,000 per annum. Voluntary registration that is renewable annually is allowed for businesses whose annual turnover does not exceed ZMW 800,000, subject to certain conditions.

Nonresident suppliers are required to directly register with the ZRA for the purpose of accounting for VAT monthly. In cases where nonresident suppliers are unable to register for VAT and the ZRA is satisfied with the reasons for non-registration, the suppliers may appoint a local and independent tax agent for VAT accounting purposes. This appointment is subject to approval by the Commissioner General of the ZRA. By law, the tax agent is held jointly and severally liable with the principal for noncompliance, unless the Commissioner General of the ZRA determines otherwise.

Filing and payment: The VAT period is the calendar month. VAT returns and payments are due within 18 days after the end of the relevant calendar month. In the case of electronic services supplied by nonresidents, VAT returns and payments are due within 25 days after the end of the relevant calendar month.

An agent, duly appointed by the Commissioner General of the ZRA, that withholds VAT is required to submit a return showing the withheld VAT and pay the VAT to the ZRA by the 16th day of the month following the month to which the VAT relates.

For late submission of a VAT return, the penalty is the greater of ZMW 400 or 0.5% of the tax payable for each day that the return is late. For tax evasion, the penalty is 300,000 penalty units (i.e., ZMW 120,000) or six times the amount of the tax, whichever is greater, or up to three years' imprisonment, or both. Late payment of VAT attracts a penalty of 0.5% of the tax due for each day the VAT is unpaid. Interest is chargeable for each month or part thereof that a payment is overdue and is charged at the Bank of Zambia discount rate plus 2%.

Where a VAT refund return or a "nil" return is filed late, late submission penalties are still chargeable.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals.

Social contributions and payroll taxes: The National Pensions Scheme Authority (NAPSA) Act requires that the employer and the employee each make pension contributions to NAPSA at a rate of 5% of the employee's gross earnings. The employer is required to remit the total amount to NAPSA monthly, accompanied by a monthly return. The requirement applies both to Zambian and foreign employees and is capped at ZMW 1,861.80 for 2026 (ZMW 3,723.60 in total). In case of failure to pay, a penalty of 10% of the unpaid amount applies for each month or part thereof that the amount remains unpaid.

The National Health Insurance (NHI) Act requires that the employer and the employee each contribute 1% of the employee's basic salary to the NHI Management Authority by the 10th day of the month following the month to which the basic salary relates. The return is due on the same date. A company or employer that is noncompliant commits an offense and is liable, on conviction, to a fine of up to ZMW 60,000 or up to two years' imprisonment, or both.

All employers in Zambia are required to contribute to the Workers Compensation Control Fund Board, which provides compensation to employees on death and/or injury resulting in temporary or permanent disability. The assessment rates vary from industry to industry and are adjusted periodically by the Workers Compensation Fund Control Board. Returns and payments for workers compensation contributions are due by 31 January of the applicable year. Employers are required to make a self-assessment to determine the basis for the liability payable.

If an assessment or any installment thereof is not fully paid by the employer when it becomes payable, the defaulting employer is liable to pay, in addition to the assessment or installment, a penalty not exceeding 10% per annum of the unpaid amount, as the Workers Compensation Control Fund Board may determine.

Employers also are required to pay 0.5% of the gross remuneration of an employee to the ZRA as a Skills Development Levy (SDL). This is payable by the 10th day of the month following the month to which the remuneration relates. SDL is declared/included in the same return with PAYE.

The penalty for late payment of SDL is 5% of the unpaid amount per month or part thereof that the amount remains unpaid. Further interest is charged at the Bank of Zambia discount rate plus 2%.

Capital duty: There is no capital duty.

Real property tax: Various land rates apply on residential, commercial, and agricultural land in Zambia. These are administered by the Ministry of Lands and Natural Resources.

