

Proposed Measures

- Introduce an Advance Income Tax of 15% on remittances and exports above US \$2,000 or equivalent for transactions made without a valid Tax Clearance Certificate.
- Increase the tax rate from 15% to 20% on profits from exports of non-traditional products and value addition to copper cathodes.
- Increase by 20% the bands for presumptive tax on operators of public service vehicles for the carriage of persons.
- 5-year period of incentives for a Special Purpose Vehicle ("SPV") carrying out a Public Private Partnership ("PPP") Project to begin when profits are first declared followed by the four consecutive years after.
- Restrict input VAT deductions to transactions where the corresponding invoice is issued from the Electronic Invoicing system (the "Smart Invoice") or by Taxpayers exempted from the use of Smart Invoice.
- Introduces 5 percent Selected Goods Surtax on imported printed paper products and packaging materials of HS Code 4819.20.00
- Introduces 20% Selected Goods Surtax on imported garden hose pipes.
- Increase Excise Duty on non-alcoholic beverages to K1 per litre from current 60 Ngwee.
- Introduce automatic annual adjustments indexation of the respective Excise Duty on tobacco and tobacco products, fuel and used motor vehicles based on the average inflation rate for the preceding year, capped at 20%.
- Introduces Excise Duty at the rate of 10% on the betting amount.
- Align the period within which a person can appeal to the Tax Appeals Tribunal on valuation assessments under Section 86 (4) of the principal Act to that provided for in clause 5 of the Tax Appeals Tribunal Rules.
- Introduces Simplified Trade Regime with a value threshold of exported goods aligned to that of imported good (USD 2,000) for which an entry can be dispensed with as the Commissioner General may prescribe.
- Include electrical energy (of not more than 100KW) as one of the goods that can be produced for personnel and domestic use without a licence and without payment of duty.
- Amend the Mobile Money Transaction Levy Act, 2023, to move the administration of the Act from the Bank of Zambia to the Zambia Revenue Authority.

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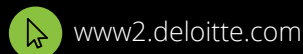
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Zambia 2025 Budget Bite

Resilience, Recovery,
Stability

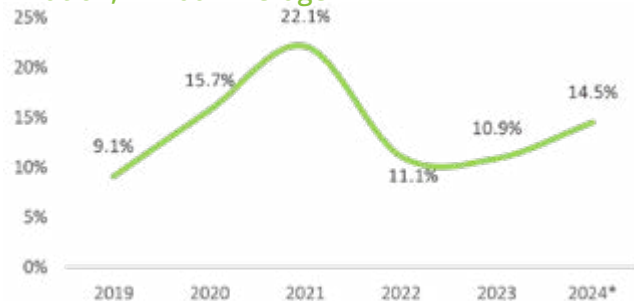


Summary of Key Indicators

Indicators (Ratio)	2021	2022	2023	2024e	2025f	2026f
GDP Growth (%)	6.2	5.2	5.4	2.3	6.6	5.9
Public external debt stock as % of GDP	58%	48%	51%	51%	na	na
Tax Revenue as % of GDP	13%	16%	21%	17.9%	16.8%	na

Source: MoFNP, ZamStats, ZRA, Deloitte Analysis na - Not Available e - estimate f - forecast

Inflation, Annual Average



Source: ZamStats

*Refers to Jan - Sept 2024

GDP Growth

- Zambia's growth in 2024 is expected to slow down to 2.3% from 5.4% recorded in 2023. This is on account of a reduction in economic activities in some key industry sectors such as agriculture and energy, as a result of the adverse effects of climate change.
- GDP growth is expected to rebound strongly in 2025 underpinned by recovery in the agriculture and mining sectors.

