Fact Sheet: Zambia

In this fact sheet, we have summarised answers to frequently asked questions about this country in one document for you. This information is not economic data, but rather statements on a wide range of practical topics that influence business activities with and in the country. In this publication you will find basic information on:

Date: September 2024

Trade

Zambia is a democratic republic in southern Africa, where more than 70 ethnic groups coexist largely peacefully. Since gaining independence in 1964, the country has been one of the most politically stable in Africa. Its economy heavily relies on mining, particularly copper exports, which play a significant role. This dependence makes the economy vulnerable to external factors, such as fluctuations in global commodity prices. In recent years, however, Zambia has taken measures to diversify its economy, aiming to reduce reliance on copper and strengthen the agricultural sector and industrial production. Germany supports Zambia through development programs aimed at enhancing education, healthcare, and infrastructure.

The economic outlook for Zambia in 2024 is cautiously optimistic, with projected growth of around 4.2%, driven by mining, agriculture, and services. High copper prices support the economy, while financial reforms, especially in debt management and economic stabilization, boost investor confidence. Nevertheless, challenges remain, such as high poverty rates, significant debt, and the risk of droughts, which could strain the agricultural sector. Inflation is expected to decrease to approximately 7.1% by the end of 2024, although it may face upward pressure from fluctuating fuel and fertilizer prices.

The **official language** of Zambia is English, which is also used as the business language. Additionally, there are over 70 indigenous languages, with Bemba, Nyanja, Tonga, and Lozi being the most spoken.

The national currency is the Kwacha, which fluctuates frequently. Banknotes include K100, K50, K20, K10, K5, and K2, while coins include K1 and 50 Ngwee, 10N, and 5N.
By law, payments within Zambia can only be made in Kwacha, even if prices are listed in USD. However, some establishments still accept USD, though this is becoming increasingly restricted due to the government's de-dollarization campaign, which seeks to curb or criminalize such practices. It is advisable to bring EUR, USD, or GBP, which can be easily exchanged for Kwacha at favourable rates, including at airports. The import of foreign currency is unlimited, provided it is declared upon arrival using a currency declaration form.

Currency Exchange
It is best to use only authorized exchange bureaus and stay updated on current exchange rates. At most border crossings, EUR/USD can be exchanged for the local currency. Checks are widely accepted, though their use is becoming less common. To avoid additional exchange rate fees, travellers are advised to use traveller's checks in euros, US dollars, or pounds.

Zambia is open to foreign trade, which accounts for 80% of the country's GDP (World Bank, 2023). Zambia's trade policy aims to diversify the economy through privatisation programmes and the expansion of the export base. Individuals or companies wishing to start importing into Zambia can do so by following the procedures laid down by the government authorities. Depending on the type of products, certain goods may be subject to a permit, licence, quality or packaging rules, standardisation or special formalities for importation. Licences are required for the export and import of commercial products to and from Zambia according to the type of business. The Customs and Excise Department of the Zambia Revenue Authority (ZRA) is under the Ministry of Finance. It is responsible for the implementation of all regulations issued by the relevant ministries and government institutions, controls illegal trade and acts as a trade facilitator.

To be able to import goods into Zambia, the following documents must be kept ready.

The required documents vary depending on the type of import. These include:

- Commercial Invoices
- Contracts of Sale
- Bills of Lading
- Air waybills (AWB), waybills for road / rail
- Manifests and Packing lists
- Documentary evidence for customs exemption
- Certificate(s) of origin in support of an application for preferential treatment or reduced duty rates
- Authorisations for restricted goods
- Proof of payment: letters of credit, bank transfers, BOZ monitoring forms, etc. to support the declared transaction value.

