



Tax Alert

Zambia Tax Amnesty Programme

Following the Minister of Finance and National Planning's announcement of a Tax Amnesty Programme on tax penalties and interest during the 2023 annual budget speech on 30th September 2022, the Zambia Revenue Authority ("ZRA") published the Tax Amnesty Guide which details the scope of the amnesty, taxpayers who qualify and the terms and conditions.

The highlights of the Tax Amnesty Programme are as follows:

Tax Amnesty Period

The Tax Amnesty is available from 1st October 2022 to 31st March 2022.

Scope of the Tax Amnesty

The Tax Amnesty Programme is available for all penalties, fines and interest on all tax types and levies administered by the ZRA including penalties and interest arising from audits accumulated up to 30th September 2022.

Exclusions from the Tax Amnesty

Penalties, fines and interest arising from the following do not qualify for the waiver:

- Investigations/Judicial decisions;
- Applications made by taxpayers that have taken legal action against ZRA. However, where the taxpayer withdraws the action, their application will be considered; and

- Penalties and interest that, by law, cannot be waived by the Commissioner General.

How does the Tax Amnesty work?

To access the relief under the Tax Amnesty Programme, an online application is a mandatory precondition subject to the following key terms and conditions:

- Taxpayers should be up to date with all returns. Where there are missing returns, the taxpayer will be given 30 calendar days to be up to date.
- All principal taxes must be paid, however, Taxpayers unable to settle the outstanding principal debt at once are allowed to apply for Time to Pay Agreements (“TPA”). Where a Taxpayer has an existing TPA, only the balance of the penalties or interest at the time of the application shall be waived.
- Notwithstanding the expiration of the amnesty period, all applications for the Tax Amnesty will be considered by the ZRA if they are made during the amnesty period and that the Taxpayers settle all outstanding tax liabilities within 6 months after the end of the amnesty period.
- Where the Debt Recovery Unit of ZRA has taken enforcement action against a taxpayer, and the Taxpayer has applied for Tax Amnesty, the Taxpayer will qualify for Amnesty if and only if they pay the total amount or enter into a TPA.
- Where a taxpayer has no outstanding principal liabilities but has due penalties or interest, the taxpayer may still need to apply for a waiver of penalties and interest.

On satisfaction of the above terms and conditions, the Tax Amnesty will be applied using ratios tied to the time of payment of the principal tax debt as follows:

Table: Waiver Ratios

Period of payment	Ratio of the waiver
Payments received from 1 st October to 31 st December 2022	A 1:4 waiver ratio, whereby payment of ZMW1 towards the principal amount entails a ZMW4 waiver on the amount due for interest and penalties.
Payments received from 1 st January to 31 st March 2023	A 1:2 waiver ratio, whereby payment of ZMW1 towards the principal amount entails a ZMW2 waiver on the amount due for interest and penalties.
Payments received after 31 st March 2023	A 1:1 waiver ratio whereby payment of ZMW1 towards the principal amount entails a ZMW1 waiver on the amount due for interest and penalties.

Appeals

A Taxpayer dissatisfied with the outcome of the application may appeal to the Tax Appeals Office of ZRA using the email address **AmnestyTAO@zra.org.zm** or by sending a physical appeal application to the Assistant Director, Tax Appeals Office.

Further clarifications to be obtained

The Tax Amnesty Programme is a welcome measure as this will help in the recovery process from the Covid-19 pandemic and provide an avenue for the ZRA to enhance voluntary compliance, reduce debt stock and improve revenue collection. This will also help Taxpayers to regularise their tax affairs.

However, the Tax Amnesty Guide is not clear about the following:

- **Customs & Excise assessments** – There is need for clarity on whether penalties and interest assessed under the Customs & Excise Act also qualify for waiver under the Tax Amnesty Programme as the Guide suggests that these are excluded, except for penalties, fines and interest on local excise.
- **Impact on future tax audit assessments** – Some taxpayers will declare their indebtedness based on self-assessments. However, additional tax liabilities may arise that relate to the same period, once ZRA carries out tax audits on the declarations in the future. Will additional tax due from the audits, if any, in the future be subject to penalty and interest charges?
- **Penalties and interest that were not captured on TaxOnline** - An online application for the waiver of penalties and interest is a mandatory precondition to access the relief under the Tax Amnesty Programme. However, there is no clarity on how legacy balances sitting on the ZRA old administrative system, TARPS, will be dealt where these have not been migrated to the TaxOnline platform.
- **Voluntary disclosures** – There is need for further clarity on how applications based on voluntary disclosures will be dealt with considering that online applications are a mandatory precondition to access the relief.

Once clarifications have been obtained on the foregoing, we will provide further information through another alert.

What Deloitte can do for you

Talk to us. It might be timely to carry out a tax health check on your tax affairs and take full advantage of the Tax Amnesty Programme during this period.

Let us help you assess your approach. For a detailed discussion on how Deloitte can assist you in ensuring compliance, please reach out to the below contacts or your usual Deloitte contact:

Victor Muhundika
Partner, Tax Services

vmuhundika@deloitte.co.zm
+260 (0)211 232 314

Liywalii Kanyimba
Associate Director, Business Tax

lkanyimbai@deloitte.co.zm
+260 (0)211 232 314



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