



Tax Alert

Rental Income tax



This publication has been prepared as general information on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice.

© 2023 PricewaterhouseCoopers Limited. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Limited which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

The Income Tax Act of 1966 ("ITA") was amended with effect from 1 January 2023 to now require persons and partnerships ("property owners") renting out property to pay turnover tax at graduated turnover tax rates.

Specifically, rental income is now taxed as follows:

Gross rental Income	Rate
First ZMW 12,000 per annum and below	0%
Above ZMW 12,001 but not exceeding K800,000 per annum	4%
Excess of K800,001 per annum shall be at 12.5%	12.5%

The amendment eliminates the need for property owners to account for rental turnover tax using the turnover tax return or Income tax return, instead, are required to register for a separate rental income tax account on the Zambia Revenue Authority ("ZRA") tax online portal which they will use to account for tax on their rental income.

1. Registration requirements

The registration for the rental income tax account is done electronically on the ZRA tax online portal.

- Property owners in receipt of rental income and registered for Income Tax**

Previously, property owners in receipt of rental income and registered for Income Tax were required to declare their rental income as a separate source of income and tax it accordingly at the prescribed rate (that is 4% for rental income below ZMW 800,000 and 12.5% for rental income above ZMW 800,001). However, following the amendment, the

rental income will no longer be taxed under Income Tax but through the rental Income tax account.

- Property owners in receipt of rental income and are registered for Turnover Tax**

Property owners in receipt of purely rental income as their only business income and have a turnover tax account are required to deregister their turnover tax account and register for a rental income tax account to declare tax on the rental income.

On the other hand, property owners in receipt of rental income and other business income and have a turnover tax account are required to maintain their turnover tax account whilst registering for a rental income tax account to account for tax on their rental income.

2. Compliance and submission deadline

The property owners are required to submit the rental income tax return on

a monthly basis by the 14th day of the following month.

Late submission of the return is subject to a late return penalty of **ZMW 75** per month or part thereof for each month the return remains outstanding. In addition, the late payment of the liability attracts a penalty levied at 5% of the principal amount for each month or part thereof the payment is late, plus interest at 2% above the Bank of Zambia (BoZ) discount rate.

Please note that the ZRA, on various platforms including their newspaper publication of 20 November 2023, emphasized the need for taxpayers to be compliant with the rental tax. To deter non-compliance, ZRA advised that they will be conducting door to door inspections to check on compliance in this area effective 20 November 2023.

Our tax specialists can help you with meeting your compliance obligations. Please do not hesitate to contact us for further information.

Contact Us



George Chitwa
Tax Leader & Partner,
Tax Services.
george.chitwa@pwc.com.



Emmanuel Chulu
Associate Director,
Tax Services.
emmanuel.e.chulu@pwc.com.



Angela Mwiba
Senior Associate,
Tax Services
angela.mwiba@pwc.com