



2025 Budget Highlights

Zambia





Contents

02

Foreword

04

Budget Out-turn
- 2024

06

Budget
Outlook - 2025

06

Macro -
economic
Targets

08

Economic
Indicators

09

Policy Initiatives

19

The 2025 Budget

23

Domestic Taxes

36

Customs and
Excise

38

Other
Information

FOREWORD

On Friday, 27 September 2024, the Minister of Finance and National Planning, Dr Situmbeko Musokotwane, presented to the nation a ZMW217.1 billion National Budget for the 2025 fiscal year. This is an increase of 22.6% from the ZMW177.9 billion budget presented for 2024. This is amidst challenges of reduced global economic growth, continued monetary policy tightening in advanced economies, adverse effects of climate change, as well as the geopolitical tensions.

It is worth noting that the Zambian Government is working to address economic challenges, including the impact of drought and external debt payments, with the goal of stimulating economic growth. It is on the back of this that the theme for the 2025 budget is “Building Resilience for inclusive growth and Improved Livelihoods”. The Budget focuses on four key areas as follows:

Economic Transformation and Job Creation:

- **Mining:** Revival of Konkola and Mopani Copper Mines with a target of 3 million tonnes of copper production. Efforts include attracting new investments and formalizing gold trading.
- **Agriculture:** Implementation of the Comprehensive Agriculture Transformation Support Programme to strengthen irrigation, mechanization, and farm block development. The Farmer Input Support Programme will fully transition to an e-voucher system.
- **Energy:** Plans to reduce dependency on hydropower by promoting diverse energy solutions, including thermal and solar power, and implementing cost-reflective tariffs.
- **Transport and Logistics:** Investment in roads, rail, and aviation infrastructure, including significant road projects and the upgrading of provincial aerodromes.
- **SMEs:** Support for SMEs through

affordable financing initiatives and development of industrial infrastructure.

Human and Social Development:

- **Education:** Focus on free education with teacher recruitment, school construction, and improved classroom resources.
- **Health:** Commitment to improving healthcare by recruiting personnel, providing medical supplies, and enhancing infrastructure to reduce medical evacuations abroad.

Environmental Sustainability

The government is enhancing climate resilience by upgrading and maintaining meteorological equipment in all 116 districts, digitizing climate data, and expanding the use of this information across aviation, agriculture, water, energy, and disaster risk management sectors.

Good Governance:

- **Fiscal Policy:** Creation of a stabilization fund using excess mineral royalty revenue to respond to disasters.
- **Debt Management:** Significant progress in restructuring external debt, including Eurobonds, with ongoing negotiations with commercial creditors.
- **Decentralization:** Further devolution of functions to local authorities, including livestock, agriculture, and social services, with matching resources.

Global economy

Economic growth is expected to slow down to 3.2% in 2024 compared to 3.3% recorded in 2023. This has been attributed to lower growth in advanced economies despite higher growth in emerging and developing economies, geopolitical tensions and climate change events.

Zambian economy

- The Zambian economy is projected

to grow by 2.3 % in 2024 compared to 5.4% growth achieved in 2023; this has been attributed to the effects of the drought which has negatively affected crop production and electricity generation.

- Inflation as of September 2024 rose to 15.6% compared to 13.1% in December 2023, driven by El-Nino induced drought and increased food prices.
- The 2024 revenues and grants are projected to close at ZMW 148.1 billion, which is 2.5% above the target of ZMW 144.5 billion.
- The 2024 total expenditure is projected at ZMW 198.6 billion, which is 11.6% above budget.
- The 2024 budget deficit is projected at 6.4% of GDP compared to a budget of 4.8%.
- External debt, excluding publicly guaranteed debt, grew by 4.1% from USD 14.57 billion as of December 2023 to USD 15.2 billion as of June 2024.
- Publicly guaranteed external debt reduced by 1.3% from USD 1.41 billion as of December 2023 to USD 1.39 billion as of June 2024.
- Government treasury bills and bonds stock reduced by 3.1% from ZMW 232.6 billion as of 31 December 2023 to ZMW 225.5 billion as of June 2024.
- Domestic arrears stood at ZMW 79.8 billion as of June 2024, indicating a decline of 18.3% from ZMW 97.7 billion as of December 2023.
- Imports amounted to USD 4.5 billion in the first half of 2024, 2.7% lower than for the corresponding period in 2023, a reflection of reduced economic activity mainly due to the drought. Exports remained relatively stable at USD 5.3

billion during the same period and were majorly attributed to higher copper exports revenue.

- The Zambian Kwacha against the US dollar depreciated by 2.8% in the first 9 months of 2024.
- As of June 2024, gross international reserves increased to USD3.9 billion (4.3 months import cover) compared to USD 3.3 billion (3.7 months import cover) as of December 2023, attributed to the USD 570 million disbursement by the International Monetary Fund under the Extended Credit Facility Arrangement.

2025 budget objectives

- Attain a real GDP growth rate of at least 6.6%;
- Reduce inflation to the 6-8% medium-term target band;
- Maintain international reserves above 3 months of import cover;
- Increase domestic revenue to at least 21.3% of GDP;
- Reduce the fiscal deficit to 3.1% of GDP; and
- Limit domestic borrowing to no more than 1.9% of GDP.

Government intends to finance the ZMW 217.1 billion (26.6% of GDP) budget through domestic revenue (ZMW 174.2 billion), grants from Cooperating Partners (ZMW 8.1 billion) and financing (ZMW 34.7 billion). The domestic revenues include the following:

- Tax revenue - ZMW 137.4 billion (representing 63.3% of total revenue)
- Non-tax revenue - ZMW 36.8 billion (representing 16.9% of total revenue)

Budget Out-turn 2024

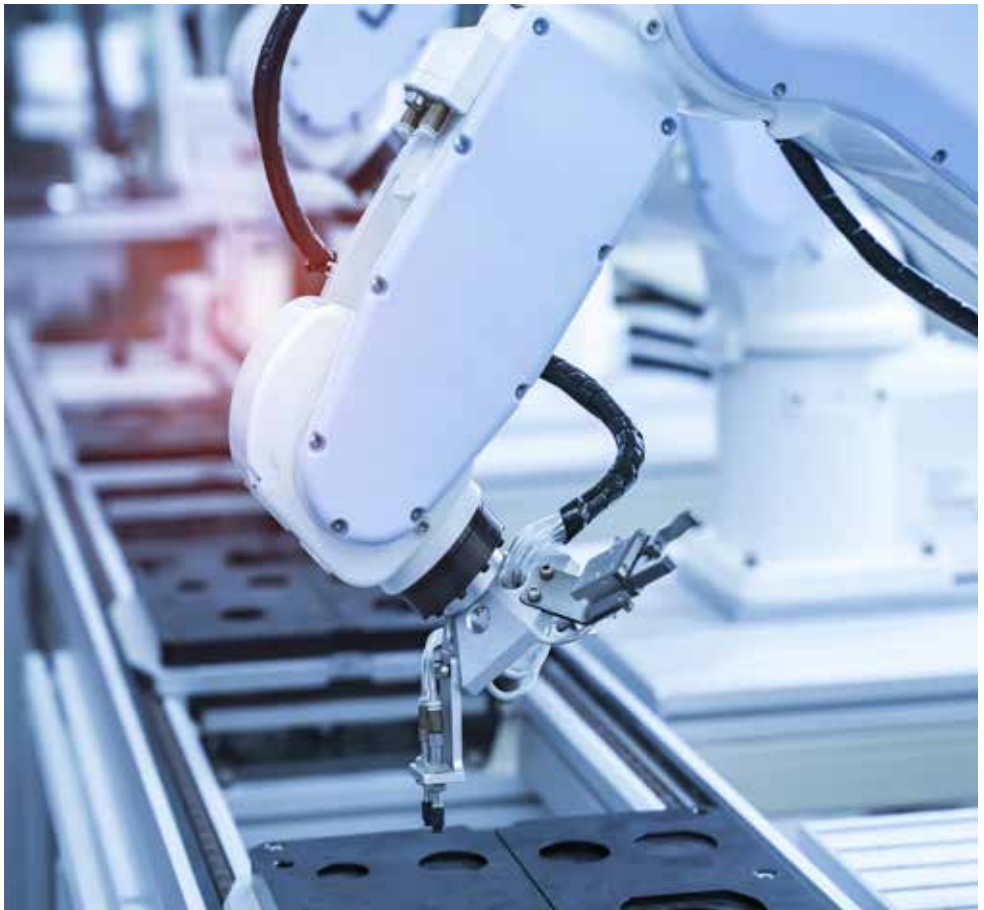
- The GDP is projected to grow by 2.3% in 2024, a slowdown from 5.4% in 2023. This deceleration is primarily due to the severe drought affecting the country, which has notably impacted agricultural production and reduced the output of hydroelectric power, essential components of the economy.
- Inflation surged to 15.6% in September 2024, up from 13.1% at the end of 2023. This rise is primarily due to increased prices in food items affected by the drought, coupled with the depreciation of the Kwacha.
- The Kwacha depreciated by 2.8% against the US dollar up to mid-2024. This depreciation is largely attributed to increased inflationary pressures.
- In response to rising inflation, the Bank of Zambia increased the monetary policy rate to 13.5% from 11% and raised the statutory reserve ratio to 26.0%. These measures are aimed at curbing inflation and stabilising the currency.
- Total government expenditure for 2024 is anticipated to reach ZMW 198.6 billion, which is 11.6% higher than the approved budget. Key areas of spending include servicing national debt, supporting agricultural inputs through programs like the Farmer Input Support Programme, enhancing social safety nets such as the Social Cash Transfer and Cash for Work, and investing in local development through the Constituency Development Fund.
- Projected revenues and grants amount to ZMW 148.1 billion for the year, exceeding the targeted ZMW 144.5 billion by 2.5%. This increase emphasises the government's efforts to increase domestic resource mobilisation and grant financing, to support Government expenditure.
- The fiscal deficit for 2024 is now projected at 6.4% of GDP, an adjustment from an earlier estimate of 4.8%, demonstrating the government's fiscal response to unforeseen economic pressures arising from the drought.
- The government's external debt stock, excluding publicly guaranteed debt, increased by 4.1% to USD 15.17 billion by mid-2024. This rise is due to new disbursements from multilateral creditors, aimed at supporting Zambia's economic stabilisation efforts. However, publicly guaranteed external debt decreased by 1.3% to USD 1.39 billion. This was due to debt service payments by some guaranteed entities.
- The stock of outstanding government treasury bills and bonds decreased by 3.1% to ZMW 225.5 billion at mid-2024 from ZMW 232.6 billion at year end in 2023. This is indicative of tight money market conditions which have constrained lending to the government.
- Government domestic arrears reduced by 18.3% to ZMW 79.8 billion from ZMW 97.7 billion as at year end. With the commitment to dismantle fuel arrears, this is expected to significantly reduce by the end of the year.
- The banking sector saw a nominal lending rate increase to 28.7% by August 2024, reflecting tighter monetary policy. Credit to the private sector grew significantly by 36.9%. The significant

portion of the credit went to wholesale and retail trade, manufacturing, and agricultural sectors. The banking sector continues to show resilience, backed by adequate capital, liquidity buffers, and strong asset quality. Similarly, the performance of deposit-taking non-bank financial institutions remains satisfactory, with solid capital positions, earnings, liquidity management, and market risk sensitivity.