To be able to export from Zambia, the following documents must be kept ready:

- Commercial shipments can only be exported after the customs form CE 20 has been completed. Depending on the purpose and/or source of the goods to be exported, the customs procedure code (CPC) to be used may be as follows:
    - E100 Export of goods from open stocks
    - E101 Export of goods from a customs warehouse
    - E102 Export of goods for which customs drawback is required
    - E200 Temporary export of goods for repair (the general registration certificate (GRC) in accordance with CE 16 must also be completed)
    - E201 Temporary export for processing or manufacture
    - E202 Temporary export of goods for other purposes
    - R300 Re-export of goods imported under the temporary importation procedure
- In addition to the CE 20 form, you will need the following documents:
    - Certificate of origin for export to member states that have ratified special preferential trade agreements with Zambia. These certificates can be obtained from the Customs Office in Lusaka and the Deputy Commissioner for Customs Services Ndola. Zambia currently issues certificates of origin for the following trade agreements:
        - COMESA
        - SADC
        - EU
        - GSP
        - China bilateral trade agreement
        - AGOA
    - Licences, e.g. quality certificate from the veterinary department (meat and livestock), phytosanitary certificate (seeds, plants and fruit), licence for gemstone and scrap metal exports from the ministries of mines and timber inspection certificate for timber exports.
    - Other supporting documents such as packing lists, bills of lading, waybills, commercial invoices, air waybills and other documents relevant to the export.

List of existing trade agreements

AfCFTA	African Continental Free Trade Area	The agreement establishing the African Continental Free Trade Area (AfCFTA) entered into force in 2019 and since the beginning of 2021, member states (including Zambia) have been trading based on the AfCFTA.
AGOA	African Growth and Opportunity Act	A unilateral programme that gives African countries duty-free access to the US market.
Comesa Free Trade Area	Common Market for Eastern and Southern Africa (COMESA)	COMESA promotes regional integration through trade for its 21 African member states. This organization includes Trade Promotion, the formation of a Customs Union and the establishment of a Free Trade Area (FTA) into its priority areas. The FTA was established in October 2000 when nine of the member States namely Djibouti, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe eliminated their tariffs on COMESA originating products, in accordance with the tariff reduction schedule adopted in 1992.
COMESA-EAC-SADC	Tripartite Free Trade Area (TFTA)	The TFTA consists of 29 Member/ Partner States across the three Regional Economic Communities (RECs) namely COMESA, EAC and SADC. The agreement has officially come into force on 25 July 2024, as the required 14 ratifications among the Member States were attained. The Decision to establish the Tripartite FTA was made on 22 October 2008. The objective was to enhance market access, address multiple memberships and further the objectives of cooperation, harmonization, and coordination of policies.
OACPS (1975)	Organisation of African, Caribbean and Pacific States	79 Member States from Africa, the Caribbean and the Pacific. OACPS strives to achieve the sustainable development of its Members and their progressive integration into the world economy.

		There is also a longstanding partnership between OACPS and the EU (OACPS-EU).
SADC	Southern African Development Community	A regional economic community of 16 member states (including Zambia) with the aim of strengthening regional integration, promoting poverty reduction in Southern Africa through economic development and ensuring peace and security.
WTO	World Trade Organization	Zambia has been a member of the WTO since 1995.

Labour laws, Visa regulations and Immigration

The laws governing immigration from Zambia can be found in Chapters 20-34 of the Zambian Immigration and Deportation Act. According to the Immigration and Deportation Act, the following authorisations may be required for entry into Zambia, depending on the circumstances:

- Investors permit
- Entry permits
- Visitor permit
- Study permit
- Temporary permits
- Work permit
- Prohibition of employment, study, etc. without authorisation
- Modification of the authorisation conditions
- Revocation of authorisations

Investors permit

The investor permit is issued to foreigners who intend to establish a business or invest in Zambia, or who have established or invested in a business in Zambia. The permit allows the holder, his/her spouse and minor children to enter, re-enter and remain in Zambia until it expires.

Requirements for the issue

- Cover letter to the Director General of Immigration
- Duly completed online application for authorisation of an investor
- Certificate of Incorporation issued by the Patents and Companies Registration Agency (PACRA) upon formation of the company
- Certificate of share capital (where required)
- Certificate of Minimum Capital
- Investment licence from the Zambia Development Agency (ZDA; not mandatory)
- List of directors of PACRA
- Proof of personal investment (bank statement, bank transfer, ZRA form CE20, waybill from ZRA). If an investor is starting his/her own business, he/she should contribute at least USD 250,000. If he/she joins an existing company, it should be at least USD 150,000.
- Proof of ownership or tenancy agreement in Zambia

- Notarised copy of valid passport (bio-data & stamp of last endorsement for Zambia)
- Two recent passport photos
- Prescribed fee

Follow this link to access the electronic visa application service:
https://eservices.zambiaimmigration.gov.zm

Please note that the immigration procedures in Zambia take a long time and can be very time-consuming and costly. If you do not wish to make the application yourself, you can also hire immigration consultants to complete the application for you. The Chamber recommends that you only work with consultants who have valid Immigration Consultancy Certificates and ideally have an office set up.

