

[www.pwc.com/zm](http://www.pwc.com/zm)

# *The next steps*

## 2013 Budgetary changes

# Commentary

## 2013 National Budget

*2012 performance reviewed*

A year ago following successful transition to power, the new Government announced that it **“would make Zambia a better place for all”**.

At the time Zambia’s GDP growth was 6.5%, inflation was 8.7% and international reserves were at 4.3 months of import cover.

Zambia has since witnessed a flurry of activities around the key objectives outlined.

To achieve a more equitable distribution of the wealth derived from mineral resources, Government increased the rate of mineral royalties from 3% to 6%. Mining companies are now also required to provide information on mineral production and export.

Government also pledged to “put more money in people’s pockets”. This was actioned amongst other things, by doubling the tax free threshold for PAYE. This was followed by the precipitated announcement and enactment of legislation which increased substantially the minimum wages of domestic, general and shop workers.

The Banking Sector also saw substantive changes. In a bid to lower the cost of borrowing and increase funds available for lending, Bank of Zambia significantly lowered the statutory liquid asset ratios and also introduced the Policy rate. In July 2012 the Bank made it compulsory for all domestic transactions to be undertaken in local currency. The Bank also increased considerably the minimum nominal capital requirements for local and foreign owned commercial banks. Last but not least the Bank has undertaken steps to rebase the Kwacha which will be effective from 1 January 2013.

*Significant increase in minimum wages*

*Successful Euro bond issue*

In a bid to tackle corruption and improve transparency, 2012 saw the reversal of the privatisation of Zamtel to Libya’s Lap Green and the cancellation of the Concession Agreement for the Railway Systems of Zambia.

As part of the diversification strategy, the rate of tax for businesses in the agricultural sector was reduced to its lowest ever rate at 10%.

In addition to prioritising expenditure in agriculture, education and local Government housing, there are ambitious plans to improve Zambia’s infrastructure.

To finance the infrastructure projects the Government in a bold move launched the US \$750 million Eurobond issue. This was not only oversubscribed, but was also launched at the lowest ever price for a debut issue for sub-Saharan Africa.

All in all, one cannot complain about lack of action. Action there has been, and plenty and going by statistics on GDP, inflation, import cover and the performance of the Kwacha the outcome so far is positive.

On the global front, 2012 has seen a deepening of the Eurozone crisis which has hampered global economic recovery. This together with sluggish growth in the United States has partly contributed to the slowdown in GDP growth in major emerging markets, resulting in lower copper prices. According to latest IMF forecasts, copper prices are likely to continue falling over the next few years.

# Commentary

## 2013 National Budget

*Link Zambia 8000 project launched*

Despite this, over the last year Zambia's GDP growth has increased marginally and is forecast to be 7% by the end of 2012. Inflation reduced to 6.6% by September 2012 and international reserves have increased from US \$2.3 billion at the end of December 2011 to US \$2.6 billion, representing 3.5 months of import cover.

Having launched their program for development and reform, the 2013 budget focuses on ***"Delivering Inclusive Development and Social Justice"***.

The focus is to increase employment levels, improve infrastructure in the transport and energy sectors, and upgrade facilities, supplies and service delivery in the medical and education sectors.

*Focus on building self reliant people to sustainably generate money for their own pockets.*

The aim is to set Zambia on a path of sustainable growth and ensure equitable distribution of the tangible benefits of the country.

The Minister stresses that this will be achieved by building self reliant people able to sustainably generate money for their own pockets.

In line with this, the 2013 budget outlines the following macroeconomic targets:

- Achieve real GDP growth of above 7%;
- Restrict inflation to no more than 6%;
- Limit the fiscal deficit to 4.3% of GDP;
- Achieve gross domestic revenue of at least 20% of GDP;
- Maintain international reserves of at least 4 months; and
- Create at least 200,000 decent jobs.

*Government targets creation of 200,000 decent jobs*

One of the main focus areas is employment creation and it is commendable that Government has specified on a sector by sector basis the number of jobs that it has targeted to create over the next five years. However, there appears to be little information on exactly how "new" jobs will be created.

To reduce the cost of doing business key emphasis has been placed on improving the road, rail and energy infrastructure. In line with this, Government has already launched the Link Zambia 8000 project. The budget indicates that over 91% of the proceeds from the Eurobond issue will be allocated to road, rail and energy infrastructure.

To further reduce the cost of doing business, and to facilitate improved Government services to the public in both urban and rural areas, the Government will decentralise power and fiscally empower local councils.

In terms of manufacturing, Government proposes to put in place appropriate infrastructure for small and medium sized businesses to make local products attractive and competitive for export.

For agriculture, the Government has specified that it will extend the farmer input support program to other crops in addition to maize.

Zambia is scheduled to jointly host the 2013 United Nations World Tourism Organisation Conference with Zimbabwe. To make the most of this event and to ensure sustainable development in this sector, Government has announced various tax and non tax measures aimed at improving skills, enhancing competitiveness and promoting Zambia's tourism opportunities.

# Commentary

## 2013 National Budget

*Incentives offered under the ZDA are to be streamlined to achieve more effective results.*

In education, the focus will be on expanding access to high school and tertiary education, improving quality and skills at all levels.

In the health sector, Government proposes to scale up the provision of essential drugs and medical equipment. It will also upgrade all hospitals.

Government also proposes to strengthen the capacity of sanitation and water utility companies and other institutions involved in water and solid waste management.

### Key Tax Changes

Key measures are proposed to improve the efficiency and effectiveness of the current tax administration system. In addition, the Zambia Development Agency Act is to be amended to streamline and selectively award incentives to value adding investors only, and to monitor performance against investment and employment commitments.

Key tax changes aimed at reducing the tax compliance burden for SMEs include:

1. An increase in the turnover tax threshold from K200 million to K800 million per annum.
2. An increase in the mandatory VAT registration threshold from K200 million to K800 million per annum.

Companies paying management and consultancy fees and royalties to non-residents could face an increased tax burden given the proposed increase in the withholding tax rate from 15% to 20%.

Tax changes to the mining sector include the introduction of property

transfer tax of 10% on the sale or transfer of a mining right, a reduction in the rate of capital allowances from 100% to 25% and strengthening of transfer pricing legislation on interest payments.

To assist alleviate poverty, Government has zero rated bread and wheat for VAT purposes.

Individuals will also benefit from the tax exemption proposed on interest earned from savings and deposit accounts.

### Summary

The Government's overall priorities and plans aimed at dealing with high unemployment levels, poor infrastructure, inadequate social services, overreliance on the mining sector and high cost of doing business are commendable.

Despite the good economic performance, there are a number of key challenges that could hinder the development objectives.