- For the first half of 2024, imports decreased by 2.7% to USD 4.5 billion due to subdued economic activities

from the drought, while exports remained stable at USD 5.3 billion. Export earnings were majorly driven by copper fetching higher prices.

- By July 2024, Gross International Reserves had increased to USD 3.9 billion, equating to 4.3 months of import cover. The increase was mainly due to the USD 570 million disbursement by the International Monetary Fund under the Extended Credit Facility Arrangement.



Budget Outlook 2025

Government Revenue/Expenditure (ZMW)	217.1 billion
Domestic and foreign sources (ZMW)	182.4 billion
Financing from domestic and foreign sources (ZMW)	34.7 billion

Source: Ministry of Finance, 2025 National Budget Speech

Macro - economic Targets 2021-2025

	2021*	2022*	2023*	2024**	2025***
Real GDP Growth (%)	4.6*	5.2*	5.4*	2.3**	6.6***
CPI Inflation (end of period) %	22.1*	9.9*	12*	15.6*	6-8***
Fiscal Deficit (% of GDP)	9.0*	8.1*	5.7*	6.4**	3.1***
International re-serve import cover (months)	5.5*	3.5*	3.2*	4.3*	>3.0***
USD Exchange Rate	16.37*	15.79*	20.05*	25.98*	-

*Actual **Projected ***Forecast

Source: Bank of Zambia Annual Reports, Ministry of Finance Annual reports & 2025 Budget Speech



Economic Indicators

Real GDP Growth Rate %

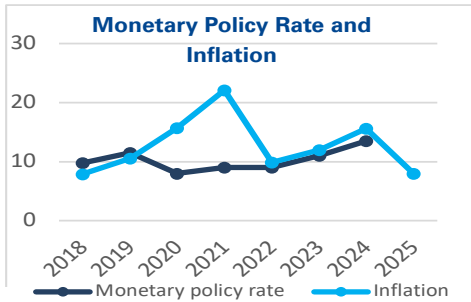
Real GDP is projected to grow at 2.3% in 2024 and estimated to grow at 6.6% in 2025. The reduction in projected growth for the year 2024 was due to the drought which significantly reduced agriculture production and electricity generation.



Source: Bank of Zambia, Ministry of Finance

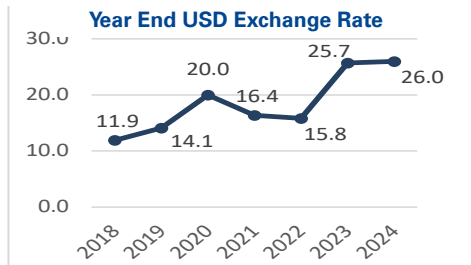
Monetary Policy Rate and Inflation

Inflation rose upwards to 15.6% in September 2024 from 13.1% in December 2023. This has largely been driven by the depreciation of the Kwacha against the US dollar and effects of the drought on crop yields as well as electricity generation.



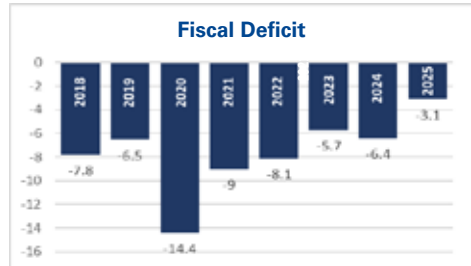
Year End USD Exchange Rate

The Kwacha depreciated by 2.8% against the US dollar to ZMW25.98 per US dollar between January and August 2024. The depreciation of the Zambian Kwacha between January and August 2024 was primarily driven by a strong demand for US dollars, coupled with reduced foreign exchange earnings from the mining and other sectors.



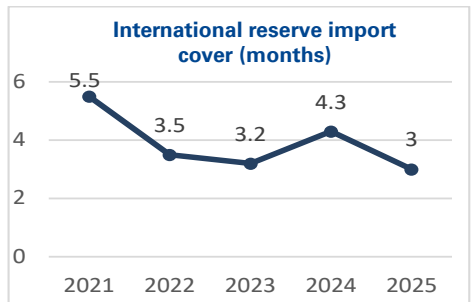
Fiscal Deficit as a % of GDP

The 2024 fiscal deficit is projected at 6.4% of GDP, which is above the initial estimate of 4.8%. While the 2025 fiscal deficit is targeted to reduce to 3.1% of GDP.



International reserve import cover

As at end of July 2024, gross international reserves increased to USD 3.9 Billion equivalent to 4.3 months of import cover from USD 3.3 Billion at December 2023 which was equivalent to 3.7 months. The increase was mainly on account of the USD 570 million disbursement by the International Monetary Fund under the extended credit facility arrangement. The target for the year 2025 is to maintain international reserves above 3.0 months of



Policy Initiatives

1. ECONOMIC TRANSFORMATION AND JOB CREATION

- Mining
- Agriculture
- Livestock
- Fisheries
- Energy Sector
- Transport and Logistics
- Tourism Sector
- Manufacturing
- Small and Medium Enterprises (SMEs)
- Information and Communication Technology

2. HUMAN AND SOCIAL DEVELOPMENT

- Education and Skills Development
- Health
- Water and Sanitation

3. ENVIRONMENTAL SUSTAINABILITY

4. GOOD GOVERNANCE ENVIRONMENT

- Fiscal Policy
- Domestic Resource Mobilisation
- Debt Management
- Decentralization Initiatives
- State-Owned Enterprise Management Initiatives
- Monetary Policy Initiatives
- Financial Sector
- Financial Inclusion
- External Sector
- Risk Management Initiatives
- Monitoring and Evaluation

1. ECONOMIC TRANSFORMATION AND JOB CREATION

Mining

The Zambian government is actively revitalizing its mining sector with several strategic initiatives outlined in the latest budget:

- Resolved legal issues have facilitated the revival of Konkola Copper Mines and Mopani Copper Mines.
- Improved investment climate has encouraged companies like FQM and Lumwana to expand their operations.
- A national aerial geophysical survey is underway to stimulate mineral exploration and attract new investments.
- Key new mining projects include:
 - ◆ A new copper mine in Kitumba, expected to create 2,500 jobs.
 - ◆ The USD 2 billion Mingomba Mine Project, creating over 1,000 jobs.
 - ◆ The revival of Shaft 28 in Luanshya, with 3,000 jobs expected.
 - ◆ A USD 300 million expansion at Lubambe Mine.
 - ◆ The reopening of Kalengwa Mine with a USD 200 million investment.
- Efforts to diversify the sector include formalizing gold trading and exploring hydrocarbon potentials.
- Copper production increased by 6.2% in the first half of 2024, with ambitions to reach 3 million tonnes annually.
- Increased budget allocation for geological mapping to support exploration efforts.

These actions aim to strengthen the sector's contribution to economic growth and job creation.

Agriculture

- The Comprehensive Agriculture Transformation Support Programme launched in July 2024, aims to transform the agriculture sector, and enhance food security, improve nutrition, generate employment, and boost agricultural exports.
- To reduce dependence on rainfed agriculture, Government prioritizes irrigation development. This includes continuing existing schemes and constructing five new dams in Katete, Nkeyema, Kalomo, Mulobezi, and Pemba districts.
- Government aims to improve agricultural productivity and efficiency through mechanization. The Farmer Input Support Programme will transition to a fully e-voucher based system in 2025 to improve efficiency, transparency, and targeting of beneficiaries.
- Government has emphasized the need for farm block development to increase agricultural output and attract investment. This involves demarcating land, establishing infrastructure, and promoting commercial farming practices.

Livestock

- The government will continue implementing vaccination programs against major livestock diseases.
- To strengthen disease surveillance and control, the government is investing in biosecurity checkpoints, quarantine stations, and regional and district laboratories. Laboratories will be operationalised in Chipata and Choma, partial operationalization in Isoka and Mongu, and ongoing construction in Kasama, Ndola, and Solwezi. The procurement and distribution of equipment for these laboratories are also underway.
- The government aims to increase livestock production to seven million by 2027 and encourage more households to engage in livestock farming.

Fisheries

- The government aims to increase fingerling production to 460 million in 2025, up from the current 433.4 million, to boost fish farming and reduce reliance on capture fisheries.
- To ensure year-round fingerling production at government fish farms, greenhouses are being constructed at facilities in Chadiza, Kaoma, Mwenda, Mwinilunga, and Sinda.
- Three new hatcheries are being established in Kasempa, Mushindamo, and Samfya aqua parks, increasing the total number of hatcheries to 84 in 2025. These hatcheries will increase fingerling production capacity, making them more readily available to fish farmers.

