National Pension Scheme Authority
Revision of NAPSA Contribution Ceiling for 2015

Under the provisions of the National Pension Scheme Authority (NAPSA) Act, 1996, every person who is employed by a company in Zambia which is required to register with NAPSA must register as a member of the scheme. Both Zambians as well as non-Zambians working in Zambia must be registered as members. The only exception being staff that have diplomatic status or those that work for international organisations.

Both the employer and employee are required to make monthly contributions based on the employee gross earnings.

The monthly maximum employer and employee contribution payable to NAPSA has increased to K 1,592.40 (K1,584.10 in 2014) for income earned between 1 January 2015 and 31 December 2015.

The contribution rate remains at 10% (subject to the ceiling K 1,592.40) of an employee’s total monthly earnings.

Payments for NAPSA contributions should be made to NAPSA on the 10th of each month following the month of payment of salaries.

We highlight below the revised 2015 employer and employee requirements for your information:

Employer requirements
• The employer is required to contribute 5% of the employee gross emoluments, with a limit of up to K796.20 per month (K792.05 in 2014).
• The employer is responsible for administering the scheme by deducting the employees’ contribution from employee emoluments and paying over both the employer and employee contributions to NAPSA on a monthly basis.

Employee requirements
• The employee is required to contribute 5% of his/her gross earnings, with a limit of up to K796.20 per month (K792.05 in 2014);
• The employee is granted some tax relief for contributions made to NAPSA or any other ZRA approved pension scheme;
• Currently, the income tax relief for the contributions paid is limited to the lower of K255 per month or 15% of the employee’s emoluments.

Penalties
• Failure to account for NAPSA on a timely basis will render the employer liable to a penalty of 20% of the unpaid contributions.

Please note that the new NAPSA limits are effective from 1 January 2015.

Accordingly, please update your payroll systems to reflect the new ceiling of K796.20.