- Zambia's growth is still mainly commodity driven and any adverse movement in commodity prices could derail the development program.
- The ambitious development plans will create significant demand on inputs and any constraint or bottlenecks in local supply and capacity could increase inflationary pressures.
- Sustainable job creation is generally achieved through private sector growth. The manner in which reforms are conducted affects investor confidence and this can impact the rate of private sector growth.

*Turnover tax threshold increased to K800 million*

*Bread and wheat zero rated for VAT purposes*

# *Commentary*

## *2013 National Budget*

- There are concerns as to whether the current capacity constraints in the public sector will be appropriately addressed in time to progress the development agenda.

The good economic performance to - date and Government's ambitious development plans should provide a strong springboard for Zambia to achieve the next step in attaining inclusive development.

Successful implementation will be the key factor in determining whether the Government's objectives will be achieved.

# The Economy

## 2013 National Budget

## The Economy

### Economic performance

2012 GDP is estimated to close at over 7% compared to 6.6% recorded in 2011.

#### Gross Domestic Product

Zambia has achieved high and sustained growth and maintained stability at a macro-economic level over the last few years.

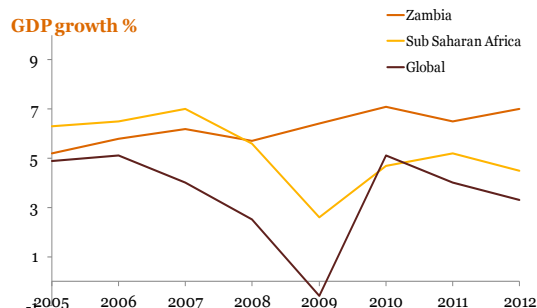
In 2012, the growth in the domestic economy is estimated to close at just over 7%, compared to 6.6% achieved in 2011.

The increase in GDP was driven by strong growth in copper production, non-maize agriculture and an expansionary fiscal policy.

This is in contrast to global growth in 2012 which has been uneven given the turbulence in the Eurozone, sluggish growth in the United States, and a slowdown in emerging markets such as Brazil, China and India.

On the other hand, growth in Sub-Saharan Africa has been relatively stable owing in part to increased trade and investment flows between Africa and the key emerging economies.

Although the outlook of the domestic economy seems favourable, it would be subjected to uncertainties arising from the demand and volatility of commodity prices due to sluggish growth in the world economy.

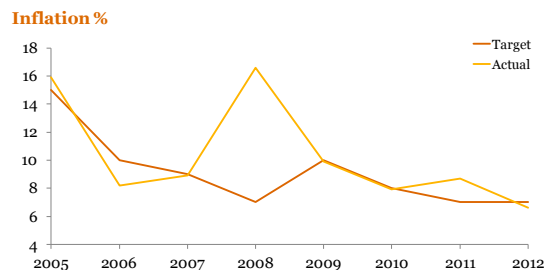


### Other Macro Economic indicators

#### Inflation

Inflation as at the end of September 2012 was 6.6% (7.2% for 2011) and is in line with the year end target of 7%.

Key risks in achieving this target arise from the domestic policies and uncertain prospects for the global economy that could put downward pressure on copper prices.



Inflation rate as at end of September 2012 was at 6.6 % compared to 2011 year end inflation of 7.2%.

# The Economy

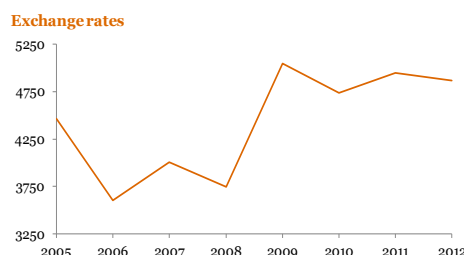
## 2013 National Budget

*New restrictions to curb dollarisation of the economy were introduced (SI 33)*

### Exchange Rate

The performance of the Kwacha against major convertible currencies such as the US Dollar was generally mixed and has so far traded between K4,750 and K5,350.

During the year, Government issued a mandatory requirement through Statutory Instrument No. 33 of 2012 that restricts the use of foreign currency for domestic transactions to curb dollarisation of the economy.



*BoZ introduced a policy rate during the year which is currently at 9%.*

### Interest Rate

High interest rates have continued to be a major hindrance to the growth of the Zambian economy.

This is despite the Bank of Zambia significantly lowering the statutory and core liquid asset ratios, as well as introducing the policy rate (currently at 9%) as the main monetary policy tool.

### Domestic and International Borrowing

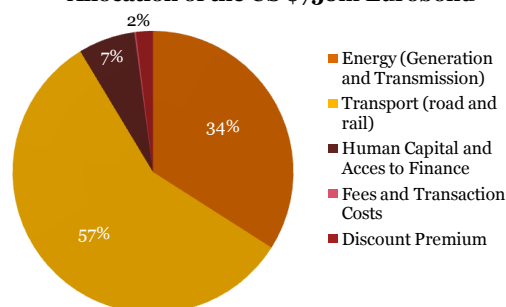
At the end of August 2012, domestic debt, including arrears, increased by 8% to K13.7 trillion from K12.7 trillion recorded at the end of August 2011.

Recently, Government successfully raised US \$750 million via a Eurobond issue to facilitate infrastructure projects in the Energy, Transport and Health sectors. This infrastructure investment is expected to boost

economic growth over the next few years.

The significant over subscription of the bond (approximately US \$12 billion) suggests high investor interest in African paper.

### Allocation of the US \$750m Eurobond



Total current external debt, including proceeds from the bond, stand at US \$2.47 billion compared to US \$1.56 billion in 2011.

### Significant regulatory and policy changes

The Bank of Zambia recently changed its monetary policy framework from reserve money targeting to the use of a policy rate as the main monetary policy tool. This was implemented with a view to lowering the cost of borrowing.

Apart from the restriction on the use of foreign currency and the introduction of the policy rate, another significant policy was the rebasing of the Kwacha which will take effect on 1 January 2013. The rebased currency is meant to simplify financial transactions and stabilise the Kwacha.

Further, the Bank of Zambia also recently revised the minimum nominal capital requirements for commercial banks from K12billion to K104billion for locally owned banks

*Rebasing of the Kwacha will take effect on 1 January 2013*

# The Economy

## 2013 National Budget

Copper production in 2012 is expected to close at 1 million metric tonnes

77% of the budget will be financed from domestic sources.

Government targets over 500,000 new jobs in the agriculture sector over the next 5 years.

and K520 billion for foreign owned banks. One of the main aims of this revision was to increase liquidity on the market.

### 2013 Budget

The 2013 budget has been formulated against a backdrop of significant challenges in both the global and domestic economies.

Government is committed to ensuring that the economy continues its strong performance, but will do so with a goal of following a more inclusive path where benefits of growth are equitably shared.