Energy Sector

Zambia is advancing its energy infrastructure with several initiatives:

- **Thermal Power Expansion:** The Maamba thermal power plant's capacity will be doubled to 600 megawatts by 2025.
- **Solar Energy Investments:** New solar power stations are being developed in Chisamba (100 MW), Choma (50 MW), Kasama (100 MW), and Kariba (100 MW) through collaborations between ZESCO and private investors.
- **Net-Metering Initiative:** A new policy to encourage consumers to generate their own electricity and supply excess to the national grid.
- **Energy Licensing Streamlining:** The introduction of the Energy Single Licensing System in June 2024 simplifies the licensing process for energy projects.
- **Electricity Tariff Reforms:** Plans to implement cost-reflective tariffs while ensuring affordability for households through a consumption limit framework.
- **Rural Electrification:** Ongoing expansion includes 131 grid development and 38 off-grid renewable projects already completed.

These steps are aimed at boosting energy production, encouraging renewable investments, and enhancing electricity access across Zambia.

Transport and Logistics

Zambia is actively enhancing its transportation infrastructure with several key projects:

- **Road Development:**
 - ◆ Completion of the 210-km Chinsali-Nakonde Road by end of 2024.
 - ◆ Ongoing rehabilitation of major roads including the 162-km Chinsali-Mpika and 238-km Serenje to Mpika roads, with several set for completion by 2026.
 - ◆ Urban road upgrades across multiple cities are in progress with more planned for 2025.
- **Railway Upgrades:**
 - ◆ A USD 458 million grant from the Millennium Challenge Corporation is facilitating the rehabilitation of key railway sections.
- ◆ Modernization of the TAZARA Railway, aiming to quintuple its capacity to 2.5 million tonnes.
- ◆ Revitalization efforts for the Zambia Railways System to improve efficiency and speed.
- **Public-Private Partnerships:**
 - ◆ Multiple PPP projects are underway, including the completed Chingola-Kasumbalesa Road and the advancing Lusaka-Ndola Dual Carriageway.
- **Feeder Roads:**
 - ◆ Over 4,800 km of feeder roads are being maintained or rehabilitated to enhance rural connectivity.

Tourism Sector

- The government plans to make the Victoria Falls Border a 24-hour operation to further boost tourism.
- The government will continue collaborating with neighbouring countries (Malawi, Mozambique, and Zimbabwe) to develop transfrontier conservation areas. These agreements will lead to infrastructure development for easier tourist movement across borders.
- The USD100 million project aimed at supporting tourism infrastructure development at Kasaba Bay, Liuwa National Park, and the source of the Zambezi River is under way.

Manufacturing

The Zambian budget prioritizes the expansion of multi-facility and special economic zones to boost investment and manufacturing:

- **Lusaka South Multi-Facility Economic Zone:** In 2024, this zone secured USD 110 million from 15 companies, bringing total investment to USD 1.6 billion and creating roughly 24,450 jobs across operational and under-construction companies.
- **Jiangxi Multi-Facility Economic Zone:** Attracted over USD 40 million for battery production and copper cable manufacturing, creating over 400 jobs.
- **Agricultural Development:** New economic zones for beef and crop production aim to transform Zambia into an exporter of these commodities.

- **Industrial Revitalization:** Zambia-China Mulungushi Textiles reopened after 17 years, planning a USD 170 million investment across four development phases, ultimately engaging small-scale farmers, and creating over 500 jobs.

with exports expected to exceed 91,000 metric tonnes in 2024. A new urea plant with a 300,000 metric tonne annual capacity is set to launch by early 2025, aiming for national self-sufficiency and creating around 2,000 jobs.

- **Fertilizer Industry:** Zambia has transitioned from a net importer to a net exporter of Compound-D fertilizer,

These initiatives highlight the government's strategy to diversify the economy, enhance manufacturing, and increase job opportunities.

Small and Medium Enterprises (SMEs)

- In 2024, over ZMW 485 million was disbursed through the Constituency Development Fund to support youth, women, persons with disabilities, and cooperatives.
- The budget allocated ZMW 386 million to the Zambia Credit Guarantee Scheme Limited in 2024 and this will be increased in 2025. The scheme will also support the Sustainable Agriculture Financing Facility program, which provides loans partially guaranteed by the government.
- To mitigate the impact of the drought on agriculture and energy sectors, the Bank of Zambia will launch a support facility to provide funds to financial institutions for lending to businesses and households in these sectors at concessional interest rates. The Bank of Zambia is also working with the private sector to establish a credit guarantee scheme to provide affordable credit to micro, small, and medium enterprises.

Information and Communication Technology

- To accelerate digital transformation, the Government is constructing 202 communication towers.
- The procurement of 525 Starlink kits, with installations planned for post offices, youth resource centers, constituency offices, agricultural camps, local authorities, and border facilities, will extend internet access and improve public service delivery.
- The Government is transforming post offices into Digital Transformation Centers, providing access to digital tools, internet services, and training programs. By the end of 2024, 75 post offices will be repurposed into such centers, with an additional 50 planned for 2025.

2. HUMAN AND SOCIAL DEVELOPMENT

Education and Skills Development

- The government underscores its commitment to providing free education, which has resulted in a significant increase in school enrolment since its implementation in 2022.
- The budget allocates funds for recruiting an additional 2,000 teachers in 2025 to further enhance the learning environment and improve education quality.
- To address the issue of classroom overcrowding and inadequate facilities, the government is investing heavily in education infrastructure.
- Recognizing the importance of adequate learning materials, the government has prioritized the procurement of school desks, with 812,598 desks purchased so far.
- The government prioritizes expanding TEVET infrastructure, particularly in rural areas, to make technical and vocational education more accessible.
- The government, in collaboration with Kagem Mining, has commenced the construction of a polytechnic in Lufwanyama.

Health

- The Budget supports the recruitment of 6,000 additional health workers over two years, aiming for a total of 20,276 new hires by 2025.
- Seven modern Level-1 Hospitals and 279 other health facilities have been constructed nationwide. The 800-bed King Salman bin Abdulaziz Specialised Hospital is expected to be fully operational by 2025.
- The government is enhancing maternal health services by constructing 123 maternity annexes, with plans for 30 more in 2025.
- Efforts to reduce medical evacuations include the expansion of specialized local treatment capabilities, such as heart surgeries at the National Heart Hospital and the construction of cancer treatment centers in Ndola, Lusaka, and soon in Livingstone.
- The expansion of the Smartcare Pro System will continue, aiming to include 1,400 existing and an additional 1,600 health facilities by 2026, enhancing data management and service delivery.

Water and Sanitation

- The Budget has allocated funds for constructing 12 new dams, rehabilitating 14, and maintaining 385 existing dams in 2025.
- In 2025, the Government plans to construct 947 new boreholes and rehabilitate an additional 500.
- The Budget sets a target of constructing 500 new piped water schemes in 2025.
- In response to the severe drought experienced, the 2025 Budget allocates funds for the construction of 1,835 new water points across the country.
- The Integrated Small Towns Water Supply and Sanitation Project, implemented in Luapula, Muchinga, and Northern provinces, has been completed; works in Western Province are nearing completion (78%) and are expected to be finalized in 2025.
- To mitigate waterborne diseases and improve sanitation, the budget sets a target of constructing an additional 100 waterborne sanitation facilities in 2025.

3. ENVIRONMENTAL SUSTAINABILITY

Government have taken the following measures to address the devastating effects of climate change events;

- The launch of the National Green Growth Strategy aimed at creating green jobs, enhancing resilience to shocks and creating business opportunities.
- Continue to expand, modernise, and maintain metrological equipment such as the automatic weather stations installed in all the 116 districts.
- Increase access to digitised weather-related information and climate data records.
- Scaled-up provision of meteorological information for use in the aviation, agriculture, water, and energy sectors as well as in disaster risk management.

4. GOOD GOVERNANCE ENVIRONMENT

Fiscal Policy

To address availability of resources to meet disasters due to the increasing frequency and severity of climate change-related events, the government outlines several key initiatives:

- Establish a stabilisation fund. The revenues derived from mineral royalty in excess of the projection will be channelled to the stabilisation fund.
- The Government is working with Development Finance Institutions to secure contingent financing to guarantee access to rapid funding in the event of a natural disaster.

Domestic Resource Mobilisation

The Zambian government has implemented key measures to boost domestic resource mobilization:

- **ZRA Restructuring:** Enhanced tax administration through data analytics, compliance risk management, and ongoing automation efforts.
- **Smart Invoice System:** A mandatory system for VAT taxpayers to enhance revenue collection and prevent leakages, with a compliance deadline of September 30.
- **Coordinated Border Management:** Efficiency improvements at border posts like Kazungula and Chirundu, with expansion plans and a new bilateral border post agreement with Namibia.
- **Enhanced Property Tax Collection:** Partnerships with local authorities to improve property tax systems, including system integrations and legal amendments.

These steps aim to increase the efficiency of tax and non-tax revenue collection, supporting more effective government program implementation.

Debt Management

The Zambian government’s successful debt restructuring has significantly improved its fiscal position:

- **Eurobonds** were restructured in June 2024, now trading internationally with servicing underway.
- **Creditor Agreements** include a foundational deal with France and near-final agreements with companies like

Paramount, Huawei, ICBC, and China Development Bank, totalling USD 1.5 billion.

- **Debt Service Reduction** has slashed 2025 payments from USD 8 billion to USD 599 million, liberating resources for development initiatives.

Decentralization Initiatives

The Zambian government is advancing local governance by further devolving functions and resources:

- **Devolution Expansion:** In 2025, functions related to livestock and fisheries, agriculture, community development, and social welfare services will be devolved to local authorities.
- **Enhancements to CDF:** The newly enacted Constituency Development Fund Act of 2024 streamlines approvals and broadens participation of marginalized groups, improving the effectiveness of local development initiatives.

- **ICT System Development:** A new ICT system, supported by partners, is being implemented to enhance the management and monitoring of the CDF.

These efforts are aimed at empowering local authorities for more efficient and inclusive governance, despite challenges with slow project implementation.

