

## Zambia postpones implementation of Sales Tax

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Zambia's Minister of Finance presented the country's 2019 Budget on 28 September 2018. The Budget, designed to implement a number of measures aimed at promoting economic growth, includes the elimination of the Value Added Tax (VAT) and re-introduction of the Sales Tax.

The Sales Tax was scheduled to be introduced on 1 April 2019. However, the Minister has now announced to Parliament that the revised date of commencement for the Sales Tax will be 1 July 2019.

The Minister has indicated that the Government has been engaging key stakeholders from both the private and public sectors to provide input into the conceptual framework of the new tax.

Though the Sales Tax was initially earmarked for completion within the first quarter of 2019, the consultative process has taken more time than initially envisaged. Despite this, significant progress has been made, with the draft Bill being concluded and presented to Parliament for the First Reading by 2 April 2019. It is expected that the Bill will be finalized during the June 2019 Parliamentary seating.

Pending this change, the Zambia Revenue Authority (ZRA) has committed to finalizing the audits of all outstanding VAT refund claims and enforcing all outstanding VAT assessments in order to collect any unpaid taxes.

Taxpayers are encouraged to ensure that tax accounts are reconciled particularly in view of the ZRA's data matching program in relation to domestic tax transactions.

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Indirect Tax

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EYG no. 000867-19Gbl

1508-1600216 NY  
ED None

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