

Doing Business in Zambia

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country profile	
government structure	<ul style="list-style-type: none"> • Executive: The president is both the chief of state and head of government. The president is directly elected by absolute majority popular vote, in two rounds if needed, for a five-year term and is eligible for a second term. Cabinet is appointed by the president from among members of the National Assembly. • Legislative: Zambia has a unicameral National Assembly. • Judicial: The highest courts are the Supreme Court and the Constitutional Court. The subordinate courts are the Court of Appeal, High Court, subordinate courts (three classes which are based on the upper limit of money involved), and the local courts (two grades, based on upper limit of money involved). • Next presidential elections: August 2026.
economic data	<ul style="list-style-type: none"> • Nominal GDP (USD billions): 21.53 • GDP per capita (USD): 1 042.90 • Inflation rate (% change): 9.60 • Government revenue (% of GDP): 19.60 • Government gross debt (% of GDP): 112.26 <p><i>*Source: IMF (September 2023 estimates)</i></p> <ul style="list-style-type: none"> • Zambia's economy is heavily dependent on mining, particularly the mining of copper, and its emerald deposits are among the world's largest. • Hydropower represents Zambia's richest energy source. • Zambia's main industries include copper mining and processing, emerald mining, construction, foodstuffs, beverages, chemicals, textiles, fertiliser, and horticulture. • Zambia's main export partners are Switzerland, China, Namibia, the Democratic Republic of the Congo, and Singapore. The main export commodities include copper, gold, gemstones, tobacco, and cement. • Zambia's main import partners are South Africa, China, the United Arab Emirates, the Democratic Republic of the Congo, and India. The main import commodities include copper, petroleum, fertilisers, packaged medicines, and delivery trucks.
risk ratings	<ul style="list-style-type: none"> • S&P Global Overall Country Risk (Q3 2023): 148/211 • Corruption Perceptions Index (2022): 116/180

international treaties and memberships	
international and regional organisations and customs unions	<ul style="list-style-type: none"> • African Continental Free Trade Area Agreement • African Development Bank Group • African Union • Common Market for Eastern and Southern Africa ("COMESA") • Commonwealth • Group of 77 • International Monetary Fund • Organisation of African, Caribbean and Pacific States ("OACPS") • Southern African Development Community • United Nations • World Bank Group • World Customs Organization • Zambia receives preferential treatment under the following agreements: http://ptadb.wto.org/Country.aspx?code=894
bilateral investment treaties	<ul style="list-style-type: none"> • Zambia has bilateral investment treaties in force with China, Finland, France, Germany, Italy, Mauritius, the Netherlands, Switzerland, Turkey, and the United Arab Emirates. • Treaties have been signed with the Belgium-Luxembourg Economic Union, Cuba, Egypt, Ghana, Morocco, and the United Kingdom but these have not yet entered into force.
investment-related agreements / institutions	<ul style="list-style-type: none"> • African Growth and Opportunity Act • Cotonou Agreement (may be succeeded by the European Union and OACPS Partnership Agreement) • Multilateral Investment Guarantee Agency • World Trade Organization
dispute resolution	<ul style="list-style-type: none"> • Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) • Permanent Court of Arbitration • United Nations Commission on International Trade Law ("UNCITRAL") • United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards ("New York Convention")
intellectual property ("IP") treaties	<ul style="list-style-type: none"> • A comprehensive list of IP-related treaties signed by Zambia is available at: https://wipolex.wipo.int/en/legislation/members/profile/ZM?collection=treaties • See the trademarks sections below for further detail.



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legal regime	
applicable legal regime	<ul style="list-style-type: none"> Zambia's legal system is based on English common law and customary law.
dispute resolution	<ul style="list-style-type: none"> International arbitration is a right of investors covered by bilateral investment treaties. If both parties agree, investors may resort to international arbitration under the Arbitration Act, 2000, which incorporates the UNCITRAL and New York Convention. Foreign judgements are enforceable in Zambia under the Foreign Judgements (Reciprocal Enforcement) Act (Cap. 76), provided that they are in line with the conditions set out in the Act.
land acquisition, planning and use	<ul style="list-style-type: none"> No freehold system exists in Zambia and all land are classified in the following two categories: <ul style="list-style-type: none"> state land (which comprises 6% of total land); and customary area land (which comprises the remainder 94% of total land). There are two types of land tenure, leasehold, and customary tenure, with leasehold tenure lasting for 99 years and being renewable for a further 99 years. Acquiring leaseholds requires the consent of the Commissioner of Lands and is conditional upon: <ul style="list-style-type: none"> being a permanent resident of Zambia; being an investor within the terms of the Investment Trade and Business Development Act, 2022 (the "ITBD Act"); or having registered a company under the Companies Act with not less than 75% Zambian shareholding. The Commissioner of Lands may give consent to acquiring leaseholds to a non-Zambian: <ul style="list-style-type: none"> who has received the land under the right of survivorship or operation of the law; where he/she owns a commercial bank registered under the Companies Act and the Banking and Financial Services Act; or where he/she is granted a concession or right under the National Parks and Wildlife Act.
competition	
merger control	<ul style="list-style-type: none"> The Zambian Competition and Consumer Protection Act, 2010 (the "Competition Act") regulates merger control in Zambia. The Competition Act defines a merger as the acquisition of a legal interest by an enterprise in another enterprise. Therefore, a merger occurs where an enterprise, directly or indirectly, acquires or establishes, direct or indirect control over the whole or part of the business of another enterprise, or when two or more enterprises mutually agree to adopt arrangements for common ownership or control over the whole or part of their respective businesses.