State-Owned Enterprise Management Initiatives

The budget introduces a two-pronged strategy for improving State-Owned Enterprises (SOEs) management:

- **Strengthened Oversight Framework:** New guidelines cover financial reporting, borrowing, capitalization, board appointments, and dividends.

- **Revised SOE Policy:** The government will update the SOE Policy to enhance regulatory oversight and reduce fiscal risks and costs.

Monetary Policy Initiatives

The Zambian budget introduces financial strategies focusing on:

- **Currency Regulations:** Strengthening the Kwacha's role as legal tender with upcoming specific guidelines.
- **Financial Stability:** Establishing a deposit protection fund and enhancing financial system surveillance through the Financial Stability Committee.
- **Financial Inclusion:** Aiming for 85% financial inclusion by 2028 with targeted

efforts for rural areas, women, and MSMEs, monitored via a FinScope Survey.

- **Digital Economy:** Advancing a cashless economy with updated payment system laws and extended RTGS system operations to support 24-hour digital transactions starting October 2024.

These initiatives are designed to improve financial regulation, inclusion, and digital transformation in Zambia.

Financial Sector

The Bank of Zambia is implementing key measures to strengthen financial stability and inclusion:

- A deposit protection fund will be established in 2025 to secure depositors against bank failures.
- The Financial Stability Committee, operational since April 2024, ensures coordinated financial stability policies.
- New regulations in 2025 will reinforce the Kwacha's use in domestic transactions.

- The National Financial Inclusion Strategy II (2024-2028) targets improved financial access for underserved groups.
- A 2025 FinScope Survey will evaluate financial inclusion progress.
- The operating hours of the Real-Time Gross Settlement (RTGS) system will be extended to evenings and Saturdays starting October 2024.
- An update to the National Payment Systems Act will modernize the legal framework for financial transactions.

Financial Inclusion

- The National Financial Inclusion Strategy II (2024-2028), launched in March 2024, aims to address challenges of low financial service utilization in rural areas and limited inclusion for women and micro, small, and medium enterprises (MSMEs). The goal is to achieve 85% financial inclusion by 2028, up from 69.4% in 2020.
- A FinScope Survey is planned to track progress of financial inclusion targets.
- Government to repeal and replace the National Payment Systems Act of 2007 to promote a cashless economy through digital financial platforms.
- The Bank of Zambia to pilot extended operating hours for the Real-Time Gross Settlement (RTGS) system, starting October 1, 2024, with a goal to support a 24-hour digital economy.

External Sector

- Government to maintain a flexible exchange rate regime in 2025.
- Government to continue to accumulate international reserves to provide stability to the Kwacha.
- Government to continue purchasing gold domestically with the aim to diversify the country's reserve assets.
- Government will actively foster diversification of Zambia's export base by promoting non-traditional exports, adding value to raw materials, and exploring new markets for Zambian products.
- The Export Proceeds Tracking Framework requires exporters to route all export earnings through bank accounts domiciled in Zambia, enhancing transparency and data capture.
- The Government to enhance the Export Proceeds Tracking Framework in 2025 to encompass services and imports.

Risk Management Initiatives

- The Government has developed a Fiscal Risk Statement to enhance fiscal transparency and budget credibility.
- A comprehensive Fiscal Risk Management Framework to be developed to guide monitoring and evaluating the effectiveness of risk management efforts.
- A financial buffer against shocks, to be financed by revenues generated from mineral royalties exceeding projections.

Monitoring and Evaluation

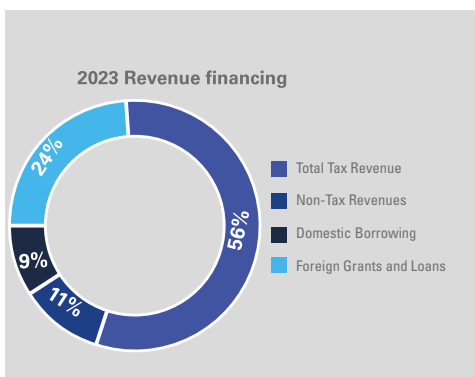
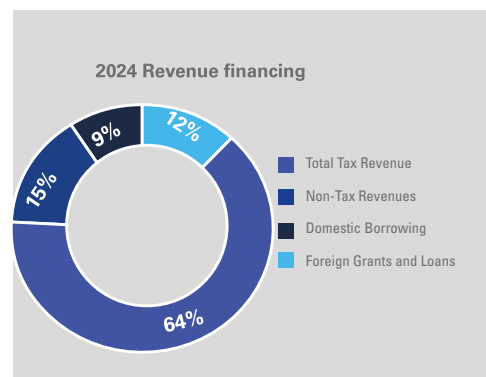
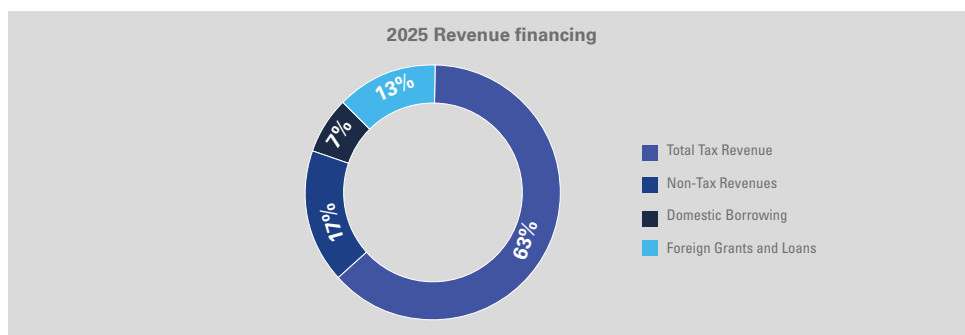
The government is advancing its monitoring and evaluation systems to better track annual budget outcomes:

- **Electronic Management Monitoring System:** This system enhances informed decision-making through real-time data and analysis, facilitates plan adjustments, tracks budget implementation and deliverables, assesses program effectiveness, and produces timely reports.
- **Enhanced Transparency and Accountability:** The system underscores the government's commitment to transparency and accountability in managing public resources, promoting a data-driven approach to improve budget tracking, program evaluation, and service delivery to citizens.

The 2025 Budget

The Government intends to spend ZMW 217.1 billion representing 26.6% of GDP which will be financed by:

- Domestic revenues amounting to ZMW 174.2 billion or 21.3% of GDP, and grants from Cooperating Partners amounting to ZMW 8.1 billion or 1% of GDP.
- Debt financing, both domestic and external, amounting to ZMW 34.7 billion or 4.3% of GDP.



Fact Sheet - Tax revenue targets as a percentage of GDP

2023	ZMW 93.6 billion	17.5%
2024	ZMW 114.6 billion	17.9%
2025	ZMW 137.4 billion	16.8%

Fact Sheet – No-Tax revenue targets as a percentage of GDP

2023	ZMW 18.1 billion	3.4%
2024	ZMW 26.5 billion	4.1%
2025	ZMW 36.8 billion	4.5%

Total Domestic Revenue, Grants and Financing				
Description	2025 ZMW'million	2024 ZMW'million	2023 ZMW'million	2022 ZMW'million
1 Total Tax Revenues	137 414	114 579	93 556	77 853
Income Taxes	65 810	61 322	50 427	42 276
Company Tax	22 950	25 680	21 196	16 394
Other Income Tax	15 875	11 927	9 912	8 623
PAYE	26 985	23 715	19 319	17 259
Value-Added Tax	48 341	36 362	29 209	22 904
Customs & Excise Duty	22 854	16 895	13 920	12 673
Customs Duty	10 558	8 481	6 880	6 355
Export Duty	408	121	110	134
Excise Duty	12 296	8 293	6 930	6 184
2 Other Revenues				344
3 Non-Tax Revenues	36 774	26 535	18 087	20 663
Mineral Royalty Tax	17 355	10 004	8 986	12 839
Fees & Fines / Exceptional	18 474	12 414	8 517	7 824
Other non-tax revenues	946	4 117	584	-
4 Domestic Borrowing	15 359	16 329	15 576	24 459
Total Domestic Revenue & Financing	189 547	157 442	127 219	123 319
Foreign Grants	8 169	3 435	1 705	-
Foreign Financing	19 389	17 014	38 397	49 669
Total Foreign Grants & Loans	27 558	20 449	40 102	49 669
Total Revenue & Financing	217 105	177 892	167 321	172 988

Expenditure by Function						
Function	2024 Budget		2024 Budget		2023 Budget	
	ZMW 'million	Percentage of Budget	ZMW 'million	Percentage of Budget	ZMW 'million	Percentage of Budget
General Public Services	73,815.23	34.00%	58,929.61	33.10%	66,172.29	39.55%
Defence	10,321.44	4.70%	9,922	5.60%	8,147.48	4.87%
Public Order and Safety	8,406.14	3.90%	6,755.88	3.80%	5,188.57	3.10%
Economic Affairs	48,713.51	22.40%	39,755.49	22.30%	35,013.40	20.93%
Environmental Protection	1,480.37	0.70%	1,450.77	0.80%	1,059.98	0.63%
Housing and Community Amenities	2,988.71	1.40%	2,651.21	1.50%	2,584.28	1.54%
Health	23,167.33	10.70%	20,906.44	11.80%	17,394.80	10.40%
Recreation, Culture and Religion	558.71	0.30%	493.43	0.30%	444.42	0.27%
Education	31,493.30	14.50%	27,354.81	15.40%	23,188.74	13.86%
Social Protection	16,160.64	7.40%	9,671.77	5.40%	8,127.76	4.86%
Grand Total	217,105.38	100%	177,891.87	100%	167,321.73	100.00%
					172,987.07	100.00%

General public services

- The Government has budgeted to spend ZMW 73.8 billion (2024: ZMW 58.9 billion) of the total budget towards general public services.
- From the allocation, ZMW 37.3 billion (2024: ZMW 32.9 billion) and ZMW 16.7 billion (2024: ZMW 6.0 billion) will be spent on domestic and external debt servicing respectively.
- ZMW 5.7 billion (2024: ZMW 6.9 billion) will be allocated to the dismantling of domestic debt arrears.
- Further, ZMW 1.4 billion (2024: ZMW 1.4 billion) will be allocated to the Local Government Equalization Fund.

