

THE INCOME TAX (AMENDMENT) BILL, 2016

MEMORANDUM

The object of this Bill is to amend the Income Tax Act so as to—

- (a) increase the payasyouearn tax free threshold for individuals from thirty-six thousand kwacha to thirty-nine thousand, six hundred kwacha per annum;
- (b) increase the payasyouearn top marginal tax rate from thirty -five percent to thirty-seven point five percent;
- (c) make it mandatory for all financial institutions to facilitate the acquisition of a taxpayer identification number by an account holder;
- (d) provide for the Kwacha/United States Dollar exchange rate to be used in translating books of accounts;
- (e) make it mandatory for a person changing ownership of a motor vehicle to obtain a tax clearance certificate;
- (f) revise the turnover tax regime for persons carrying on business with an annual turnover of eight hundred thousand kwacha or less;
- (g) increase the rate of tax for the advance income tax from six percent to fifteen percent;
- (h) extend the charge of tax on rental income to statutory bodies;
- (i) allow deductions on the skills development levy as an expense; and
- (j) provide for matters connected with, or incidental to, the forgoing.

L. KALALUKA,
Attorney-General

A BILL

ENTITLED

An Act to amend the Income Tax Act.

ENACTED by the Parliament of Zambia

Enactment

1. (1) This Act may be cited as the Income Tax (Amendment) Act, 2016, and shall be read as one with the Income Tax Act, in this Act referred to as the principal Act.

Short title and commencement

Cap. 323

5 (2) This Act shall come into operation on 1st January, 2017.

2. Section 33 (3) of the principal Act is amended by the deletion of the word “ loss ” wherever it appears and the substitution therefor of the words “ capital allowance ”.

Amendment of section 33

3. The principal Act is amended by the insertion, immediately
10 after section 43D, of the following:

Insertion of section 43E

43E. A deduction shall be allowed in ascertaining the gains or profits of a business, of any levy payable and paid for a charge year, in accordance with the provisions of the Skills Development Levy Act, 2016.

Deduction for skills development levy

Act No. of 2016

15 4. Section 45B (1) of the principal Act is amended in columns 1 and 2—

Amendment of section 45B

20 (a) by the deletion of the words “ Ministry of Commerce ” and “ import licensing and trade licensing ” respectively and the substitution therefor of the words “ Registration authority ” and “ Company, business name, or other legal entity ” respectively; and

N.A.B. 43, 2016

	(b) by the insertion, of the words “ Financial Institution ” and “ Account opening and holding ”, respectively.	
Amendment of section 46	5. Section 46 (3) (a) of the principal Act, is amended by the deletion of the date “ 30 th June ” and the substitution thereof of the date “ 21 st June ”.	5
Amendment of section 55	6. Section 55 of the principal Act is amended by the insertion, immediately after subsection (3), of the following: (4) The kwacha against the United States Dollar exchange rate to be used for purposes of translating the books of account referred to in subsection (3) is the average Bank of Zambia mid rate for the accounting period.	10
Amendment of section 77	7. Section 77 (1) of the principal Act is amended by the deletion of the date A30 th June@ and the substitution thereof of the date “ 21 st June”.	
Amendment of section 78	8. Section 78 (1) (c) of the principal Act is amended by the deletion of the word “ fourteenth ” and the substitution thereof of the word “ ten ”.	15
Amendment of section 81B	9. Section 81B of the principal Act is amended by the insertion of the following immediately after subsection (2): (2A) A person, institution or authority empowered to register the ownership of a motor vehicle under any written law shall not register the motor vehicle unless the applicant produces a tax clearance certificate.	20
Amendment of section 98	10. Section 98 of the principal Act is amended by the deletion of the words “ ten thousand ” and the substitution thereof of the words “ one hundred thousand ”.	25
Insertion of section 98A	11. The principal Act is amended by the insertion of the following immediately after section 98:	
Summary imposition of penalties	98A. (1) The Commissioner-General may, where satisfied that a person has committed an offence for which the penalty does not exceed two hundred thousand penalty units or where a person has admitted the commission of an offence under this Act for which the penalty does not exceed two hundred thousand penalty units, summarily demand from the person the payment of a fine not exceeding one hundred thousand penalty units in respect of the offence. (2) The Commissioner-General shall, where the Commissioner-General demands a payment under subsection (1), inform the person against whom the demand is made of the right to admit or dispute the liability.	30 35 40