	<ul style="list-style-type: none"> Mandatory notification applies to merging parties which have a minimum combined turnover or assets (whichever is higher) in Zambia of at least ZMW30-million. Filing fees are equal to 0.1% of an undertaking's turnover or assets, whichever is higher, with a maximum fee of ZMW5-million. The Competition and Consumer Protection Commission (the "Commission") may consider public interest in determining a proposed transaction. Zambia is a pre-implementation regime; therefore, approval must be sought from the Zambian competition authorities in respect of notifiable transactions prior to the implementation thereof. A merger that meets the prescribed threshold and is implemented without the prior authorisation of the Commission is void. Furthermore, culpable enterprises may be liable for a fine not exceeding 10% of their annual turnover. Zambia is a member of a regional competition body, COMESA, which has merger control. Merger activities in Zambia should be conducted with this regional competition body in mind.
prohibited practices	<ul style="list-style-type: none"> The Competition Act prohibits price fixing, market allocation, bid rigging, setting production quotas, collective refusals to deal in or supply goods and services, as well as the practice of resale price maintenance (a supplier or producer may, however, recommend a minimum resale price to the re-seller of a good or service in certain circumstances). For the sake of completeness, there are various other horizontal and vertical practices that are also regulated. The Competition Act regulates the abuse of a dominant position. The Commission operates a corporate leniency programme for an enterprise that voluntarily discloses the existence of any agreement that is prohibited under the Competition Act and cooperates with the Commission in its investigations. An enterprise that is party to a prohibited horizontal or vertical agreement or abuses a dominant position is liable for a fine not exceeding 10% of its annual turnover. Where an offence under the Competition Act is committed by a body corporate or unincorporated body, every director or manager of the body corporate or unincorporated body shall be liable, upon conviction, as if the director or manager had personally committed the offence (unless the director or manager proves to the satisfaction of the court that the act constituting the offence was done without the knowledge, consent or connivance of the director or manager or that the director or manager took reasonable steps to prevent the commission of the offence). COMESA regulates prohibited practices in the COMESA Common Market. Activities in Zambia should be conducted with this regional competition body in mind.



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employment	
<i>immigration</i>	<ul style="list-style-type: none"> Expatriates working in Zambia must hold a valid work permit. Staff working on a short-term basis are required to apply for a temporary employment permit, whereas expatriate staff intending to live and work in Zambia on a longer-term basis are required to apply for an employment permit. The minimum period allowed for a long-term work permit is six months. The maximum number of work permit applications that may be made by a company is not prescribed by law, but the Director General of Immigration will restrict the granting of permits where there are sufficient local resources or appropriately qualified local staff in Zambia seeking employment.
<i>local employment vs secondment</i>	<ul style="list-style-type: none"> In terms of Zambia's employment legislation, an employee may be seconded to Zambia as it is not a legal requirement for either local or foreign employees to be employed by a local entity. However, in terms of Zambia's immigration legislation, an expatriate must be in a relationship with a Zambian entity and employment by a local entity is, therefore, a prerequisite for applying for an employment permit.
<i>fixed-term contracts and temporary employment services</i>	<ul style="list-style-type: none"> Fixed-term contracts are allowed in terms of the Employment Code Act. However, the cumulative duration of the successive fixed-term contracts of employment with an employer must be "as prescribed". There is currently no guidance in the form of a Statutory Instrument regarding the prescribed number of successive fixed-term contracts. When a fixed-term contract ends, for whatever reason, the employee is entitled to a gratuity of 25% of the basic salary earned during the contract period. Renewal of the contract is at the employer's discretion, but the law recognises the concept of legitimate expectation of renewal where the contract is not expressly terminated whether verbally or in writing. Labour broking in its traditional sense is not allowed in Zambia, but the Employment Code Act recognises employment agencies for purposes of recruitment of staff.
<i>payment in local currency</i>	<ul style="list-style-type: none"> Remuneration must be paid in local currency.
<i>restraint of trade agreements</i>	<ul style="list-style-type: none"> Restraint of trade agreements are valid and enforceable in Zambia, provided that their scope does not do more than is reasonably necessary to protect the legitimate business interests of the employer and are not against public policy.