Economic affairs

- The Government has proposed to spend ZMW 48.7 billion (2024: ZMW 39.8 billion) of the budget on the Economic Affairs Function.
- ZMW 11.9 billion (2024: ZMW 8.3 billion) will be for road infrastructure.
- ZMW 15.4 billion will be for the implementation of programmes under the agriculture, fisheries, and livestock sector. Of this amount, ZMW 9.3 billion (2024: ZMW 9.6 billion) has been allocated to Farmer Input Support.
- ZMW 2.4 billion (2024: ZMW 1.7 billion) has been allocated to the maintenance of strategic food reserves.
- The constituency development fund allocation has been increased to ZMW 5.6 billion (2024: ZMW 4.8 billion). Each constituency will get ZMW 36.1 million (2024: ZMW 30.6 million).
- ZMW 1.3 billion (2024: ZMW 769.5 million) has been allocated to the development of tourism infrastructure and tourism products.

- The Government has allocated ZMW 851.7 million (ZMW 386.0 million) to the Zambia Credit Guarantee Scheme.
- K700.7 million has been allocated to provincial aerodromes.

Education

- Government proposes to spend ZMW 31.5 billion (2024: ZMW 27.4 billion) on education. Of this, ZMW 2.3 billion is for continued free education.
- ZMW 2.6 billion has been allocated to education infrastructure.
- ZMW 80.3 million (2023: ZMW 356.1 million) is for the recruitment of 2 000 personnel.
- ZMW 534.4 million (2024: ZMW 1.2 billion) has been allocated to the Higher Education Loans and Scholarship Board to increase the number of students benefiting from the Loan Scheme.
- The Government has proposed to spend ZMW 150 million on implementing the new national education curriculum.

Health

- ZMW 23.2 billion (2024: ZMW 20.9 billion) has been allocated to health services; of which, ZMW 5.0 billion (2024: ZMW 5.0 billion) is for procurement of essential drugs and medical supplies.
- ZMW 1.9 billion (2024: ZMW 1.4 billion) has been allocated to various health infrastructure.
- ZMW 120 million has been allocated towards health care management.
- ZMW 156.9 million (2024: ZMW 344 million) has been budgeted for the recruitment of 2 000 health personnel.

Domestic Taxes

All proposed changes under Domestic Taxes for the fiscal year 2025 are effective 1st January 2025.

Pay As You Earn exempt threshold

The exempt threshold remains the same in 2025 at ZMW5 100 per month and ZMW61 200 per annum.

Marginal rate and tax bands adjustment

Both the marginal PAYE rate and tax bands will remain the same in 2025 as shown in the table below:

Monthly					
Current PAYE bands – 2024			Proposed PAYE bands – 2025		
From	To	Tax rate	From	To	Tax rate
0	5,100	0%	0	5,100	0%
5,101	7,100	20%	5,101	7,100	20%
7,101	9,200	30%	7,101	9,200	30%
Above	9,200	37%	Above	9,200	37%
Annual					
Current PAYE bands – 2024			Proposed PAYE bands – 2025		
From	To	Tax rate	From	To	Tax rate
0	61,200	0%	0	61,200	0%
61,201	85,200	20%	61,201	85,200	20%
85,201	110,400	30%	85,201	110,400	30%
Above	110,400	37%	Above	110,400	37%

Tax credit for differently abled persons

The monthly tax credit for differently abled persons will remain the same at ZMW600 per month in 2025.

Presumptive tax for individuals operating public service vehicles

The Presumptive tax for individuals operating public service vehicles will be increased by 20% in 2025 as tabulated below:

Vehicle Sitting Capacity	2024 Tax Per Annum (ZMW)	2025 Tax Per Annum (ZMW)
64 seater and above	12,960	15,552
50 - 63 seater	10,800	12,960
36 - 49 seater	8,640	10,368
22 - 35 seater	6,480	7,776
18 - 21 seater	4,320	5,184
12 - 17 seater	2,160	2,592
Below 12 seater	1,080	1,296

Corporate income tax (non-mining)

The various year-on-year non-mining and proposed 2025 tax rates are indicated in the table below:

Category	Charge year		
	2025	2024	2023
Manufacturing and other	30%	30%	30%
Manufacturing - value added to copper cathodes	15%	15%	15%
Manufacturing of organic fertilisers	15%	15%	15%
Manufacture of chemical fertilisers	15%	15%	15%
Manufacturing of ceramic products	30%	30%	0%
Tourism (hotels and lodges)	15%	15%	15%
Farming	10%	10%	10%
Agro processing	10%	10%	10%
Companies listed on the Lusaka Stock Exchange (less 2% in first year of listing on LuSE/ less 5% for as long as one-third of shares are owned by indigenous Zambians)	30%	30%	30%
Public benefit organisations business income	15%	15%	15%
Non-traditional exports including export of value added on copper cathodes	20% *	15%	15%
Non-traditional export from farming or agro - processing	10%	10%	10%
Commercial imports (advance income tax)	15%	15%	15%
Insurance premium levy	5%	5%	5%
Skills development levy	0.50%	0.50%	0.50%
National Health Insurance at 1% of the basic pay paid by the employer & employee each	1%	1%	1%
Tourism levy	1.50%	1.50%	1.50%
Telecommunications companies	35%	35%	35%
Advance Income Tax on remittances and exports exceeding US\$2,000 or its equivalent	15% *	0%	0%

*2025 Proposed Budget Changes

Corporate income tax (non-mining)

The various year-on-year non-mining and proposed 2025 tax rates are indicated in the table below:

Category	Charge year		
	2025	2024	2023
Rental Income Tax			
ZMW 0 to ZMW12 000	0%	0%	0%
ZMW 12,001 to ZMW800 000	4%	4%	4%
Excess ZMW800 000	12.5%	12.5%	12.5%
Carry forward of tax losses			
Electricity generation by Hydro, thermal power, wind and solar	10 years	10 years	10 years
Electricity generation using other sources except wood	5 years	5 years	5 years
All other non-mining companies	5 years	5 years	5 years
Capital allowances deductions			
Investment/initial allowance on new industrial buildings	10%	10%	10%
Industrial building allowance	5%	5%	5%
Development allowance	10%	10%	10%
Local content allowance	2%	2%	2%
Plant & machinery used in manufacturing & tourism	50%	50%	50%
Implements, machinery & plant used in the generation of electricity	50%	50%	50%
Plant, equipment and machinery used in farming and agro - processing	100%	100%	100%
Commercial buildings	2%	2%	2%
Commercial motor vehicles & other plant and machinery	25%	25%	25%
Non-commercial motor vehicles	20%	20%	20%
Farm works/improvements & improvement allowance under Multi Facility Economic Zones only	100%	100%	100%

Corporate income tax (mining)

The table below shows the various year-on-year tax rates and the proposed 2025 changes.

Category	Charge year		
	2025	2024	2023
Mining – Base Metals /Gemstones /Precious Metals	30%	30%	30%
Artisanal and small-scale mining	Turnover Tax	Turnover Tax	Turnover Tax
Gemstone Industry (Lapidary and Jewellery facilities)	25%	25%	25%
Mineral processing	30%	30%	30%
Capital allowances deductions			
Mining equipment & related capital expenditure (claim when asset is brought into use)	20%	20%	20%
Commercial motor vehicles & other plant and machinery	25%	25%	25%
Non-commercial motor vehicles	20%	20%	20%
Use annual average Bank of Zambia (BOZ) mid-rate for computing indexed losses and capital allowances for the accounting period.			
Carry forward of tax losses			
Mining operations	10 years	10 years	10 years
Prospecting & exploration	5 Years	5 Years	5 years
Import duty on certain mining equipment	Rebate	Rebate	Rebate
VAT deferment scheme (annual application)	Yes	Yes	Yes
Other rates			
Withholding tax on dividends	0%	0%	0%

Corporate income tax (mining)

Mineral Royalty Tax Rates		
Category	2025	2024
Mineral royalty tax scales on base metals		
Less than \$4,000 per tonne	4.00%	4.00%
\$4,000 per tonne or more but less than \$5,000 per tonne	6.50%	6.50%
\$5,000 per tonne or more but less than \$7,000 per tonne	8.50%	8.50%
\$7,000 per tonne or more	10.00%	10.00%
Mineral royalty on precious metals	6.00%	6.00%
Mineral royalty on gemstones	6.00%	6.00%
Mineral royalty on cobalt and vanadium	8.00%	8.00%
Mineral Royalty to apply on incremental value for each price range		

Corporate income tax (mining)

Category	Charge year		
	2025	2024	2023
Export duty on Copper and Cobalt concentrates	10%	10%	10%
Import duty on copper and cobalt concentrates	0%	0%	0%
Export duty on precious metals and gemstones*	15%	15%	15%
Export duty on manganese ores and concentrates	15%	15%	15%
Interest deductibility	EBITDA	EBITDA	EBITDA
Taxation of hedging income	30%	30%	30%
Property transfer tax on sale or transfer of land or shares and intellectual property (includes Copyright, Industrial Design, Patent and Trade Mark) *	5%	5%	5%
Property transfer tax on sale or transfer of mining rights/ interest in mining rights and mineral processing licence	10%	10%	10%
Property transfer tax on sale or transfer of mining rights held by Exploration Companies	5%	5%	10%

