

GOVERNMENT OF ZAMBIA

STATUTORY INSTRUMENT NO. 48 OF 2018

The Income Tax Act
(Laws, Volume 19, Cap. 323)

**The Income Tax (Tax Agent) (Terms and Conditions
Regulations, 2018**

IN EXERCISE of the powers contained in section 7 of the Income Tax Act, the following Regulations are made:

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| 1. These Regulations may be cited as the Income Tax (Tax Agent) (Terms and Conditions), Regulations, 2018. | Title |
| 2. (1) A person appointed by the Commissioner-General as a Tax Agent to collect base tax, presumptive tax, turnover tax or tax on rental income is entitled to a commission payable at a rate not exceeding three percent of the actual tax revenue collected by that Tax Agent. | Commission for Tax Agents |
| (2) The commission under subregulation (1) is payable on a monthly or quarterly basis, as agreed by the Commissioner-General and the Tax Agent. | |
| 3. The appointment of a Tax Agency under the Act is valid for a period of two years and may be renewed for a further period of two years. | Duration of Agency |
| 4. The conditions set out in the Schedule apply to a Tax Agent appointed under the Act. | Government conditions of Agency |

SCHEDULE

(Regulations 4)

GENERAL TERMS AND CONDITIONS FOR TAX AGENTS

1.0 Introduction

The Zambia Revenue Authority (ZRA) is a statutory body established under the Zambia Revenue Authority Act, Chapter 321 of the Laws of Zambia. ZRA is charged with the responsibility of collecting revenue on behalf of the Government of the Republic of Zambia under the supervision of the Minister of Finance.

Pursuant to the provisions of the Income Tax Act, Chapter 323 of the Laws of Zambia, ZRA is seeking to appoint Tax Collection Agents to assist in the collection of base tax, presumptive tax, turnover tax, and withholding tax on rental income.

2.0 Scope of Taxes

The tax that the Agent will collect on behalf of ZRA under this Contract is base tax. Base tax is a tax levied on small-scale businesses that cannot maintain adequate business records on which to base a correct tax assessment at the end of the charge year. Section 64 of the Income Tax Act Chapter 323 of the laws of Zambia empowers the Commissioner-General to assess base tax where the Commissioner -General does not have sufficient information on which to determine the tax payable.

The current base tax, as set out in the Income Tax (Amendment) Act No. 16 of 2017, is K365.00 per annum which translates into K1.00 per day. Base tax is collectable from marketeers, vendors and other small scale traders from the informal sector.

3.0 Collection Points

The Agent shall collect base tax from all eligible base taxpayers in the towns and districts of the Republic of Zambia, i.e. from all parts of the country.

4.0 Commission

The Agent shall be paid a Commission at the rate of 3% of the total monthly revenue collection attributed to the Agent. The Commission shall be paid only on the moneys actually received by ZRA in any given month and attributed to the Agent.

5.0 Roles and responsibilities of the Agent

The roles and responsibilities of the Agent include but are not limited to:

- a) developing and maintaining a credible and secure database of taxpayers eligible to pay base tax. The database shall be in a format prescribed by ZRA;
- b) submitting a preliminary database indicated in 5(a) to ZRA within thirty (30) days of signing of the Contract for Tax Collection Agency Services;
- c) continuously updating the database of taxpayers eligible to pay base tax and to submit the updated database to ZRA on a monthly basis;
- d) ensuring that all taxpayers on the database remit base tax to ZRA using an approved mode of payment;
- e) proposing and implementing best revenue collection modalities/mechanisms that will guarantee security of Government revenues, efficiency and timeliness of collection;

- f)* developing and implementing a sensitisation strategy for effective communication;
- g)* maintain auditable records; and
- h)* allow ZRA and other oversight institutions to check the records.

6.0 Roles and responsibilities of ZRA

The responsibilities of ZRA include but are not limited to:

- a)* ensuring that the taxpayers on the database submitted by the Agent are registered with ZRA for tax purposes;
- b)* assessing the base tax that the Agent is required to collect to ensure that it is remitted to ZRA by the taxpayers;
- c)* providing the Agent with the ZRA Account number(s) into which the revenue collected under the Tax Collection Agency Services will be paid;
- d)* regularly monitoring, by way of monthly reviews, the performance of the Agent to ensure strict compliance with the provisions of these Terms of Reference and the Contract for Tax Collection Agency Services; and
- e)* implementing taxpayer education programmes in the markets and other catchment areas.

7.0 Tax collection method

The Parties agree that the Agent will neither collect nor handle cash from taxpayers. Instead, the Agent will at all times ensure that every taxpayer on the database remits tax to ZRA through mobile money services offered by MTN, Airtel, Zamtel or any other mobile or electronic money transfer platform approved by ZRA.

8.0 Supervision of the Agent

The Agent will perform its roles and responsibilities under the direction of the Commissioner-General or the Commissioner-General's nominee and will submit all reports on the deliverables to the office of the Commissioner-Domestic Taxes.

M. D. MWANAKATWE,
Minister of Finance

LUSAKA

15th June, 2018

[MFB.64/9/45C]