Types of visas that are relevant for German citizens

Single-entry visa - With a single-entry visa, the traveller can only enter Zambia once during the 90-day validity period of the visa. For business travellers it is 30 days. This visa is issued to German citizens upon entry and can be extended up to two times by 30 days each time at the immigration office, increasing the possible length of stay to almost 2 additional months. The fee of 50 US dollars, which was payable on entry, has now been waived.

Further information on the visa types can be found here:
https://www.zambiaimmigration.gov.zm/for-visitors/#1549976997736-0546c20f-54cf

Taxes and Duties

Import VAT:
This is the VAT charged on all imported goods at the applicable domestic rate. The applicable rates are:

- Standard Rate (16%): Most goods and services are taxed at this rate.
- Zero-Rated: Goods or services that fall under this category are subject to a 0% VAT rate, meaning VAT is technically applied but at a rate of 0%. However, businesses that sell these goods can still claim back VAT they have paid on related inputs.
- Exempt: Goods or services that are exempt from VAT are not taxed at all, but businesses selling them cannot reclaim VAT on related inputs.

Excise duty:
This tax is levied on selected luxury goods. These include alcoholic beverages, tobacco, selected motor vehicles, cosmetics, etc.

Item	**2024 rate**
Non-alcoholic drinks	ZMW 0.60 per liter

Item	**2024 rate**
Alcoholic drinks:	
Less than 80% by volume	60%
80% or higher by volume	60% + 20% surtax
Ethyl alcohol and other spirits, denatures of alcoholic strength of less than 80%	60%
Unmanufactured tobacco	145% or ZMW 400 per kg
Cigarettes	ZMW 400 per mille
Electronic cigarettes and similar personal electric vaporizing devices	145%
Telephone airtime*	17.5%
Portland cement	ZMW 40 per tonne
Plastic carrier bags	30%
Plastic articles (including floor covering of plastics, tiles, walls, or ceilings)	15%

* Airtime includes minutes of voice calls, short message services (SMS), multi-media services (mms), Internet bandwidth, and other similar services that a subscriber consumes on a mobile cellular telephone or other electronic communication device.

Export duty:
Export duties are levied on some selected items. These include scrap at 25%, copper concentrates at 15% and cottonseed at 15%.

Further fees are charged on:
- Vehicle registration fee
- Licence fee
- Storage hire
- Carbon Emissions Surtax (based on engine capacity)

Calculation of taxes:
The calculation of taxes is based on the Value for Duty Purposes (V.D.P). The Value for Duty Purposes is a Kwacha equivalent of the Cost, Insurance and Freight (CIF) value, which constitutes the price actually paid or payable for the goods being imported, insurance charges for the transportation of goods, freight costs and other costs associated with importation to the port of entry in Zambia.

The duties or taxes payable will be calculated as follows:
Duty or tax = (Value for Duty Purposes) x (Duty or tax rate)

Customs duties:
The applicable rates vary between 0% and 40% depending on the type of goods imported. Most goods fall into one of three tariff bands:

- 0% to 5% - capital goods and raw materials
- 15% - intermediate goods
- 25% - finished goods

Corporate taxation and expenses

Corporate income tax
All companies in Zambia are subject to a normal corporate tax rate of 35%.

However, local mining companies are subject to
i) a reduced corporate income tax rate of 30% and
ii) a variable profits tax of up to 15%.

Agricultural companies are subject to a reduced corporate tax rate of 10%

Value added tax (VAT) is levied at a flat rate of 16% on the sale of goods and services.

A withholding tax of 5% is levied on interest, dividends, licence fees and fees for technical services paid to resident and non-resident companies, unless this is reduced under a tax treaty.
Branch offices are subject to an additional 15% remittance tax on income paid to their parent company.

