

Zambia publishes proposed Sales Tax exemption list

NEW! EY Tax News Update: Global Edition

EY's new Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

On 3 May 2019, the Zambia Revenue Authority (ZRA) published a proposed schedule of exemptions from Sales Tax, which would become effective on 1 July 2019. The purpose of this list is to mitigate against the cascading effect of the effective Sales Tax rate.

The Sales Tax will replace the current *Value Added Tax Act*.

Exemptions

Under the proposed Sales Tax Bill of 2019, the Minister is empowered to reduce the rate applicable to a taxable supply by Statutory Instrument. In addition, the Minister is empowered to provide exemptions to Sales Tax by means of Statutory Instrument for:

- ▶ Capital goods
- ▶ Inputs
- ▶ Designated basic and essential goods or services
- ▶ Designated suppliers to privileged persons
- ▶ Exports

The [proposed exemption schedule](#) is based on the Harmonized Commodity Description and Coding System (HS codes) for various products as provided in the *Customs and Excise Act*. The exemptions are focused on items that are presently subject to Customs Duty rates of between 0% to 5%.

Taxpayers should review the schedule and pay specific attention to the HS codes on the schedule and compare it with their inputs and products. The Minister has indicated that further submissions with respect to exemptions may still be made as the Bill undergoes consultation.

For additional information with respect to this Alert, please contact the following:

EY Advisory Services Limited, Lusaka

- ▶ Patrick Mawire patrick.mawire@zm.ey.com

Ernst & Young Advisory Services (Pty) Ltd., Africa ITS Leader, Johannesburg

- ▶ Marius Leivestad marius.leivestad@za.ey.com

Ernst & Young LLP (United Kingdom), Pan African Tax Desk, London

- ▶ Rendani Neluvhalani rendani.mabel.neluvhalani@uk.ey.com
- ▶ Byron Thomas bthomas4@uk.ey.com

Ernst & Young LLP (United States), Pan African Tax Desk, New York

- ▶ Dele A. Olaogun dele.olaogun@ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Indirect Tax

© 2019 EYGM Limited.
All Rights Reserved.

EYG no. 002216-19Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com