Transfer tax: Although Zambia does not have a capital gains tax regime, property transfer tax (PTT) is charged on the value of transferred assets and applies to the transfer of:

- Land (including buildings, structures, and improvements thereon); shares (other than shares listed on the LuSE), whether transferred directly or indirectly; mining rights from an exploration license; mineral processing licenses; mineral exploration licenses; and intellectual property (including trademarks, patents, copyrights, and industrial designs) at 8%; and
- Mining rights from a mining license at 10%.

Stamp duty: Stamp duties are charged on various documents and transactions at nominal or ad valorem rates. Notable ones include duties levied on (i) an increase of share capital of 2.5% of the nominal value of a company's issued shares and (ii) the registration of debentures of 1% of the debenture value. These are payable to the Patents and Companies and Registration Agency.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax, estate duty, or donations tax.

Other

Personal levy

A personal levy is payable to the local municipal authority on 1 April of each year by all adult individuals receiving an income. The annual amount payable is 1% of an individual's income, capped at ZMW 15.

Insurance premium levy

An insurance premium levy is charged at the rate of 5% on all insurance premiums for all classes of insurance business, excluding reinsurance. It is the responsibility of the insurer, insurance agent, or broker to collect and remit the levy to the ZRA.

Base tax

A base tax applies to persons for whom the Commissioner General of the ZRA has no information to estimate their income, as provided in section 64 of the Income Tax Act. Accordingly, base tax is payable by persons who are not able to determine their income but who do earn some form of income. The tax is based on an estimated assessment, which may not be a final tax as the ZRA can raise another assessment if information on a person's actual or approximate tax liability becomes available.

The amount of tax due per tax year is ZMW 365. Base tax is due by 31 December of the tax year but payable no later than 21 June of the following tax year. However, in practice and for administrative convenience, base tax may be paid daily or quarterly.

Carbon tax

An annual carbon tax is payable on all motor vehicles at annual rates ranging from ZMW 168 to ZMW 660, depending on the engine size of the vehicle. Carbon tax does not apply to ambulances, prison vehicles, and non-polluting vehicles.

Presumptive service vehicle tax

Presumptive taxes apply for individuals operating public service vehicles. These range from ZMW 1,296 to ZMW 15,552 per annum, depending on the seating capacity of the vehicle.

Mineral royalty tax

A holder of a mining license is required to file a monthly mineral royalty return and pay a mineral royalty tax (MRT) on the norm value of the base metals produced or recoverable under the license. A payment of MRT also applies in the case of a person (including a corporation) that is in possession of minerals extracted in Zambia for which MRT has not been paid. MRT is payable to the ZRA by the 14th day of the month following the end of the month in which the sale of minerals occurs. The MRT return is also due on the same date.

Failure to file or late filing of the monthly MRT return attracts a penalty of 1,000 penalty units (i.e., ZMW 400) per month or part thereof for individuals, and 2,000 penalty units (i.e., ZMW 800) per month or part thereof for companies. The penalty for late payment of MRT is 5% of the unpaid amount for each month or part thereof that the amount remains unpaid and interest at the

Bank of Zambia discount rate plus 2%. The penalties for negligence, willful default, and fraud for a person liable to pay MRT are, respectively, 1.5%, 3%, and 4.5% of the gross value or norm value.

Tax on casino, lottery, betting, and gaming activities

Presumptive taxes apply at prescribed rates on a percentage of gross takings, net proceeds, gross stakes, or fixed monetary amounts per machine per month.

Tourism levy

A tourism levy is collected both from resident and nonresident individuals who use tourism facilities. The levy is charged on accommodation services and events at the rate of 1.5% of the total bill for such services and events.

Mobile money transaction levy

A levy applies on person-to-person mobile money transactions, as follows:

Mobile money transaction levy	
Amount of transaction	Levy (ZMW)
Up to 150	0.16
151–300	0.20
301–500	0.40
501–1,000	1.00
1,001–3,000	1.60
3,001–5,000	2.00
5,001–10,000	3.00
Over 10,000	3.60

Tax treaties: Zambia has concluded more than 20 tax treaties.

For information on Zambia’s tax treaty network, visit [Deloitte International Tax Source](#).

Tax authorities: Zambia Revenue Authority

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