

INPATRIATES

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 payment is made. There is no special tax regime for inpatriates. Inpatriates are taxable on their Zambian source income irrespective of where payment is made. Inpatriates may be exempt from tax under the terms applicable in the respective double taxation agreements. The usual condition is that the inpatriate should be in Zambia for less than 183 days in the tax year and payments are made offshore.

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

BREAKING RESIDENCY - EXIT PROCEDURES

Taxpayers who break Zambia 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 AND SOCIAL SECURITY CONTRIBUTIONS

Income tax rates

Annual Taxable Income (ZMW)	Rate	Cumulative Tax Charge (ZMW)
0.0 - 54,000	0%	0.00
54,001 - 57,600	25%	900
57,601 - 82,800	30%	8,460
Excess	37.5%	8,460+Excess amount * 37.5%

Social security contribution

- Inpatriates 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 where as the employer equally contributes 5% to the inpatriate's NAPSA Account. The maximum contribution deductible from an inpatriate's gross emoluments is K 1,221.80
- However, where an inpatriate reaches the retirement age of 60 years or has elected to go on early retirement (55 years), the statutory requirement to contribute to the National Pension Scheme Authority is over ruled.
- 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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