*2025 Proposed Budget Changes

*Export duty on precious metals and gemstones is suspended

Filing of tax returns: Tax Calendar

2025 Charge year	Due Date
Corporate tax	
Submission of provisional income tax return (electronic)	31-Mar-25
Submission of provisional income tax return (manual)	05-Mar-25
Payment of first quarter provisional income tax instalment	10-Apr-25
Payment of second quarter provisional income tax instalment	10-Jul-25
Payment of third quarter provisional income tax instalment	10-Oct-25
Payment of fourth quarter provisional income tax instalment	10-Jan-26
Submission of annual income tax return for 2024 and payment of balance of tax (electronic)	21-Jun-25
Submission of annual income tax return for 2024 (manual)	05-Jun-25
2024 Charge year	Due Date
Corporate tax	
Submission of provisional income tax return (electronic)	31-Mar-24
Submission of provisional income tax return (manual)	05-Mar-24
Payment of first quarter provisional income tax instalment	10-Apr-24
Payment of second quarter provisional income tax instalment	10-Jul-24
Payment of third quarter provisional income tax instalment	10-Oct-24
Payment of fourth quarter provisional income tax instalment	10-Jan-25
Submission of annual income tax return for 2023 and payment of balance of tax (electronic)	21-Jun-24
Submission of annual income tax return for 2023 (manual)	05-Jun-24
Others	
PAYE monthly return and payment	10 th of the following month
Mineral Royalty return and payment	14 th of the following month
Property transfer tax	14 days from assessment
Tourism Levy	14 th of the following month
Withholding tax payments and certificate	14 th of the following month
Turnover tax return and payment	14 th of the following month
Presumptive tax return and payment	14 th of the following month
Local excise duty return & payment	15 th of the following month
WHT VAT return and payment	16 th of the following month
VAT return and payment	18 th of the following month
VAT (Cross Border Electronic Services) return and payment	25 th of the following month
Premium levy return and payment	18 th of the following month
Transfer Pricing Local and Master file compliance for 2024 charge year	21-Jun-25

Other Domestic taxes

The various year-on-year withholding tax and other taxes are provided in the table below:

Category	Year		
	2025	2024	2023
Withholding tax and other rates			
Non-mining dividend pay-outs - non-resident	20%	20%	20%
Non-mining dividend pay-outs – resident	15%	15%	15%
Profits distribution by a branch of foreign companies	15%	15%	15%
Management and consultancy fees to residents	15%	15%	15%
Management and consultancy fees to non-residents	20%	20%	20%
Royalties to non-residents	20%	20%	20%
Interest for individuals on savings and deposit accounts	0%	0%	0%
Interest for individuals on savings groups such as co-operative and village banking	0%	0%	15%
Interest on Treasury Bills for Individuals (Final tax)	15%	15%	15%
Interest on Treasury Bills (Final tax for Public Benefit Organisations)	15%	15%	15%
Interest on Green Bonds Listed on Securities Exchange in Zambia	0%	0%	15%
Interest on Government Bonds (Coupon Income)	15%	15%	15%
Interest payable to non-residents	20%	20%	20%
Commissions to non-residents	20%	20%	20%
Public Entertainment fees to Non- Residents (Final tax)	20%	20%	20%
Non-Resident Contractors	20%	20%	20%
Reinsurance payable to non-residents	0%	0%	20%
Property transfer tax on intellectual property	5%	5%	5%
Property transfer tax (Indirect control/ ownership change in a foreign country with an interest in a Zambian company)	5%	5%	5%

Other Domestic taxes

Category	Year		
	2025	2024	2023
Casino machine games	35%	35%	35%
Lottery winnings	35%	35%	35%
Betting	15%	15%	25%
Gaming - per machine per month	ZMW 500	ZMW 500	ZMW 500
The Zambia Revenue Authority is the interim regulator for the gaming industry. Tickets to display the Withholding Tax payable on potential wins.			
Turnover tax			
ZMW 0 to ZMW12 000	0%	0%	0%
ZMW 12,001 to ZMW800 000	4%	4%	4%
Turnover tax under declaration penalties			
Penalty for negligence	1.50%	1.50%	1.50%
Penalty for late return	ZMW 150	ZMW 150	ZMW 150
Penalty for wilful default	3%	3%	3%
Penalty for fraud	4.50%	4.50%	4.50%
Carbon tax for transiting Vehicles			
Motor cycles	ZMW140 or USD Eqv*		
Engine size less than 1 500cc	ZMW 140 or USD Eqv*		
Engine size between 1 500cc and 2 000cc	ZMW 280 or USD Eqv*		
Engine size between 2 000cc and 3 000cc	ZMW 400 or USD Eqv*		
Engine size over 3 000cc	ZMW 550 or USD Eqv*		

Tax Penalties

Description	Company	Individual	Interest
Corporate Tax and Mineral Royalty			
Late settlement	5%/month or part thereof	5%/month or part thereof	2% above Bank of Zambia discount rate
Underestimation of tax paid by more than one third of the final tax	25%	25%	Nil
Late lodging of return	ZMW800 per month or part thereof	ZMW400 per month or part thereof	Nil
Withholding Tax, PAYE, Individual tax			
Late settlement	5%/month or part thereof	5%/month or part thereof	2% above Bank of Zambia discount rate
Late lodging of return	ZMW 800 per month	ZMW 400 per month	Nil
Rental Tax	250 penalty units per month	250 penalty units per month	2% above Bank of Zambia discount rate
Late lodging of return	ZMW 800 per month	ZMW 400 per month	Nil
Value Added Tax			
Late settlement	0.5% of tax due per day	0.5% of tax due per day	2% above Bank of Zambia discount rate
Late lodging of return	Higher of ZMW240 and 0.5% of tax due per day	Higher of ZMW240 and 0.5% of tax due per day	Nil
Category	Years		
	2025	2024	2023
Transfer Pricing			
Non-compliance	ZMW 32 000 000	ZMW 32 000 000	ZMW 24 000 000
Skills Development Levy			
Negligence	0%	0%	0%
Wilful default	1%	1%	1%
Fraud	1%	1%	1%

Direct Taxes

The following direct tax changes have been proposed for the 2025 fiscal year.

- **Introduction of 15% Advance Income Tax on remittances and exports exceeding US\$2,000 or its equivalent** – A 15% Advance Income Tax will be levied on transactions made without a valid Tax Clearance Certificate and imposed on exporters who do not comply with regulations.
- **Increase Corporate Income Tax rate from 15% to 20% on non-traditional products and value-added copper cathode** – The corporate income tax rate on profits from exporting non-traditional products and value-added copper cathodes will increase from 15% to 20%.
- **Increase of Presumptive tax by 20%** – The presumptive tax rates for motor vehicle operators transporting passengers will increase by 20%.
- **Corporate income tax deduction of the Skills Development Levy not paid** – To permit the deduction of Skills Development Levy for corporate income tax purposes not paid. This will align with the accrual principle for taxable income.
- **Withholding tax exemption on royalties** – To introduce withholding tax exemption certificates on royalties for taxpayers.
- **Increase the list of transactions required for mandatory Taxpayer Identification Number** – This will broaden the list of transactions where a TPIN is required to include the following:

S/NO	Institution	Type of Transaction
1	Water utility companies	Account opening and holding
2	Mobile money operators	Account opening and holding
3	Mobile network operators and internet service providers	Account opening and holding
4	Airline operators and agents	Ticketing where buyer is of majority age and a Zambia resident
5	National Health Insurance Management Authority	Account opening and holding
6	National Pension Scheme Authority	Account opening and holding
7	Professional bodies	Membership registration, subscription and renewal
8	Local Authorities	Registration of title deed

- **Introduction of a due date for appointed withholding agents under the Income Tax Act to remit taxes withheld** – Appointed agents must remit withheld taxes to ZRA at least 2 days before the income or category of tax is due or payable.
- **Introduction of a penalty for a withholding agent for not remitting withheld taxes before the due date** – To impose penalties for late payment of withheld taxes by the due date on the appointed agents.
- **Mandatory requirement of a General Tax Clearance Certificate (TCC) for the following transactions:**
 - a. Transferring of a property – A general TCC is required from both the buyer and seller of the property under Property Transfer Tax (PTT);

- b. Obtaining any license issued by a government ministry or any agency; and
 - c. Securing finance from registered institutions under the Banking and Financial Services Act.
- **Incentives for Special Purpose Vehicle (SPV) in Public Private Partnership (PPP) Projects start when profits are first declared followed by four (4) consecutive years** – In order to clarify that the relief period starts from the year of the first profit declaration.
 - **Introduction of penalty waivers charged on the under-estimation of provisional income tax** – The Commissioner General to waive the provisional income tax under-estimation penalties if satisfied with the reasons for the underpayment.
 - **Amendment of the Property Transfer Tax Act on the definition of intellectual property** – To include the definition of various elements on intellectual property such as copyright, industrial design, patent and trademark in the Property Transfer Tax Act that constitute intellectual property in accordance with relevant Zambian legislation.
 - **Expand the property transfer tax base to include regulated lenders outside the Banking and Financial Services Act for accurate foreclosure property valuations on actual sale price rather than the open market price** – To align treatment of regulated persons that provide funding or other means of financing, which is secured by land and buildings.



Value Added Tax

The following changes in Value Added Tax ("VAT") have been proposed for the 2025 fiscal year:

- **Restrict input VAT deduction to invoices issued under electronic invoicing system (Smart invoice)** – Limitation of input VAT deductions or credits to transactions generated from Smart invoices, with specific exceptions. Note that tax invoices not generated on smart invoice system will be invalid for VAT purposes.
- **Exemption of a taxable supplier from using smart invoice system** – The Commissioner General will have the authority to exempt taxable suppliers from using the smart invoice system if deemed unsuitable for integration.
- **Empower the Commissioner General Authority to waive penalties** – The Commissioner General will waive penalties where the current VAT legislation has not provided for such authority.
- **Deletion of the definition of life policy under Order two (2) of the VAT exemption order** – This is intended to align with the referenced exemption categories, as insurance products are taxed under the Insurance Premium Levy Act.
- **Deletion of the word thousand under Regulation 3(1)(b) of the VAT regulations** – This is aimed to adjust the value of goods that are not considered a supply, as this aspect was not updated after the Kwacha's rebasing.
- **Amendment of Regulation 15 of the VAT** – The amendment seeks to replace "million" with "thousand" to correctly reflect the revised rebased figures.
- **Introduction of Section 18(3) in the VAT Act** – The introduction of this section allows taxpayers to use prescribed invoicing system to issue an invoice for the purpose of VAT input credit or deductions.
- **Deletion of Section 19(2) of the Value Added Tax General Regulations relating to the penalty applicable for not using**

cash registers by registered taxpayers.