The key areas of focus for the Government in 2013 include health, education and skills training, agriculture and local government. Alongside these, employment creation in specific sectors such as tourism, infrastructure development and manufacturing have been prioritised.

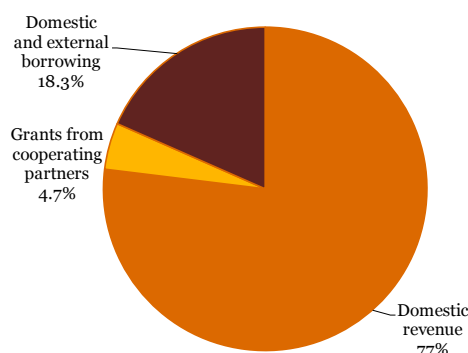
The 2013 budget amounts to K32.2 trillion, which represents 26.6% of GDP.

Broadly, the Government has set the following macroeconomic objectives for 2013:

Key Performance Indicators	2013 Target
GDP	7%
Inflation	6%
Domestic Borrowing % of GDP	1.5%
International reserves (months of import cover)	4

Over 75% of the 2013 budget will be financed from domestic revenues.

PwC



### Sector Analysis

#### Mining

The mining sector continues to be a primary source of earnings to Government, which acknowledges that apart from generating employment and tax revenues, the sector generates approximately 75% of Zambia's export earnings.

Copper production in 2012 is estimated to close at just under 1.0 million metric tonnes and expected to grow to 1.5 million metric tonnes in the medium term. This growth is expected to come from the development of FQM's Kalumbila and New Trident projects, CNMC's Mulyashi copper mine and Barrick Gold's new Chimiwungo pit. Continued investment in this sector is contingent on favorable commodity prices and demand.

In 2012, although Government introduced legislation that compels mining houses to submit reports on mineral production and export earnings, additional legislation to enhance penal sanctions for false reporting is expected in 2013.



# The Economy

## 2013 National Budget

*Government targets over 500,000 new jobs in the agriculture sector over the next 5 years.*

*Recapitalisation of rail infrastructure has been allocated K642 billion.*

### Agriculture

The agriculture sector has continued to perform favourably over the past few years. In 2011, the sector contributed over 16% to GDP and continues to be the largest employer of the Zambian labour force.

Based on the 2013 budget, the sector is expected to create approximately 550,000 new jobs over the next 5 years. To support this ambitious target, Government has allocated K1.9 trillion to the sector in 2013, of which, K500 billion has been allocated to the Farmer Input Support Programme and K1.1 billion to various programmes to promote diversification and irrigation development, including the recruitment of 900 extension officers.

Government also proposes to restrict the operations of Food Reserve Agency to only managing the country's strategic food reserves.

### Tourism

Growth in the tourism sector continues to be constrained by poor transport infrastructure, inadequate communication facilities, the unavailability of appropriate finance and weak marketing strategies. This has had a negative impact on the number of tourists per annum that visit Zambia relative to the region.

Government intends to invest K63 billion on infrastructure development, streamlining licensing procedures and enhancing capacity for the hospitality industry.

Of this, K32 billion has been set aside for marketing and promotion with deliberate focus on the United Nations World Tourism Organisation conference scheduled to be hosted jointly with Zimbabwe in August 2013.

### Manufacturing

Given the importance of the manufacturing sector to the country's long term growth and employment strategy, Government intends to provide various incentives to promote locally manufactured products that can be competitively exported or successfully substituted for manufactured imports.

Through the focus on this sector, Government aims to create approximately 90,000 jobs over the next 5 years.

### Energy Infrastructure

Growth in demand for electricity has outstripped supply as evidenced by increased load shedding in recent years.

Access to electricity has continued to remain low at a national level (approximately 21.9%) while access in rural areas is significantly lower at 4.5%.

Government continues to work with the private sector to enhance energy development and distribution. The most significant projects currently being undertaken include the Itzhi-Tezhi, Kafue Gorge Lower power stations and completion of the Kariba North Bank power station.

### Transport and Communication

The transport and communications sector has grown over the past three years, at an average annual growth rate of 12.1% largely on account of positive performance in the transport and communication sub-sectors.

The growth in the communications sub sector was partly driven by various infrastructure developments, including the national fibre-optic

# The Economy

## 2013 National Budget

infrastructure and the introduction of Third Generation (3G) services.

With regards to the transport sub sector, Government has allocated K3.4 trillion to road development, which includes, the recently launched Link Zambia 8000 project intended to link all provincial capitals and the paving of township roads in 2013.

Following the rescission of the rail concession to Railway Systems of Zambia, Government plans to inject K642 billion towards the recapitalisation of the railway network with a view to reducing the cost of bulk transportation.

### Health

2012 saw the launch of the *Zambian National Health Strategic Plan*, a means to propagate the health sector plans in the *Sixth National Development Plan (2011-2015)*.

In line with this, Government has increased the allocation to this sector by 40% to K3.6 trillion and has pledged to recruit no fewer than 2,000 front line medical personnel. In addition, a significant increase (112%) has been budgeted towards the procurement of various medical drugs and supplies.

### Local government and housing / Decentralisation

In line with the decentralisation policy, Government seeks to fiscally empower councils by initiating revenue sharing arrangements.

K498 billion, being a 93% increase on the prior budget, has been allocated as

council grants for various operations including dismantling of their debts. A further K204 billion has been allocated for infrastructure developments in the newly created districts.

A total of K1 trillion (286% increase from 2011) has been budgeted for housing and community amenities, with the emphasis on enhancing access to safe water and improved sanitation.

### Education and skills development

With a focus on quality and expanding access to high school and tertiary education, including skills training, Government has increased the allocation to the education sector by 15.8% to K5.6trillion.

Of this allocation, K393 billion will be allocated to the development of secondary school infrastructure, whilst K475.1 billion will be allocated to operations and the expansion of tertiary education infrastructure.

### Infrastructure

In the 2012 budget, Government acknowledged the importance of the private sector for infrastructure development through the PPP initiative.

Although no PPP's were initiated in 2012, Government appears keen to explore opportunities for financing infrastructure development through the private sector.

*Over 2,000 new medical personnel will be recruited in 2013.*

*There is a 286% increase to K1 trillion in the budget allocation towards housing and community amenities.*

# Direct Tax

2013 National Budget

## Direct Taxes

### *Increase in income tax bands for personal taxes*

2013		2012	
Income	Tax rate	Income	Tax rate
First K26,400,000	0%	First K24,000,000	0%
From K26,400,001 to K36,000,000	25%	From K24,000,001 to K33,600,000	25%
From K36,000,001 to K70,800,000	30%	From K33,600,001 to K68,400,000	30%
From K70,800,000	35%	From K68,400,000	35%

*Tax free band increased by 10%*

*Tax relief on pension contributions increased to K255,000 per month*

*Tax arising on interest income earned by individuals on savings and deposit accounts to be abolished*

### *Personal Tax*

#### ***Changes in the annual tax bands***

The annual tax-free band for the taxation of individuals is to increase by K 2,400,000 per annum. This represents an increase of 10%.