foreign investment regime	
investment regime	<ul style="list-style-type: none"> The ITBD Act governs foreign investment in Zambia. The Zambia Development Agency ("ZDA") has been established under the Zambia Development Agency Act, 2022 to promote and facilitate investment, domestic and foreign trade, competitiveness in business development and the privatisation of state-owned enterprises. It is also responsible for the issuance of licences, permits or certificate of registration under the ITBD Act.
registration / licensing requirements	<ul style="list-style-type: none"> Registration with the ZDA is not compulsory but obtaining an investment certificate from the ZDA is a prerequisite for accessing incentives under the ITBD Act.
non-industry specific registrations / licences	<ul style="list-style-type: none"> The following general non-industry specific registrations / licences may also be required:
<i>business licence / commercial licence</i>	<ul style="list-style-type: none"> Businesses operating in Zambia must hold a valid general business / trading licence from and pay the prescribed levy to the Local Municipal Council in the area where the business operates.
<i>Zambia Revenue Authority ("ZRA")</i>	<ul style="list-style-type: none"> All taxpayers must register with the ZRA and obtain a single taxpayer identification number, which is used for all tax types. If an enterprise's turnover is expected to exceed the VAT registration threshold (see 'tax' below), it should also specifically apply for VAT registration.
<i>National Pension Scheme Authority ("NAPSA")</i>	<ul style="list-style-type: none"> Every employer must register with the NAPSA and obtain an employer registration number. In addition, each employee is to be issued with a social security number.
<i>Workers' Compensation Fund Control Board ("WCFCB")</i>	<ul style="list-style-type: none"> Employers must, within 14 days of commencement of business, register with the WCFCB in the region where the company is established, but there is no requirement for separate registration of each employee.
<i>National Health Insurance Management Authority ("NHIMA")</i>	<ul style="list-style-type: none"> Employers must register employees with the NHIMA within 30 days of the commencement date of the contract of employment for the purpose of paying monthly national health insurance contributions.



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industry-specific licences	<ul style="list-style-type: none"> Industry-specific licences may also be required.
incentives	<ul style="list-style-type: none"> Incentives include: <ul style="list-style-type: none"> accelerated depreciation based on the cost of implements, machinery and plant for companies operating in the farming, agro-processing, mineral processing, tourism, electricity generation, asset leasing industries, those operating in priority sectors and special purpose vehicles approved under the Public Private Partnership Act; a 10% investment allowance on the construction of and capital improvements to an industrial building to be used for manufacturing; reduced income tax rates available to companies operating in specified sectors, including farming, chemical manufacture of fertilizers, export of non-traditional products, listed companies, and value addition to gemstones; and investment incentives available under the ITBD Act to investors in industrial parks and multi-facility economic zones ("MFEZ") for manufacturing-related businesses and export trade.
exchange control regulation	<ul style="list-style-type: none"> Zambia does not impose any exchange control restrictions and investors are free to repatriate any funds, whether or not they are generated from a source in Zambia, provided they have been derived from legitimate sources and the necessary taxes and duties have been paid.
types of entities available for foreign investment	<ul style="list-style-type: none"> Private company limited by shares; private company limited by guarantee; unlimited company; public company (joint-stock company); and registered branch of a foreign company.
private limited liability company	
minimum number of shareholders	<ul style="list-style-type: none"> A minimum of two shareholders is required and the maximum allowed is 50. There is generally no requirement for local shareholding, but certain procurement guidelines and industry-specific legislation may offer incentives where the entity involves local participants.
minimum share capital	<ul style="list-style-type: none"> The minimum share capital for a private company is ZMW15 000.
directors	<ul style="list-style-type: none"> A private company must have a minimum of two directors. More than half of the directors of a company, including the managing director, if the company has one, and at least one executive director, if the company has executive directors, must be resident in Zambia. In practice, an expatriate working on a work permit in Zambia will be regarded as a "resident" for this purpose.