– To remove the provision that allows for the use of cash registers and align to the legislation with the current requirement for electronic or Commissioner-General approved recording methods (smart invoice system).

- **Clarification under Regulation 5(3) of the VAT (Electronic Invoicing System) Regulations that 72 hours starts to count for registered taxpayers relating to the upload of transactions which were manually uploaded** – To clarify that all transactions that are recorded manually should be uploaded to the Smart Invoice within 72 hours after the system is restored, as the downtime may exceed 72 hours.
- **Provision of clarity under Regulations 6 and 5 of the VAT (Electronic Invoicing System) Regulations on validity of manual recorded invoices** – To align the validity period of manual invoices to the guidelines in Regulation 5, which allows for manual invoicing when the electronic invoicing system is unavailable.
- **Amendment of regulation 10 to include a clause requiring taxpayers discontinuing the use of approved invoicing system to notify the Commissioner General** – To provide for any other legitimate reason, besides cessation of business, that might lead a taxpayer to discontinue the use of an approved invoicing system. To do this, a taxable supplier must submit a written request to the Commissioner General within 30 days of ceasing business to deactivate the approved invoicing system.
- **Amendment of Regulation 11 of the VAT (Electronic Invoicing System) Regulations** – To clarify that an approved invoicing system registered on Smart Invoice for a specific taxable supplier cannot be transferred to a third party.

INSURANCE PREMIUM LEVY

- **Amendment of the Insurance Premium Levy Act** – Substitute "electronic fiscal device" with "Electronic Invoicing System" in Insurance Premium Levy Act to align with Smart Invoice. Note that the amendment requires insurance premium levy to be invoiced and integrated using the electronic invoicing system (smart invoice).



Customs and Excise

All proposed changes under customs and excise are effective 1st January 2025.

COMPESMENTING MEASURES

- **Tobacco and tobacco products, fuel and used motor vehicles** – Introduction of an automatic annual adjustment indexation for excise duties linked to the previous year average inflation rate capped at 20%.
- **Betting amount** – Introduce 10% excise duty on the betting amounts.
- **Non-Alcoholic Beverages** – Increase the excise duty on non-alcoholic beverages from 60 ngwee per litre to ZMW1 per litre.
- **Imported printed paper products** – Introduce 5% Selected Goods Surtax on imported printed paper products and packaging materials of HS Code 4819.20.00.
- **Selected Goods Surtax** – Introduction and revise upwards Selected Goods Surtax on imported garden hose pipes of the following dimensions:

S/N	HS code	Description	Current SGS Rate (%)	Proposed SGS Rate (%)
1	3917.21.20	Garden hose of an internal diameter not exceeding 30.00mm	0	20
2	3917.21.90	Other	0	20
3	3917.22.20	Rigid of an internal diameter not exceeding 203.00mm	0	20
4	3917.22.90	Other	0	20
5	3917.23.20	Rigid of an internal diameter not exceeding 30.00mm	5	20
6	3917.23.90	Other	0	20

HOUSEKEEPING MEASURES

- **Increase the penalty fee for failure to lodge a declaration for goods prior to the importation** – The penalty fee has been increased from 1,667 fee units (ZMW 664.40) to 10,000 units (ZMW4,000).
- **Pre-clearance of goods** – Section 32 B1 (d) of the Principal Act to be amended for preclearance of goods to be done any time prior to arrival of goods in Zambia.
- **Business transaction authorization** – Section 184 of the Principal Act to be amended to provide for the Commissioner General to make rules relating to the conditions applicable to a person authorized to transact business on behalf of another pursuant.
- **Appeal to be made on seized goods** – Section 162 of the Principal Act to be amended to provide for an appeal to be made on seized goods, additional methods of serving a seizure notice, and period for which a determination on the seizure can be made by the commissioner General.
- **Clearance of motor vehicles** – To provide circumstances under which a motor vehicle temporarily imported and declared on an Integrated Border Declaration Form (IBDF), or a Customs Import Permit (CIP) form may be finally cleared for home consumption.
- **Suspension of user accounts** – Section 171A of the Principal Act to be amended to empower the Commissioner General to suspend user accounts for Customs clearing agents and their principals, with outstanding obligations.
- **Alignment of payment days after an assessment form** – Section 32B subsection (2) of the Principal Act to be amended to align the number of days for payment after an assessment from five to three days.

- **Alignment of payment days for duty paid after issuance of a notice assessment** – Section 139 (D)(6) with Section 32B (2) of the Principal Act to be amended to align the number of days for payment of duty within three days.
- **Alignment of payment days for duty paid** – Regulation 14(2) of the Principal Regulations to be amended to align the number of days for payment of duty within three days after issuance of a notice assessment in line with Section 32B (2) of the Principal Act.
- **Alignment of payment days for duty paid** – Regulation 19 of the Principal Regulations to be amended to align the number of days for payment of duty to within three days after issuance of a notice assessment with Section 32B (2) of the Principal Act.
- **Alignment of payment days for duty paid** – Regulation 52 of the Principal Regulations to be amended to align the number of days for payment of duty to within three days after issuance of a notice assessment with Section 32B (2) of the Principal Act.
- **Duplications and cancellations of Bills of Entry** – Increase fee units for duplication and cancellations of Bills of Entry from 5,000(ZMW2,000) to 10,000 (ZMW4,000) in the First Schedule to the Principal Regulations.
- **Entry of warehouse Goods** – Section 62 of the Principal Act to be amended to reduce the number of days from fifteen days to ten days within which warehoused goods can be entered for consumption, re-warehousing, or export after the expiry of the one year.
- **Tribunal** – Section 2 of the Customs and Excise Act to align the definition of Tribunal with that appearing in the Tax Appeals Tribunal Act 2015.
- **Tax Appeals Tribunal** – Section 99 of the Customs and Excise Act to recast the term 'Revenue Appeals Tribunal' to 'Tax Appeals Tribunal'.
- **Appeal period** – Section 86 (4) to be aligned for the period within which a person can appeal to the Tax Appeals Tribunal on valuation assessments to that provided for in clause 5 of the Tax Appeals Tribunal Rules (within 30 days).
- **Working Hours** – Extend the working hours at Victoria Falls to twenty-four hours, to facilitate commerce.
- **Designation of Zombe and Mpika** – Designate Zombe as a Customs House, and Mpika as a port of entry for goods imported by pipeline and as a warehousing port.
- **Trade Regime** – A simplified trade regime with a value threshold of exported goods aligned to that of imported goods (US2,000) to be introduced for which an entry can be dispensed with as the Commissioner General may prescribe.
- **Entry of goods for export** – Payment of thirty fee units (ZMW12) for entry of goods for export under a simplified trade regime to be introduced.
- **Extension of days for goods in-bond carriage by rail** – A period of fifteen days to be provided for which goods entered for in-bond carriage by rail to a customs area or another customs office inland, shall be entered for consumption or warehousing.
- **Penalty for offenses committed** – Section 155 of the Customs and Excise Act to be amended to provide for a general penalty for offenses committed by licensed manufacturer of excisable goods.
- **Subdividing the following subheadings in accordance with the recommendations from the Custom Co-operation Council** – 2903.89.00, 2909.30.10, 2815.90.00, 2930.90.10 and 23930.90.20.
- **Harmonized System (HS)** – To provide for Separate harmonized system codes for soya bean cake and soya husks.
- **Electrical energy** – Inclusion of electrical energy (not more than 100KW) as one of the goods that can be produced for personal and domestic use without a license and without payment of duty.

Other Information

THE INVESTMENT, TRADE AND BUSINESS DEVELOPMENT ACT, 2022

The Investment, Trade and Business Development Act, 2022 (ITBDA) empowers the ZDA to enter into an investment protection and promotion agreement on behalf of Government with an investor. The provisions of the repealed Zambia Development Act, No. 11 of 2006 relating to trade, investments and incentives are now covered under the ITBDA.

Eligibility Criteria

An investor will be eligible for incentives under the ITBDA if they invest in a:

- a) special economic zone; or
- b) business operating in a priority sector or rural area.

The table below provides thresholds for investors in order to qualify for an incentive under the ITBDA.

Investor type	Shareholding Structure	Investment Threshold
Local Investor	100% Zambian shareholding	US\$50,000
Citizen Owned Company	50.1% or greater Zambian shareholding	US\$ 100,000
Citizen Empowerment Company	25%-50% Zambian shareholding	US\$150,000
Citizen Influenced Company	5%-25% Zambian shareholding	US\$500,000
Foreign Investor	100% Foreign shareholding	US\$1,000,000

Priority sectors for investment incentives

● **Manufacturing** - The tax incentives apply only if an investor is in a Multi Facility Economic Zone (MFEZ), a rural area or Industrial Park according to the Income Tax Amendment Act No. 16 of 2017.

● **Construction and establishment of infrastructure excluding renovation, expansion and refurbishment particularly:**

- i) Education: Construction of education and skills training institutions
- ii) Health: Construction of health centres as defined under the Health Professions Act of 2009.
- iii) Housing: Development of fifty (50) or more houses erected or maintained under one management or control on land developed specifically for the citing of such houses in accordance with a comprehensive plan which provides for the laying out of roads and the furnishing and availability of services essential or ancillary to the use of such building as houses.
- iv) Agriculture: construction of crop and grain storage facilities and any form of agro processing.

● **Tourism**

- (i) Construction and establishment of hotels.
- (ii) Construction and establishment of convention centres.
- (iii) Construction and establishment of exhibition centres.
- (iv) Construction and establishment of museums.
- (v) Construction and establishment of Theme parks.
- (vi) Construction and establishment of art galleries.
- (vii) Construction and establishment of theatres.
- (viii) Construction and establishment of a large retail complex containing a variety of ten or more stores, restaurants or other business establishments housed in a series of connected or adjacent buildings or in a single large building.