An individual with taxable income of K2,200,000 per month will now be better off by K50,000 each month. Individuals having taxable income of K6 million per month will be better off by K70,000 each month.

#### ***Tax relief for pension contributions***

The Minister proposes to increase the tax relief for pension contributions from K155,000 to K255,000 per month.

Thus, an individual earning up to K2,455,000 per month will not be liable to any income tax on their emoluments.

The increase in the tax free band and tax relief for pension contributions should have a positive impact on consumer spending power.

#### ***Tax on savings and deposit accounts***

The Minister proposes to remove tax on interest income earned by individuals on savings and deposit accounts. Currently withholding tax at a rate of 15% applies to interest income earned by individuals (with the exception of returns on treasury bills and similar financial instruments).

Furthermore, it is proposed that the medical levy of 1% be abolished on interest earned on savings and deposit

# Direct Tax

## 2013 National Budget

accounts, treasury bills, government bonds and other similar financial instruments.

These measures are aimed at restoring a culture of savings and investment in Zambia.

### Corporate & business tax

#### **Turnover tax threshold**

The threshold whereby certain businesses are required to register for turnover tax has increased from an annual turnover of K200 million to K800 million.

Based on the current provisions of the Income Tax Act, the Commissioner-General may, irrespective of the actual taxable profit, levy a turnover tax of 3% where a business:

- (a) has an annual turnover which does not exceed K200 million, and
- (b) provided the income of the business is not derived from the following sources:
  - mining operations;
  - the provision of consultancy services;
  - income earned from a business which qualifies for voluntary registration for VAT purposes.

The increase in the threshold has been introduced to promote efficiency in tax administration and reduce the cost of tax compliance for micro, small and medium enterprises.

The above measures will generally only benefit businesses with a taxable profit of more than approximately K68.5 million.

Business which are subject to tax at the standard corporate income tax rate of 35% and with a taxable profit of less than approximately K68.5 million (or with a tax adjusted loss) will be at a disadvantage as they may have to pay more tax under these measures.

#### **Withholding tax**

The Minister proposes to increase the withholding tax rate on payments to non-residents for management or consultancy fees and royalties from 15% to 20%.

This is expected to increase costs for local businesses that rely on foreign services.

Furthermore, it is proposed that withholding tax be increased from 0% to 20% on any management or consultancy fees or interest payments to a non-resident contractor by a person developing a Multi Facility Economic Zone (MFEZ) or an Industrial Park. It also applies to any person operating in a MFEZ or Industrial Park. This measure removes the exemptions previously available.

### *Housekeeping measures*

#### **Organic Fertilisers**

The Corporate Income tax rate for income earned from the manufacture of organic fertilizers is to be reduced from 35% to 15%.

Currently, the maximum rate of income tax applicable for income earned from the manufacture of chemical fertilizers is 15%. This proposal therefore seeks to level the playing field for manufactures of organic fertilizers.

*Turnover tax threshold increased to K800 million*

*WHT on management and consultancy fees and royalties increases to 20%*

# Direct Tax

## 2013 National Budget

### ***Pay As You Earn (PAYE)***

*PAYE refunds to be limited to 6 years*

The Minister proposes to introduce a time limit in which claims can be made for PAYE refunds of six years from the end of the charge year to which they relate.

It is also proposed for PAYE remittance cards be reclassified as a monthly return. This measure is intended to assist tracking and enforcement of PAYE remittances through the submission of monthly returns. The ZRA housekeeping measures further note that penalties will be levied where there is failure to make a monthly return in respect of PAYE. Clarification will be sought on the rate of penalties that will be applicable.

### ***Tax Information Exchange Agreements (TIEAs) and Agreements on Mutual Assistance in Tax Matters (AMATMs).***

*Legislation to be enacted for exchange of information on tax matters with other jurisdictions.*

The Minister proposes for the Income Tax Act to be amended to provide for a legal basis to negotiate and enter into Tax Information Exchange Agreements (TIEAs) and Agreements on Mutual Assistance on Tax Matters (AMATMs).

This measure is aimed at ensuring that Zambia can exchange tax information with other tax jurisdictions. This measure would amongst other things, assist ZRA combat tax evasion and perhaps challenge aggressive tax planning schemes.

### ***Other measures***

The Income Tax Act is to be amended to restrict businesses eligible to claim improvement allowance to only those enterprises that operate in an MFEZ or Industrial Park.

Income of Collective Investment Schemes are expected to be exempted from income tax to the extent that the income is distributed to participants of that Scheme.

### ***Effective date***

All of the above measures will take effect on 1 January 2013

# Mining Tax Regime

2013 National Budget

## Mining Tax Regime

### *Principal Compensating Sector*

#### *Capital allowances*

The Minister now proposes a reduction in the rate of capital allowances granted to companies operating in the mining sector from 100% to 25%.

Furthermore, it is proposed that capital allowances will only be deductible from income from the year in which the capital asset is brought into use by the business.

Historically, there have been a number of changes to the capital allowances regime for the mining sector. In this respect, a brief history of the changes is provided below:

- Following the 2008 budget proposals the legislation was amended to effect a reduction in the rate of capital allowances on capital expenditure from 100% to 25%. This was to be phased down over 2 years.
- However, in 2009, the 2008 amendments to capital allowances for companies carrying on mining operations were reversed and the 100% capital allowances were re-instated.

The 2013 National Budget speech states that the proposed changes will be applicable to the mining sector. However, it is unclear whether it will affect only companies carrying out mining operations or whether it will also apply to companies carrying out prospecting and exploration activities.

We await the draft bill to confirm the extent of application of the above proposal.

#### **Transfer pricing on related party loans**

The Minister has proposed that transfer pricing rules should be applicable to interest payments made by mining companies to related or associated parties. As such, interest rate charged on a non-arm's length basis may be adjusted for, using the Transfer Pricing rules under the Income Tax Act.

#### **Property Transfer Tax (PTT) on transfer of Mining Right**

The budget proposes to introduce property transfer tax at 10% of the realised value on the sale or transfer of a mining right.

Whilst at the time of the budget announcement there are no details, it is anticipated that the proposed legislation is likely to provide that PTT will be payable on the higher of the "realised" or "market" value on the transfer of mining rights. This would be in line with current PTT provisions on the transfer of land.

