



# 2025 TAX UPDATES: WHAT YOU NEED TO KNOW ABOUT THE LATEST CHANGES

The public is hereby advised to take note of the following Amendments to the Income tax Act. These changes came into effect on 1<sup>st</sup> January 2025 as part of additional measures announced in the 2025 Budget speech by the Minister of Finance and National Planning in September 2025.

<b>Title of Change</b>	<b>Description of the Change</b>
1. Restriction on Loss Deduction	Businesses can now only deduct up to 50% of their taxable income as losses in any charge year.
2. Increase in Turnover Tax Threshold	Turnover Tax now applies to businesses with annual turnover of up to K5,000,000, up from K800,000. However, consulting, mining, and voluntarily VAT-registered businesses are excluded. Gig economy operators are included.
3. Increase in Turnover Tax Rate	The Turnover Tax rate has been raised to 5%, up from 4%, for businesses earning annual turnover between K12,000 and K5,000,000.
4. Increase in Rental Income Tax	The top rental income tax rate has increased to 16% (from 12.5%) for landlords earning above K800,000 per year. Lower income bands remain unchanged.
5. Property Transfer Tax Increase	Property transfer tax has risen to 8% (from 5%), covering transfers of land, shares, intellectual property, and mining rights.
6. Removal of Mobile Money Exemptions	Almost all mobile money transactions are now subject to levies, except for cases specifically exempted by the Minister of Finance.
7. Mobile Money Levy Adjustment	The mobile money transaction levy now has new rates based on transaction amounts, ranging from ZMW 0.16 to ZMW 3.60, depending on the transaction value.
8. Advance Income Tax on Exports/Remittances	A 15% Advance Income Tax is now required for exports or remittances above \$2,000 unless a valid Tax Clearance Certificate is provided.
9. Skills Development Levy Deduction	Businesses can now deduct the skills development levy even before it is paid to the Commissioner-General.
10. Taxpayer ID for Transactions	More entities, such as water utility companies, mobile operators, professional bodies, and local authorities, now require a Taxpayer Identification Number (TPIN) for services like account opening, land registration, and utility accounts.
11. Penalty Waivers for Income Understatement	If you understate income in a provisional return, the Commissioner-General can waive penalties if the reason provided is satisfactory.
12. Mandatory Tax Clearance Certificate	Tax Clearance Certificates are now compulsory for property transfers, obtaining government-issued licenses, and exports or remittances over \$2,000.
13. Withholding Tax Exemption for Royalties	The Commissioner-General can now grant exemptions from withholding tax on royalties under certain conditions.
14. Penalties for Late Declarations by Tax Agents	Tax agents now have set deadlines to declare and remit taxes. A penalty of 1% per month applies for late remittances.
15. Updated Presumptive Tax Schedule for Vehicles	New annual presumptive tax rates apply for buses and taxis, based on seating capacity, with rates increasing across all categories.
16. Unified Tax Rate on Betting/Lottery Winnings	Taxes on betting and lottery winnings are now unified at 15%.

17. Reduced Tax on Betting/Lottery Winnings	The withholding tax on winnings from gaming, lottery, and betting has been reduced to 15%, down from 20%.
18. Higher Tax on Non-Traditional Exports	Income tax on non-traditional exports (excluding farming and agro-processing) has risen to 20%, up from 15%.
19. Tax Increase on Copper-Based Manufacturing	The tax rate for manufacturers of products made from copper cathodes has increased to 20%, up from 15%.
20. Restriction on VAT Input Claims	VAT input claims are now only allowed for invoices issued through the Smart Invoice System unless exempted by the Commissioner-General.
21. Advance Income Tax Deduction by Banks	Banks must now deduct Advance Income Tax on remittances above \$2,000 if the sender lacks a valid Tax Clearance Certificate.
22. Bank Submission of Tax Returns	Banks must submit returns and pay Advance Income Tax on remittances within 14 days of the end of the transaction month.
23. Zero Excise Duty on Internet Services for Public	Excise duty on internet services provided by ZREN to public institutions and schools has been reduced to 0%.
24. Personal Energy Production Exemption	Individuals or businesses can produce up to 100kWh of electrical energy for personal use without a license or excise duty.
25. Penalties for Excisable Goods Manufacturers	Licensed manufacturers of excisable goods now face stricter penalties for non-compliance under the law.
26. Higher Excise on Imported Non-Alcoholic Beverages	Excise duty on imported non-alcoholic beverages has increased to K1.00 per litre, up from 60 Ngwee. Locally produced alternatives remain tax-free.
27. Higher Duty on Imported Mineral Water	Excise duty on imported packed mineral water has increased to K1.00 per litre, up from 30 Ngwee. Locally produced products remain tax-free.
28. Tobacco Excise Duty Increase	Excise duty on tobacco products has risen to K452 per mille, up from K400 per mille.
29. Petroleum Excise Duty Increase	Excise duties on various petroleum products, including petrol, diesel, and kerosene, have increased across the board.
30. Locally Produced Beverages Excise Reduction	Tax on locally produced non-alcoholic beverages has been reduced to one-tenth of the specific duty rate applicable to imports.
31. Mobile Money Levy Act Administration	The Zambia Revenue Authority now oversees the administration of the Mobile Money Transaction Levy Act.
32. Special Purpose Vehicle Tax Incentives	Special Purpose Vehicles (SPVs) enjoy reduced tax rates for the first five profitable years.
33. Broader Property Transfer Tax Coverage	Property Transfer Tax now covers regulated lenders outside the Banking and Financial Services Act, with valuations based on actual sale prices instead of open market values.
34. Smart Invoice System Exemptions	The Commissioner-General can exempt specific suppliers from using the Smart Invoice System under prescribed conditions.
35. Automatic Adjustment of Excise Duties	Excise duties on tobacco, fuel, and used motor vehicles will now adjust annually based on inflation rates.

For more information on how these changes will work in practice, the public is urged to look out for the detailed practice notes available on the Zambia Revenue Authority Website [www.zra.org.zm](http://www.zra.org.zm) or get in touch with us on [Advice@ZRAorg.zm](mailto:Advice@ZRAorg.zm) or call too free on 4111.

Call Centre

© 4111

✉ [advice@zra.org.zm](mailto:advice@zra.org.zm)

[www.zra.org.zm](http://www.zra.org.zm)