company secretary	<ul style="list-style-type: none"> A company must appoint a company secretary, who must be resident in Zambia and either: <ul style="list-style-type: none"> a legal practitioner, chartered accountant, or member of the chartered institute of secretaries; or incorporated in Zambia and have an officer who qualifies to be appointed as a company secretary for a body corporate. The qualifications for a company secretary do not apply to small private companies.
auditor	<ul style="list-style-type: none"> A company, other than a small private company, must generally, within three months after its incorporation, appoint an auditor(s), who shall hold office until the close of its first annual general meeting.
registered address	<ul style="list-style-type: none"> A company must have a registered office in Zambia and a registered postal address to which all communications and notices may be addressed. A company may have its registered address at the offices of its accountants, lawyers or a third party.
shelf companies	<ul style="list-style-type: none"> The Companies Act does not specifically make provision for shelf companies, but certain legal and company secretarial firms in Zambia have shelf companies for sale.
registration process	<ul style="list-style-type: none"> Companies are registered with the Patents and Companies Registration Agency, and it takes approximately one week to complete registration once all the required documents have been submitted.
tax	
tax system	<ul style="list-style-type: none"> Zambia has a source-based tax system in terms of which both residents and non-residents are subject to tax on income earned from a source in Zambia. In addition, residents are taxable on interest and dividends received from a source outside Zambia.
corporate residence	<ul style="list-style-type: none"> A company is resident in Zambia if: <ul style="list-style-type: none"> it is incorporated or formed under the laws of Zambia; or its place of effective management is in Zambia.
corporate tax rate	<ul style="list-style-type: none"> Resident companies and permanent establishments of foreign companies are subject to corporate tax at the rate of 30%. Reduced rates apply to companies listed on the Lusaka Securities Exchange, entities engaged in manufacturing products from copper cathodes, farming and agro-processing, public benefit organisations, non-traditional exports, chemical fertilizer manufacturing, accommodation and food services, and value addition to gemstones, whereas an increased rate applies to the electronic communication industry.



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capital gains tax ("CGT")	<ul style="list-style-type: none"> There is no capital gains tax in Zambia. 																				
withholding tax ("WHT") rates	<table border="1"> <thead> <tr> <th rowspan="2">payment to</th> <th colspan="2">WHT rate</th> </tr> <tr> <th>residents</th> <th>non-residents*</th> </tr> </thead> <tbody> <tr> <td>branch profits</td> <td>N/A</td> <td>20%</td> </tr> <tr> <td>dividends</td> <td>15% (exemptions apply)</td> <td>20%</td> </tr> <tr> <td>interest</td> <td>15%</td> <td>20% 15% (interest on government bonds and treasury bills)</td> </tr> <tr> <td>royalties</td> <td>15%</td> <td>20%</td> </tr> <tr> <td>management and technical service fees</td> <td>15%</td> <td>20%</td> </tr> </tbody> </table> <p>*The withholding tax rate may be reduced in terms of a relevant double tax agreement.</p>	payment to	WHT rate		residents	non-residents*	branch profits	N/A	20%	dividends	15% (exemptions apply)	20%	interest	15%	20% 15% (interest on government bonds and treasury bills)	royalties	15%	20%	management and technical service fees	15%	20%
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double tax agreements ("DTAs")	<ul style="list-style-type: none"> DTAs are in force with Botswana, Canada, China, Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Kenya, the Netherlands, Norway, Romania, Seychelles, South Africa, Sweden, Switzerland, Tanzania, Uganda, and the United Kingdom. 																				
losses	<ul style="list-style-type: none"> Trading losses is deductible only from income of the same source. Losses may be carried forward for a period of five years. Companies carrying on mining operations or hydro, solar or wind electricity generation may carry forward their losses for up to 10 years. 																				
transfer pricing	<ul style="list-style-type: none"> In terms of Zambia's transfer pricing rules, commercial or financial transactions between associates must be entered into on an arm's length basis. Two persons are associated if one of them participates, directly or indirectly, in the management, control or capital of the other, or if another person participates, directly or indirectly, in the management, control or capital of both of them. Specifically included are: <ul style="list-style-type: none"> parties connected directly or indirectly through shareholding, equity, or partnerships; any joint venture owned or operated jointly with an unrelated person; connected persons; parties connected through direct or indirect management control and capital; and any existing arrangements that benefit two or more entities whose conditions are deemed not to be at arm's length. 																				