#### **Strengthening of penal sanctions on false reporting of mineral production and exports**

Earlier during the year the Minister of Mines, Energy and Water Development introduced Statutory Instrument (SI) No 34 of 2012 which required mining companies to

*Reduction of rate of capital allowances from 100% to 25%*

*Transfer pricing rules to apply on interest payments*

*Introduction of property transfer tax on transfer of Mining Rights*

# *Mining Tax Regime*

## *2013 National Budget*

provide, amongst other things, the following information to the Director of Mines:

- (a) tonnage, type and grade of ore mined and its source;
- (b) tonnages and grade of ore depleted from, or added to, reserves or moved from one category of ore reserve to another; and

SI 34 did not impose any penalties on non compliance with the regulations. However based on the general provisions of the Mines and Minerals Development Act (MMDA) we understand that significant penalties could be levied for non-compliance with the Act.

It is from this background that the Minister now proposes to strengthen the penal sanctions on false reporting of mineral production and export information. However no details have been provided at the time of the budget pronouncements.

We await the draft bill which should clarify the penalties applicable on non compliance with these reporting requirements.



## Indirect taxes

### VAT

#### ***Zero rating of Bread and Wheat***

*Zero rating of bread and wheat*

The Minister proposes that bread and wheat be zero rated for VAT purposes.

This measure is aimed at reducing the cost of living for families as well as promoting domestic production of wheat and wheat products.

*VAT registration threshold increased to K800 million per annum*

However this objective will only be achieved if the tax savings are passed on to the end consumer in the form of reduced prices.

#### ***Input VAT reclaim***

It is proposed that the validity period for input VAT reclaims be reduced from a period of one year from the date of the tax invoice to six months from the date of the invoice.

*Standard rating of plastic polymer granules and liquid polymers, synthetic woven bags and block bottom woven bags*

The measure is intended to streamline tax administration and reduce the risk of tax fraud.

Businesses should therefore ensure that they reclaim input VAT on all invoices within six months of the date of the invoice.

*Zero rating of tour guide services*

#### ***Standard rating of plastic polymer granules and liquid polymers, synthetic woven bags and block bottom woven bags***

*Input VAT cannot be claimed after a period of six months from the date of the tax invoice*

The Minister proposes to classify the supply of plastic polymer granules and liquid polymers, synthetic woven bags and block bottom woven bags as standard rated supplies. These items were previously exempt from VAT.

This measure should reduce input costs of businesses manufacturing plastic products and synthetic bags as they will now be able to reclaim VAT on inputs. It should make locally manufactured goods more competitive against foreign imports.

#### ***VAT registration threshold***

The mandatory VAT registration threshold has been increased from K200 million per annum to K800 million per annum.

However businesses that do not exceed the turnover threshold have the option to apply for voluntary registration.

This measure is aimed at reducing the cost and burden of tax administration and tax compliance for micro, small and medium sized enterprises.

#### ***Standard rating of goods & services supplied to businesses operating in MFEZ or Industrial Parks***

The Minister proposes that VAT at a rate of 16% is charged on goods and services supplied to or imported by businesses operating in Multi Facility Economic Zones (MFEZ) or Industrial Parks.

This effectively removes the incentives previously granted to certain qualifying business in MFEZ and Industrial Parks. It is not certain whether businesses already granted



### *Zero rating of adventure tourism services*

zero rating will now need to charge VAT at the standard rate on their supplies. We would recommend for business granted such concessions to seek written confirmation.

#### ***Zero rating of Tour Guide Services***

The Minister proposes that tour guide services be zero rated for VAT purposes.

This measure has been introduced to remove inconsistencies in the VAT legislation. Currently certain tourist activities are zero rated for VAT purposes whilst tour guiding services are standard rated.

In addition the zero rating of adventure tourism applicable to foreign tourists is to be extended to local tourism.

These measures are aimed at developing and encouraging growth of the local tourism industry. However this will only be achieved if the VAT savings are passed onto the end consumer in the form of lower prices.

#### ***Housekeeping measures***

##### ***Output VAT Schedules***

The Minister proposes for the VAT Act to be amended to make it mandatory for suppliers dealing in taxable supplies to submit an Output Tax Schedule to Zambia Revenue Authority (ZRA) for business supplies. There is currently no requirement to submit such a schedule to ZRA.

This measure may have been proposed to enable ZRA to verify the corresponding input VAT claims made by purchasers.

### *Electronic learning materials zero rated*

#### ***Exchange of information***

The Value Added Act is to be amended to enable the Republic of Zambia to Exchange tax information with other jurisdictions.

This measure is aimed at ensuring that Zambia can exchange tax information with other tax jurisdictions. This measure would amongst other things assist ZRA combat tax evasion and perhaps challenge aggressive tax planning schemes.

#### ***Zero rating of electronic learning materials***

It is proposed that supplies of electronic learning materials be zero-rated for VAT purposes.

This measure is intended to cater for technology advances in the educational sector. This should promote the supply of educational learning programs electronically or through web based programmes.

#### ***Other measures***

The ZRA housekeeping measures clarifies that it is not the printers that are used for printing tax invoices that need to be approved for purposes of claiming input VAT. Instead it is the accounting packages from which tax invoices can be printed that must be approved by ZRA.

The VAT Exemption Schedule will also be amended to limit eligibility for VAT relief at importation to non-commercial transactions.

#### ***Effective date***

With the exception of tourism, all of the above measures will take effect on 1 January 2013.

# Customs and Excise

2013 National Budget

## Indirect Taxes

### **Removal of Customs & Excise Duty**

The Minister proposes to remove Customs Duty on the importation of a wide range of supplies and equipment covering various industry sectors.

The Government's objective is to reduce the cost of doing business, support local value addition initiatives, promote the manufacturing sector, and promote growth and development through creation of employment.

### **Capital Equipment**

The Minister proposes that Customs Duty be abolished on a wide range of capital equipment, such as mechanical and electrical machines and machine tools. These include, amongst other machines, the following:

- i) Engines of all types;
- ii) Cranes of all types;
- iii) Conveyor Belts;
- iv) Machines for cutting, grinding, polishing, drilling and welding; and
- v) Vacuum and liquid pumps and sprayers of all types.

Currently customs duty on importation of the above ranges between 0% to 25%. This measure should benefit businesses operating in a wide variety of industries.

### **Information and Communication Technology**

The Minister proposes that Customs Duty be removed on automatic data processing machines; magnetic or

optical readers; and machines for transcribing and processing data.

The aim is to promote the use of information and computer technology. This should reduce cost of doing business.

### **Electrical Power**

The Minister proposes Customs Duty be removed on wind powered engines; gas stoves and electrical capacitors.

This measure should increase capacity in the energy sector and reduce costs for both individuals and commercial organisations.

