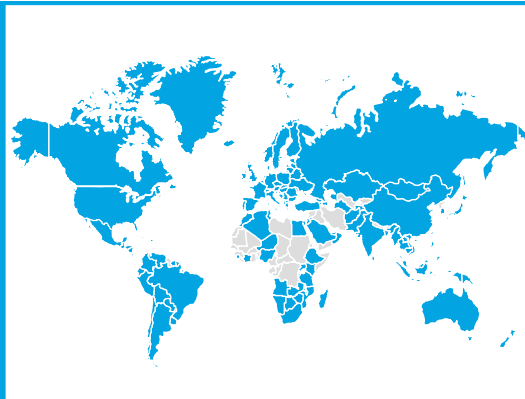


EXPATRIATES

Zambia

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

The Zambian tax system is sourced-based and residency based. This is as provided under Section 18 and Section 4 of the Zambian Income Tax Act.

Section 18(1b) of the Zambian Income Tax states that *“Income is deemed to be from a source within the Republic if that Income is remuneration from employment exercised or office held in the Republic or if it is received by virtue of any service rendered or work or labour done by a person or partnership in the carrying on in the Republic of any business, irrespective of whether payment is made outside the Republic, or by a person resident outside the Republic.”*

That as it may be, Section 4 of the Zambian Income Tax Act provides that *“An individual is, for the purposes of this Act, not treated as resident in the Republic who is in the Republic for some temporary purpose only and not with any view or intent of establishing his residence therein, and who has not actually resided in the Republic at one time or several times for a period equal in the whole to one hundred and eighty-three days in any charge year, but if any such individual resides in the Republic for the aforesaid period he shall be treated as resident for that year.”*

Individuals, wherever resident, are subject to income tax on income derived from an actual or deemed Zambian source. Remuneration for services rendered in Zambia is taxable in Zambia regardless of where the payment is made. There is no special tax regime for expatriates.

Expatriates are taxable on their Zambian source income irrespective of where payment is made. Expatriates may be exempt from tax under the terms applicable under double taxation agreements. The usual condition is that the expatriate should be in Zambia for less than 183 days in the tax year and payments are made offshore.

The employer of the expatriate will be the local resident agent for Pay As You Earn (PAYE) purposes. Alternatively, where the employer for the expatriate is not registered for taxes in Zambia, the expatriate can register for PAYE under the Direct Payment System where they will be accounting for PAYE themselves.

BREAKING RESIDENCY - EXIT PROCEDURES

Taxpayers who break Zambian residence status are required to obtain a Confirmation of Tax Residence in Zambia and a Confirmation of Tax Position from the Zambia Revenue Authority.

INCOME TAX RATES

Annual Taxable Income (ZMW)	Rate	Cumulative Tax Charge (ZMW)
0.0 - 39,600.00	0%	0.00
39,601.00 - 49,201.00	25%	2400
49,201.00- 74,401.00	30%	9,960
Excess	37.5%	9,960+Excess amount * 37.5%

SOCIAL SECURITY CONTRIBUTIONS

Expatriates are by law required to contribute to the National Pensions Scheme Authority (NAPSA) through their employers. The applicable rate used is 5% of the employee's gross emoluments whereas the employer equally contributes 5% to the expatriate's NAPSA Account. The maximum contribution deductible from an expatriate's gross emoluments is K 1,149.60

However, where an expatriate reaches the retirement age of 65 years or has elected to go on early retirement (60 years), the statutory requirement to contribute to the National Pension Scheme Authority is overruled.

Employees who were admitted to the NAPSA scheme before August 2015 have the right to retire at the age of 55 or elect to retire voluntarily or normally as indicated above.

For further information and to register for future updates contact expat@bdo.global

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