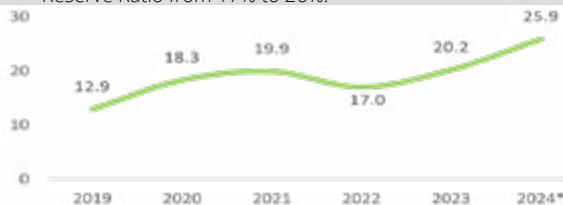


Source: ZamStats, BoZ, Deloitte analysis

e - estimate

Exchange rate

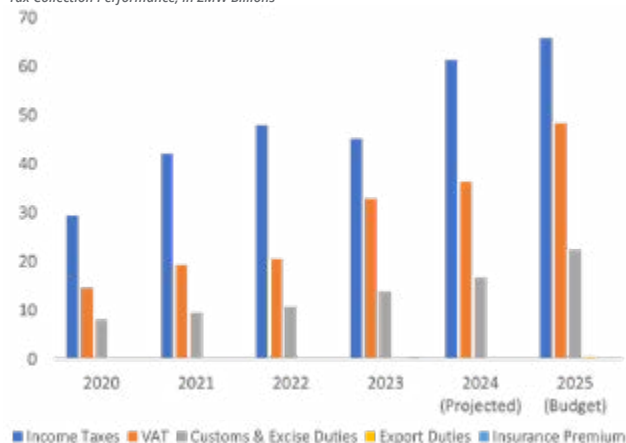
- The Zambian Kwacha has continued to come under pressure from other currency convertibles, with the exchange rate depreciating by 10.6 percent and 3.8 percent in the first and second quarter of 2024 respectively. This currency depreciation has been a factor in rising inflation.
- The Central Bank has appropriately intervened by tightening the base lending rate to the current 13.5% as well as the Statutory Reserve Ratio from 17% to 26%.



Source: Bank of Zambia

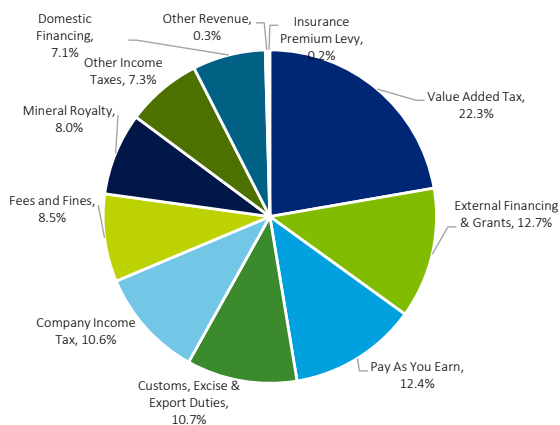
Tax Revenue Performance

Tax Collection Performance, in ZMW Billions



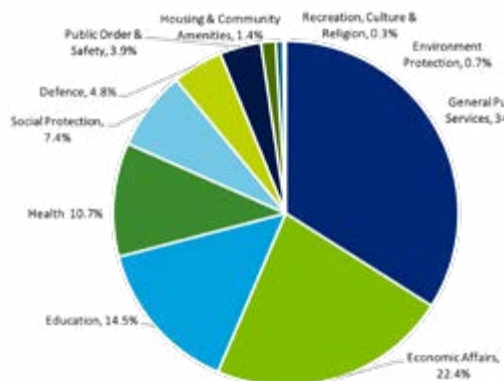
Source: MoFNP Annual Reports, Budget Speeches, Deloitte Analysis

Budget Contribution to Revenue



Source: 2025 Budget Speech

Budget Expenditure



Source: 2025 Budget Speech

Public Debt

- As at the end of June 2024, Zambia's central government external debt stock, excluding publicly guaranteed external debt, increased from **USD 14.57 billion** at the end of December 2023 to **USD 15.17 billion**, representing a marginal **4.1%** increase.
- An agreement with Official Creditors and Bond Holders was reached in the first half of 2024 while an agreement with private creditors is in the process of being finalised. This is a pivotal point in the country's debt management and restructuring efforts, placing the country on the path to long term debt sustainability, paving the way for Government to pivot its attention to economic growth.

Central Govt Debt Stock, in US\$ Billions



Useful Insights

- The 2025 budget stands at K217.1 Billion ("Bn") or 26.6% of the GDP.
- The 2025 budget will largely be funded by domestic revenue expected at K174.2 Bn (i.e., 80.2% of the budget). Tax revenue is expected at K137.4 Bn (i.e., 63.3% of the budget) or 16.8% of GDP.
- Expenditure on General Public Services is expected to account for K73.8 Bn or 34% of the budget, mainly driven by debt servicing relating to both domestic (K37.3 Bn) and external (K16.7 Bn) debt.
- Mining remains the top foreign exchange earner and continues to attract significant investment, with a positive outlook in the medium-term. Government has prioritized revival of the industry by resolving the challenges at key mines (i.e. Konkola and Mopani Copper Mines), attracting new investment into green field mining operations, and launching the aerial geological & geophysical mapping of the country.
- On the energy front, the Government has enhanced its focus on climate-resilient energy solutions (e.g. the new 300MW plant in Maamba and other solar based solutions). The Government has also signaled its intention to migrate the sector to cost reflective tariffs in order to attract investment into alternative energy sources.

Copper Production & Output

	2021	2022	2023	2024e
Copper Output (Metric Tonnes)	803,747	763,550	698,566	796,994
Average Copper Price (USD/MT)	9,295	8,822	8,490	8,300

Source: MoFNP, 2024 Budget Speech