● **Energy and Water Development**

a) **Energy:** building, installation of power stations

b) **Fuel:**

- i) Building and installation of processing and refinery plants for bio-fuel
- ii) Construction of petroleum refineries
- iii) Construction of pipelines
- iv) Construction of rural filling stations

c) **Water Supply**

- i) Construction of Depots
- ii) Construction of Dams
- iii) Construction of irrigation canals; and
- iv) Construction of water and sewerage treatment plants

Available tax incentives

The TIBDA offers the following incentives for companies investing in any of the priority sectors:

- 0% import duty rate on capital equipment and machinery for five years
- Accelerated depreciation on capital equipment and machinery

MFEZ Incentives

Investors in the Manufacturing sector that are export oriented are eligible for additional tax incentives if located in a Multi Facility Economic Zone (MFEZ) or Industrial Park:

- 0% tax for a period of 10 years from the first year of commencement of works in a Multi Facility Economic Zone or Industrial Park;
- 0% tax on dividends declared on profits made on exports from first year of commencement of works, for companies in a Multi Facility Economic Zone or Industrial Park, for a period of 10 years;
- 0% tax on profits made on exports from first year of commencement of works, for companies in a Multi Facility Economic Zone or Industrial Park, for a period of 10 years;
- For years 11 to 13 only 50% of profits to be taxed and; and

- For years 14 and 15, only 75% of profits to be taxed.

In addition to the existing incentives, the Government intends to introduce the following measures by the end of the first quarter of 2024 to help strengthen the MFEZ:

- an enterprise operating in an MFEZ will automatically be granted a quota for expatriate employees, whose ratio will be based on the total number of jobs created. Security clearance on proposed individual expatriates will continue to apply.
- Specific to companies operating in the MFEZ, the Employment Code will be reviewed with the aim to drastically reduce the burden imposed on employers. A pay policy to workers based on agreed principles of more pay for higher productivity will be considered.

Other Tax Holidays

To revitalise the cotton industry value chain, the following tax holidays have been introduced:

- 5-year tax holiday on profit for local producers of cotton seed;
- 5-year tax holiday on profit from ginning of cotton; and
- 10-year tax holiday on profit made from spinning of cotton and weaving of thread.

Non-Fiscal Incentives

Foreign investors and local investors who invest in any sector or product under the TIBDA will be entitled to the following non-fiscal incentives:

- Investment guarantees and protection against state nationalisation;
- Free facilitation for application of immigration permits, secondary licenses and land acquisition;
- Facilitation of business and partnership linkages; and
- Investment advisory on Zambia's Investment Climate, regulatory regime and investment opportunities.

New Introduced Measures

- **Occupational safety and health –** Introduction of a ZMW 1,500 fee for occupational safety and health training. New fees to be introduced for mine safety, examinations, and increased geological survey fees.
- **Artist Promoter Licences –** Substantial fee increases for foreign artists, with different rates for SADC and non-SADC artists, and new categories for art promoter licenses as provided in the table below:

Category	Proposed Licence Fees(ZMW)
Foreign Artists (SADC)	5,000
Foreign Artists (Non-SADC)	15,000
International Artist Promoters	20,000
Local Artist Promoters	5,000
Venue and Exhibition Promoters	1,500

Licensing fees for various agricultural seeds and sales - Implementation of licensing fees for various agricultural seeds and sales, including cereals, legumes, and others, with

specific rates per category.

	Category	Proposed Unit Cost
1	Crop variety licensing (Royalties)	- 3% of net sales of certified seed for crop hybrids - 2.5% of net sales of certified seed for open-pollinated varieties
2	Basic and certified seed sales	- Cereals - ZMW 35 per kg - Legumes - ZMW 45 per kg - Cassava cuttings - ZMW 110 per bundle - Sweet potato - ZMW 35 per bundle
3	Parental lines sales	- ZMW 150 per kg

- **Resident permit fee –** Introduction of a ZMW 2,500 fee for resident permit holders staying outside Zambia for over six months.

Patents and Companies Registration Agency

PACRA introduced new fees for company registration, annual return mortgages and alteration in share capital in accordance with statutory instruments No. 107 of 2022 and No. 25 of 2024. Some of the new fees are listed below:

Note: In accordance with Statutory Instrument No. 107 of 2022 paragraph A (1), the Registration fee for increase in capital, shall be 1.5% of the nominal capital, except that the total registration fee for increase in capital shall not exceed ZMW 3,333,333.33.

Registration of a company		
1	Private Company -Minimum Nominal Capital	ZMW 20,000.00
2	Public Company - Minimum Capital	ZMW 2,000,000.00
3	Bureau de Change - Minimum Capital	ZMW 100,000.00
4	Financial Institution - Minimum Capital	ZMW 1,000,000.00
5	Bank - Local -Nominal Capital	ZMW 138,666,666.67
6	Bank - Foreign - Nominal Capital	ZMW 693,333,000.13
7	Insurance Broker - Minimum Capital (LCO & BN (to convert) already registered must increase capital)	ZMW 133,333.60
8	Insurance Company - Minimum Capital (LCO already registered must increase capital)	ZMW 2, 000,000.00
9	Re-insurance Company - Minimum Capital (New)	ZMW 10, 000,000.00
Annual Returns for Companies		
10	Private Company	ZMW 266.67
11	Public Company	ZMW 1,333.33
12	Bank - Private - Public	ZMW 2,226.67 ZMW 3,333.33
13	Insurance Company - Private - Public	ZMW 2,226.67 ZMW 3,333.33
Alteration in Capital for Companies		
14	The registration fee for increase in share capital is 1.5% of the nominal capital	

Immigration fees have been amended as provided in the table below:

Permit and Visa Fees		
Type	Application cost	Renewal cost
Single entry visa	USD 25	USD 25
Double entry visa	USD 40	USD 40
Multiple entry visa	USD 75	USD 75
KAZA UNIVISA	USD 50	USD 50
Day tripper visa	USD 10	USD 10
Temporary employment permit	ZMW 18 000	ZMW 21 000
Employment permit	ZMW 24 000	ZMW 28 000
Temporary permit	ZMW 24 000	ZMW 21 750
Investors permit	ZMW 16 000	ZMW 20 000
Residence permit	ZMW 20 000	-
Spousal permit	ZMW 3 000	ZMW 6 000
Study Permit	ZMW 9 000	ZMW 12 000
Visiting Permit	ZMW 6 667	ZMW 10 000
Transit Permit	ZMW12 000	ZMW15 000

Tax registration requirements	
1	Certificate of incorporation of the company
2	Certificate of share capital of the company
3	Articles of association of the company
4	A map (sketch) of your business location
5	Tenancy agreement for the business premises
6	A printout of your bank account in Zambia showing the funds currently available in the account
7	A business plan and projected cash flow for a period of one year

Double taxation treaties

The rate of withholding tax deductible on payments may be reduced where there is a tax treaty in place between Zambia and the recipient country. We provide below a table of existing double taxation treaties that Zambia has signed with other countries.

Country	Dividends	Interest	Royalties	Management and Technical fees
Botswana	5%*/7%	10%	10%	10%
Canada	15%	15%	15%	0%***
China	5%	10%	5%	0%****
Denmark	15%	10%	15%	0%
Finland	5%/15%**	15%	5%/15%	0%
France	20%*****	20%*****	0%	0%
Germany	5%/15%**	10%	10%	0%
India	5%/15%**	10%	10%	10%***
Ireland	7.5%	10%	10%	0%
Italy	5%/15%**	10%	10%	0%
Japan	0%	10%	10%	0%
Kenya	20%*	20%*	20%*	20%*
Morocco	10%	10%	10%	10%
Netherlands	5%/15%**	10%	7.5%	0%
Norway	5%/15%	10%	10%	0%
Seychelles	5%/10%	5%	10%	0%
South Africa	20%*	20%*	20%*	20%*
Sweden	5%/15%**	10%	10%	0%
Switzerland	5%/15%**	10%	5%	0%
Tanzania	20%*	20%*	20%*	0%*
Uganda	20%*	20%*	20%*	0%*
United Arab Emirates (UAE)	5%	5%	5%	5%
United Kingdom	5%/15%**	10%	5%	0%
Non-Treaty Countries	20%	20%	20%	20%

* Rate applies if income is subject to tax in the country of the recipient.

**The 5% rate applies if the recipient is a company which controls directly or indirectly at least 25% of the voting power/capital/shares in the company paying the dividends.

*** Certain additional conditions apply

**** Excludes director's fee

*****The 20% rate applies to companies

KPMG SERVICES

Audit



Assurance & Related Services



Audit Data & Analytics



Better Business Reporting



Financial Statement Audit



Regulatory Audit

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Tax



Tax Compliance & Management Services



Regulatory Compliance & Advisory Services



Tax System Reform & Transformation



Immigration Services



Payroll Advisory



Compensation & Benefit



Transfer Pricing



Deal Advisory Tax Services

Advisory



Security audits involving vulnerability assessment and penetration testing



IT Governance, Risk and Compliance (GRC)/and Controls Integration



IT Strategy & Performance



Financial Risk Management



Management Consulting



Information Technology Audits



International Development Assistance Services (IDAS)



Forensics



Internal Audit, Risk & Compliance Services



Behavioral Change Management



Technology Advisory



Talent Management



Accounting Advisory Services



Organization Design for Performance



Deal Advisory

Contact us

Sixth Floor, Sun Share Tower, Plot No. 15584/2, Katima Mulilo Road,
Olympia Park, Lusaka

Jason Kazilimani

Senior Partner & Chief Executive
Officer
T: +260 211 372 900
E: jkazilimani@kpmg.com

Maaya Chipwayambokoma

Partner, Audit
T: +260 211 372 900
E: mchipwayambokoma@kpmg.com

Michael Phiri

Partner, Tax
T: +260 211 372 900
E: mphiri@kpmg.com

Cheelo Hamuwele

Partner, Audit
T: +260 211 372 900
E: cheelohamuwele@kpmg.com





The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in future. No one should act on such information without appropriate professional advice after a thorough examination of their particular situation.

© 2024 KPMG Zambia Limited, a private company limited by shares registered under the Companies Act of Zambia and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. Printed in Zambia. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.