### **Health and Veterinary Care**

The Minister proposes that Customs Duty be removed on the following:

- i) Cameras specially designed for medical or surgical examination of internal organs;
- ii) Electro-cardiographs;
- iii) Ultrasonic scanning and magnetic resonance apparatus;
- iv) Dental drill engines, dentures, bone reconstruction;
- v) Instruments and appliances used in dental science;
- vi) On devices and modified motor vehicles as provided for in the Persons with Disabilities Act No 6 of 2012; and
- vii) Motor cycles and ambulances

*Abolition of customs duty on importation of certain items*

*Customs duty removed on imports for health care*

# Customs and Excise

## 2013 National Budget

*Excise duty removed on non alcoholic carbonated drinks*

The principle objective is to encourage and support private sector participation in the provision of cost effective quality health and veterinary care. These measures should also enhance access to mobile health care facilities to patients in rural areas.

### **Carbonated Non-Alcoholic beverages and Packed Drinking Water**

The Minister proposes that Excise Duty be removed on non-alcoholic carbonated drinks and packed water.

This measure is aimed at promoting the local beverage industry. This should make local products more competitive thereby encouraging growth and creation of local employment opportunities.

### **Rail Transport**

The Minister proposes that Customs Duty be removed on locomotives and carriages, and rail traffic control equipment.

The primary objective is to promote public and private sector investment in rail transport as well as reduce the cost of transport for businesses that need to transport bulky products.

### **Other items**

In order to promote rural based tourism and the fishing industry the Minister proposes to abolish Customs Duty on some types of refrigerated fishing vessels.

In addition, the Minister proposes that Customs Duty be removed on some types of music and art items.

### **Suspension of Customs Duty**

#### **Sports Equipment**

In an effort to encourage private sector participation in the

development of sport, the Minister proposes to suspend customs duty on various items of sports equipment. In this respect, the Minister proposes that Customs Duty be suspended on the importation of equipment used for physical exercise, gymnastics, athletics and other sports.

The suspension will apply for three years, that is, until 31 December 2016.

### **Tourism**

The Minister proposes to suspend Customs Duty on the importation of the following items:

- i) New motor vehicles to be used by businesses in the tourism industry that offer transport services; and
- ii) New articles and equipment required for furnishing or refurbishing accommodation and catering facilities for businesses licensed as tourism enterprises.

The suspension will apply from midnight on 12 October 2012 to 31 December 2013.

The principle reason for the above short term incentives is to take advantage of the 2013 United Nations World Tourism Organisation Conference. Growth in the tourism industry should benefit the hotel industry as well as the local economy.

### **Increase of Customs Duty**

The Minister proposes to increase Customs Duty on the following items:

- i) Flat rolled products of iron or non-alloy steel used in the manufacture of roofing sheets;
- ii) Similar products excluding those coated with tin and lead;

*Duty suspended on equipment for furnishing accommodation and catering facilities for licensed tourism enterprises*

# Customs and Excise

## 2013 National Budget

- iii) Yarn synthetic stable fibre for non-retail purposes.

The above measures are primarily aimed at promoting the local construction and processing industry by making it more expensive to import these products. Government's aim is to encourage local businesses to produce products locally. This should boost the local construction and textile industries and create local employment.

### House Keeping Measures

#### **Copper Concentrate**

*Export levy of 15% on unprocessed mineral ores re-introduced*

In 2008, an export levy of 15% was introduced on the export of copper concentrate. At the time the measure was introduced to encourage mining companies to process copper ore locally. However, following representations from the mining sector that there was inappropriate/insufficient processing facilities for certain ores, Statutory Instrument 69 was enacted to provide for remission of export duty for qualifying exports.

The Minister has now proposed that the remission of export duty that was granted by Statutory Instrument 69 of 2008 be revoked.

*Duty on pneumatic tyres abolished*

#### **New and Used Pneumatic Tyres**

The Minister proposes to abolish Customs Duty on the importation of new and used pneumatic tyres.

This measure is aimed at reducing business and transport costs.

#### **Contractors on Government Funded projects**

The Minister proposes to extend the Rebates, Refunds and Remission provisions on goods/services imported by a Contractor who is in

receipt of funding from an organisation listed in Third Schedule of the Customs & Excise Act. The Third Schedule includes a list of the Non Government Organisations (NGO) involved on technical assistance or development programmes.

This measure is intended to minimise taxes passed on by contractors and suffered by donor funded projects.

#### **Duty Free import**

The Minister proposes to harmonize the rebate allowance on unaccompanied goods imported by parcel post or air freight for personal use with the accompanied goods for the personal use of a traveler.

This measure should align the tax treatment of accompanied and unaccompanied imported personal effects at US\$1,000.

#### **Additional Customs Ports and Houses**

The Minister proposes to include the following additional Customs ports and houses to facilitate trade:

- Mulekatembo, Chile, Mwase, Khondwelani and Sindamisale as Customs ports;
- Solwezi and Mwinilunga as Customs House;

In addition, Nakonde border post will operate on a 24 hour basis.

#### **Effective Date**

With the exception of measures for Tourism all of the above will be effective from 1 January 2013.

# ZDA Tax Incentives

2013 National Budget

## Incentives under the Zambia Development Agency Act and MFEZ

### Tax Incentives Regime

#### Zambia Development Agency Act

The Minister proposes to review tax incentives granted to businesses under the Zambia Development Agency Act. Essentially, it is proposed that tax incentives be granted only when investors meet their employment and investment commitments.

The main objective of this measure is to ensure that businesses adhere to the undertakings given by the investor when applying for incentives under the ZDA.

Practically this may involve government officials undertaking site visits and audits to ensure compliance.

#### Multi Facility Economic Zones (MFEZ)

##### Withholding Tax

The Minister proposes to increase Withholding tax (WHT) from 0% to 20% on the following payments made by a person developing or operating in an MFEZ or an Industrial Park to any overseas recipients:

- i) Management fees;
- ii) Consultancy fees; and
- iii) interest payments

This measure effectively increases the costs of procuring services and finance from abroad.

#### Business Profits & Dividend payments

It is proposed that the tax exemptions granted on business profits and payment of dividends to businesses within the Priority Sectors, MFEZ and Industrial Park will be triggered from the date of commencement of business operations rather than the date of the first declaration of profits/dividends.

Currently, taxable income of business enterprises qualifying for tax concession under the ZDA is taxed as follows:

- 0% of the profits for a period of 5 years starting from the first year profits are returned;
- 50% of the profits from the sixth to the eighth year after profits are returned; and
- 75% of the profits per annum from the ninth to the tenth year after the profits are returned; and
- 100% of the profits after the tenth year after profits are returned.