limitations on interest deductibility	<ul style="list-style-type: none"> The interest deduction for all companies, excluding those in the insurance, banking, and financial services industry, on all borrowings is limited to 30% of EBITDA. Disallowed interest can be carried forward for a maximum period of five years (10 years for companies carrying out mining operations and electricity generation). 										
employee taxes	<ul style="list-style-type: none"> The income tax rates applicable to resident individuals are: <table border="1"> <thead> <tr> <th>annual chargeable income (ZMW)</th> <th>tax rate</th> </tr> </thead> <tbody> <tr> <td>up to 57 600</td> <td>0%</td> </tr> <tr> <td>57 601 – 81 600</td> <td>20%</td> </tr> <tr> <td>81 601 – 106 800</td> <td>30%</td> </tr> <tr> <td>over 106 801</td> <td>37.5%</td> </tr> </tbody> </table> 	annual chargeable income (ZMW)	tax rate	up to 57 600	0%	57 601 – 81 600	20%	81 601 – 106 800	30%	over 106 801	37.5%
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social security contributions	<ul style="list-style-type: none"> Both employers and employees must make monthly social security contributions to the NAPSA. Both the employer and employee contribution rate is 5% of an employee's gross salary, limited to a maximum contribution of ZMW1 342 per month. Companies are also required to make contributions to the WCFCB based on the employee's earnings and risk profile of the company's industry. Both employers and employees are also required to make national health insurance contributions to the NHIMA at a rate of 1% of the employee's basic salary. 										
payroll taxes	<ul style="list-style-type: none"> A skills development levy is payable by employers with an annual turnover exceeding ZMW800 000 at a rate of 0.5% on payroll. Fringe benefits are generally taxed in the hands of the employer. 										
stamp duty	<ul style="list-style-type: none"> There is no stamp duty in Zambia, but a 5% property transfer tax applies to the transfer of immovable property, unlisted shares, and intellectual property. A rate of 7.5% applies to the transfer of certain mining rights. 										
value added tax ("VAT")											
<i>taxable supplies</i>	<ul style="list-style-type: none"> VAT is levied on the supply of goods and services in Zambia and the importation of goods and services. 										
<i>VAT rate</i>	<ul style="list-style-type: none"> 16% 										

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registration threshold	<ul style="list-style-type: none"> Any person who carries on business in Zambia and has an annual taxable turnover / expected annual taxable turnover exceeding ZMW800 000 in any relevant year or ZMW200 000 in any relevant quarter, must register for VAT purposes. Businesses whose turnover is below the registration threshold may apply for voluntary registration, provided any other registration requirements are met.
reverse VAT on imported services	<ul style="list-style-type: none"> Resident companies are required to account for output VAT in respect of imported services rendered to non-resident companies under a reverse-charge mechanism. There is no corresponding claim for the input VAT. Alternatively, the non-resident supplier may appoint a "local agent" to account for the VAT on the supplies of the non-resident, in which case the local recipient should be entitled to claim an input credit.
trade marks	
international conventions, treaties and arrangements	<ul style="list-style-type: none"> Harare Protocol Lusaka Agreement Madrid Agreement and Protocol Paris Convention World Intellectual Property Organization Convention World Trade Organization / Trade-Related Aspects of Intellectual Property Rights (TRIPS)
first-to-file jurisdiction	<ul style="list-style-type: none"> Yes. This means that the first person or entity that applies for a trade mark, will obtain registration and may prevent others from using it. This person or entity will have the rights thereto, regardless of whether another has built a reputation using the mark in that country without trade mark registration.
classification	<ul style="list-style-type: none"> The International Classification of Goods applies (there is no provision for services). A separate application is required for each class.
categories of trade marks	<ul style="list-style-type: none"> Provision is made for: <ul style="list-style-type: none"> goods marks only; certification marks; defensive marks; and series marks. Service classes are not currently recognised in Zambia
filing requirements	<ul style="list-style-type: none"> Simply signed Power of Attorney; representation of the mark; and certified copy of priority documents (if applicable), with verified English translation.

procedure	<ul style="list-style-type: none"> Applications are examined as to inherent registrability and conflict with prior existing registrations / applications. Once accepted, the application is published for opposition purposes.
oppositions and non-use cancellations	<ul style="list-style-type: none"> Opposition may be lodged within two months following the date of advertisement of the trade mark application. The deadline is not extendible. A registered trade mark may be cancelled on action by an interested party if it has not been used for a continuous period of five years after the date of registration.
duration and renewal	<ul style="list-style-type: none"> A trade mark registration is effective for an initial period of seven years from filing date, thereafter, renewable for further periods of 14 years.

ENSafrica is a full-service law firm with significant experience and specialist expertise that spans all commercial areas of law, tax, forensics and IP across Africa. For more information or assistance please contact:

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