*Tax incentives subject to creation of local employment*

*Revised trigger for tax incentives on business profits and exemption for WHT on payment of dividends*

*WHT implications for payments to non-resident suppliers*

# ZDA Tax Incentives

## 2013 National Budget

In addition, dividend payments made by qualifying businesses are currently exempted from withholding tax (WHT) for a period of five years from the accounting period in which a dividend is first declared.

### Effective Date

The above measures are effective from 1 January 2013.

The proposed amendments to Zambia Development Agency Act will effectively reduce the period over which tax incentives are available. Therefore, businesses that incur losses in the earlier years may not benefit fully from the tax concessions granted. Given this, investing in Priority Sector, MFEZ and Industrial Parks may become less attractive to foreign investors.

### VAT

#### *Elimination of VAT incentives*

The Minister proposes to standard rate goods and services supplied to or imported by businesses operating in MFEZ or Industrial Parks. Currently these supplies may be zero-rated for qualifying businesses.

This measure will result in the elimination of VAT incentives that may currently be available to businesses making supplies to enterprises in MFEZ or Industrial Parks.

### Customs and Excise

#### *Introduction of qualifying criteria for exemption of Customs Duty*

The Minister proposes that any Customs Duty exemption granted as an incentive will only apply to imported goods which are not produced by local manufacturers.

This measure is to promote the use of locally produced goods. However, practically it may be difficult for importers to determine whether or not an item is available locally. Also it may not take into account the quality differences that may be crucial to a business.

# Zambia Tax Data Card

## 2013 National Budget

### Corporate tax rates

	2013	2012
Standard rate	35%	35%
Banks	35%	35%
Telecommunication companies		
Income not exceeding K250 million	35%	35%
Income exceeding K250 million	40%	40%
Farming	10%	10%
Income earned from organic fertilizer	15%	35%
Export of non-traditional products*	15%	15%
Foreign earnings of Sun International Limited	15%	15%
All other companies except mining companies	35%	35%
New listings on LuSE**	2% discount	2% discount
New listings on LuSE > 33% shares taken up by Zambians	7% discount	7% discount

Turnover tax levied on business with turnover  
< K200 million (2012) or <K800 million (2013)  
(excludes income earned from consultancy services & mining,  
VAT registered businesses)

3% 3%

Advanced Income Tax

6% 6%

### Capital deductions\*\*\*

Investment allowance on industrial buildings****	10%	10%
Initial allowance on industrial buildings****	10%	10%
Industrial buildings allowance	5%	5%
Commercial buildings allowance	2%	2%
Implements, machinery and plant		
Used for farming, manufacturing, tourism and leasing	50%	50%
Implements, machinery and plant- Other	25%	25%

### Motor vehicles

Commercial	25%	25%
Non-commercial	20%	20%

### Farming

Farm improvement/ Farm works allowance	100%	100%
--	------	------

### Carry forward of Trading losses

No. of years No. of years

Non - mining companies	5	5
Hydro and thermo power generation companies	10	10

\* With the exception of minerals, electricity, services and cotton lint exported without an export permit from Minister of Commerce.

\*\* Discount applicable to corporate tax rates and only available for the first year.

\*\*\* Capital allowances are computed on a straight line basis.

\*\*\*\* Investment and Initial allowance granted in the charge year in which the industrial building has been put into use.



# Zambia Tax Data Card

2013 National Budget

## Mining Companies - Income Tax

	2013	2012
<b>Company rate</b>		
Basic rate	30%	30%
Variable profit tax*	Up to 15%	Up to 15%
<b>Capital deductions</b>		
Capital allowance on capital equipment	25%	100%
<b>Trading losses</b>		
Carry forward of trading losses	No. of years	No. of years
Konkola Copper Mines Plc	20	20
From mining operations	10	10
Prospecting and exploration companies	5	5

\* Applicable when taxable income from mining operations exceeds 8% of the gross sales.

## Tax Treaties

Canada, China, Denmark, Finland, Germany, India, Ireland, Italy, Japan, Kenya, Netherlands, Mauritius\*\*, Norway, Romania, South Africa, Sweden, Switzerland, Tanzania, United Kingdom, Uganda, Yugoslavia\*, Zimbabwe\*

\* These treaties have not been ratified and are therefore ineffective currently

\*\* We are unable to conclusively confirm whether the DTA between Mauritius and Zambia has been ratified in Mauritius



# Zambia Tax Data Card

## 2013 National Budget

### Income Tax Individuals

#### 2012

#### Monthly income bands

	Income from K	Income to K	Tax rate K	Tax on band (maximum) K	Cumulative tax on income (maximum) K
First	0	2,000,000	0	0	0
Next	2,000,001	2,800,000	25	200,000	200,000
Next	2,800,001	5,700,000	30	870,000	1,070,000
Over	5,700,000		35		

#### 2013

#### Monthly income bands

	Income from K	Income to K	Tax rate K	Tax on band (maximum) K	Cumulative tax on income (maximum) K
First	0	2,200,000		0	0
Next	2,200,001	3,000,000	25	200,000	200,000
Next	3,000,001	5,900,000	30	870,000	1,070,000
Over	5,900,000		35		

### Housing benefit taxable in the hands of the employer

Rate at which employees annual taxable emoluments disallowed 30%

**Tax on car benefit is payable by the employer at the corporate tax rate based on the following scale charges:**

Engine size < 1,800 cc:	K9,000,000 p.a.
Engine size > 1,800 cc, < 2,800 cc:	K15,000,000 p.a.
Engine size > 2,800 cc:	K20,000,000 p.a.

# Zambia Tax Data Card

## 2013 National Budget

### Dividends from Lusaka Stock Exchange

Dividend income earned by individuals from on shares listed on the LuSE is exempt from income tax

### Withholding Tax

	Resident	Non Resident
Dividend	15%	15%
Interest	15%	15% / 20% *
Management or consultancy fee	0%	20 %
Royalties	15%	20%
Rent from a source within the Republic	15%	15%
Commissions	15%	15%
Non-resident construction and haulage contractor	n/a	15%
Non-resident entertainers/sports persons fees	n/a	15%

\* withholding tax at 20% will apply to interest payments made to a non-resident contractor by a person developing a Multi Facility Economic Zone (MFEZ) or an Industrial Park as well as any person operating a MFEZ or Industrial Park

### Medical levy

#### 2012

Banks or financial institutions paying interest on savings or deposit accounts, treasury bills, government bonds or similar financial instruments deduct medical levy of 1%.

#### 2013

The Minister proposes for the medical levy of 1% to be abolished on interest earned on savings and deposit accounts, treasury bills, government bonds and other similar financial instruments.

### Payments made by companies carrying on mining operations

	Resident	Non Resident
Dividend	0%	0%
Interest to any lender *	15%	15%
Management fees to shareholders	0%	15%

\*Transfer Pricing rules to apply on interest payments made by mining companies to a related parties

# *Zambia Tax Data Card*

*2013 National Budget*

## **VAT**

### **Taxable supplies- rate**

Supply of goods & services in Zambia	16% / 0%
Import of goods & services into Zambia	16% / 0%
Export of goods & services from Zambia	0%

### **Registration**

Threshold	K 800m p.a.
-----------	-------------

### **Payment- due date**

Supply of taxable goods & services	21 days following the end of the VAT accounting period*
------------------------------------	---

### **Repayment- due date**

Standard	30 days after submission of VAT return
----------	--

\*accounting period typically means the month following the month of registration and each succeeding calendar month.

## **Property Transfer Tax**

Land (including buildings), shares	5 % of realised value
Transfer or sale of mining right	10% of realised value

# *Zambia Tax Data Card*

*2013 National Budget*

## **Concessions for Priority Sectors**

Incentives for companies in priority sectors/Multi-facility Economic Zones (MFEZ) under the Zambia Development Agency Act:

- No tax on profits for a five year period from the date of commencement of business operations.
- Only 50% of profits taxable in years 6 to 8.
- Only 75% of profits taxable in years 9 to 10.
- Deferment of VAT on machinery and equipment including trucks and specialised motor vehicles.
- 0% custom duty on raw materials and capital goods, machinery including trucks and specialised motor vehicles for a five year period.
- 100% improvement allowance for tax purposes on capital expenditure for improvement and upgrading of infrastructure.
- Exemption from customs duty on equipment and machinery imported for the development of MFEZ and industrial parks.
- MFEZ are located in Chambishi, parts of Lusaka, and Lumwana.

# *Zambia Tax Data Card*

*2013 National Budget*

## **Carbon Tax**

An annual carbon tax is payable on all motor vehicles as follows:

Note:

Engine size < 1,500 cc	K50,000 p.a.
Engine size > 1,500 cc, < 2,000 cc	K100,000 p.a.
Engine size > 2,000 cc, <3,000 cc	K150,000 p.a.
Over 3,000cc	K200,000 p.a.
Vehicles propelled by non pollutant energy sources	nil

Validity period of the carbon emission tax certificate is 90 days for vehicles in transit and those that enter for short periods only.

# Zambia Tax Data Card

## 2013 National Budget

### Deadlines and Penalties

2012 Deadlines	Penalty	Interest
<b>Income Tax- Companies</b>  <b>Provisional tax</b>  Return deadlines: 30 June 2012, 30 September 2012 & 31 December 2012 (where applicable)  Payment deadlines: Within 14 days following the return date  <i>Note:</i> 2/3 of the total tax liability payable by the final quarter  <b>Final tax return &amp; payment</b> Deadline: 30 June 2013	Provisional tax: Late filing of return: K360,000 per month or part month  Late payment of tax: 5% per month or part month  Underestimation of tax: 25%  Final tax: Late filing of return: K360,000 per month or part month  Late payment of tax: 5% per month or part month	N/A  Late payment: 2% + DR  N/A  N/A  Late payment: 2% + DR*
<b>Income Tax- Individuals</b> <b>Final tax return &amp; payment</b>  Deadline: 30 June 2013	Late payment of tax: 5% per month or part month  Late filing of return: K180,000 per month or part month	Late payment: 2% + DR *  N/A
<b>Withholding Tax (WHT)</b> Filing & payment deadlines: Within 14 days after the end of the month of accrual / payment  <b>Payroll (PAYE)</b> Filing & payment deadlines: Within 14 days after the end of the month of accrual / payment  <b>VAT</b> Filing & payment deadlines: 21 days after the end of the accounting period*	WHT late payment of tax: 5% per month or part month  WHT late filing of return: K360,000 per month or part month  PAYE late payment of tax: 5% per month or part month  VAT late filing of return: Daily penalty- higher of K180,000 and 0.5% x tax payable VAT late payment of tax: Daily penalty- 0.5% x tax payable	Late payment: 2% + DR*  N/A  Late payment: 2% + DR*  N/A  Late payment: 2% + DR

# Zambia Tax Data Card

## 2013 National Budget

2013 Deadlines	Penalty	Interest
<b>Income Tax- Companies</b>  <b>Provisional tax</b> Return deadlines: 31 March 2013, 30 June 2013, 30 September 2013 & 31 December 2013 (where applicable)  Payment deadlines: Within 14 days following the return date  <i>Note:</i> 2/3 of the total tax liability payable by the final quarter  <b>Final tax return &amp; payment</b>  Deadline: 30 June 2014	Provisional tax: Late filing of return: K360,000 per month or part month  Late payment of tax: 5% per month or part month  Underestimation of tax: 25%  Final tax: Late filing of return: K360,000 per month or part month  Late payment of tax: 5% per month or part month	N/A  Late payment: 2% + DR  N/A  N/A  Late payment: 2% + DR*
<b>Income Tax- Individuals</b>  <b>Final tax return &amp; payment</b> Deadline: 30 June 2014	Late payment of tax: 5% per month or part month Late filing of return: K180,000 per month or part month	Late payment: 2% + DR  N/A
<b>Withholding Tax (WHT)</b> Filing & payment deadlines: Within 14 days after the end of the month of accrual / payment  <b>Payroll (PAYE)</b> Filing & payment deadlines: Within 14 days after the end of the month of accrual / payment  <b>VAT</b> Filing & payment deadlines: 21 days after the end of the accounting period*	WHT late payment of tax: 5% per month or part month  WHT late filing of return: K360,000 per month or part month  PAYE late payment of tax: 5% per month or part month  VAT late filing of return: Daily penalty- higher of K180,000 and 0.5% x tax payable  VAT late payment of tax: Daily penalty- 0.5% x tax payable	Late payment: 2% + DR  N/A  Late payment: 2% + DR*  N/A  Late payment: 2% + DR

### Key

\*DR= Bank of Zambia discount rate

\*\* accounting period means the month following the month of registration and each succeeding calendar month

The information on this budget bulletin and tax data card is based on the budget pronouncements of 12 October 2012. The specific legislative provisions to effect the budget pronouncements are subject to enactment by Parliament. We therefore caution that the information highlighted in this bulletin and data card may be subject to change. Accordingly, you should confirm the current tax position as necessary.

We emphasise that the information on this budget bulletin and tax data card is generic and may be subject to update/amendment. Accordingly, you should seek specific advice and should neither act nor refrain from acting solely on the basis of the information provided here. PricewaterhouseCoopers Limited, its affiliates and/ or network firms shall have no liability for any action taken (or omitted) on the basis of the information provided on this bulletin and tax data card.