Other taxes applicable in Zambia include:

- Companies that do not manufacture traditional products and chemical fertilisers are subject to a corporate income tax rate of 15%.
- Zambian companies engaged in agricultural and other farming activities are subject to a reduced corporate tax rate of 10%.
- Sales and transfers of land and buildings are subject to a 5% property tax;
- Companies in Zambia are also required to pay social security contributions of 10% of gross salary, split equally between employer and employee.
- Companies are also required to pay 2% of basic salary in the form of National Health Insurance Contributions (NHIMA), which is also shared between employer and employee.
- Zambian companies can carry forward their losses for up to 5 years, mining companies and certain power generation plants even up to 10 years.

Tax administration
All companies in Zambia are required to submit their final tax return by 21 June following the end of the tax year. For manual filing, the deadline is 5 June. VAT returns must be submitted to the Zambia Revenue Authority (ZRA).

The Zambian government has signed 18 double taxation agreements with various countries, including Germany, Italy, Ireland, France, the Netherlands, the United Kingdom and Sweden. Agreements have yet to be signed with Kenya, France, Ireland, Italy and India, to name but a few.

Income from Zambian sources is generally subject to Zambian income tax. However, the residence of an individual/organisation in Zambia extends the scope of taxation to include interest and dividend income from abroad. As a result, Zambian residents are also subject to income tax on interest and dividends from sources outside Zambia.

A non-resident company with a permanent establishment (PE) in Zambia is subject to corporate income tax (CIT) on the income attributable to their Zambian PE. If there is no PE, the non-resident Zambian citizen's income derived from Zambian sources may still be subject to Withholding Taxes (WHT), which is typically withheld at the source.

For more information visit:
https://www.zra.org.zm/tax-information/
https://taxsummaries.pwc.com/zambia/corporate/taxes-on-corporate-income

Business Establishment and Investment Incentives

Company foundation

Companies registered outside Zambia but doing business in Zambia must file the following with the Registrar of Companies:

- List of directors
- Articles of Association
- Name of the representative in Zambia
- Compliance with the Companies Act
- Branches of foreign companies
- There is no requirement for local shareholding

Application for an investor certificate

- Cover letter to the Director General of the ZDA
- Fully completed official application form
- Certificate of incorporation of PACRA
- Share capital certificate of PACRA
- Official list of directors / shareholders of PACRA
- Copy of relevant identification documents
- CVs of directors and key personnel
- Proof of funding (bank statements, loan or credit facilities, machinery and equipment)
- Business plan / feasibility study
- Valid general tax clearance certificate from ZRA
- Proof of payment of the processing fee of 2,133 Kwacha including VAT
- Investment certificate fee of 12,783 Kwacha including VAT. This is only payable upon approval of the application
- Provide reference letters for the shareholders

In order to obtain an investment licence, a second licence must be purchased in most cases

- Applications in the tourism sector require a licence from the Ministry of Tourism and/or the Zambia Wildlife Authority (ZAWA).

- Applications in the timber/timber processing industry must be accompanied by a forestry licence from the Ministry of Forestry
- For applications in the health sector, authorisation from the Central Board of Health is required
- Professional and academic qualifications of the shareholders
- Applications in the education sector must be accompanied by a letter of authorisation from the Ministry of Education
- Applications in the telecommunications sector require a letter of authorisation from the Communications Authority
- Applications in the transport sector must be accompanied by a letter of authorisation from the Ministry of Communications and Transport

Land acquisition
An investment certificate allows an investor to own and purchase land in the name of the company.

There are two types of tenure in Zambia: Leasehold and customary tenure. Zambia does not have a land tenure system. The lease term is 99 years and can be extended for a further 99 years. Land that is in a customary area can be converted into leasehold land. This allows land to be used as security.

In Zambia, "land in a customary area" refers to land that is under the control and administration of traditional authorities, such as chiefs or village headmen, according to customary law. This type of land is not owned individually in the way that leasehold land is but is held collectively by a community and managed according to traditional practices.

A non-Zambian may acquire land under the following conditions:
If he or she

- is a permanent resident of Zambia.
- is an investor in terms of the ZDA.
- registered a company under the Companies Act with at least 75% Zambian shareholding.
- on a short-term tenancy of not more than 14 years.
- has a licence or right under the National Parks and Wildlife Act.

Investment incentives
The Zambia Development Agency (ZDA) Act offers a variety of incentives in the form of allowances, exemptions and concessions for companies. There are five categories of investors that are recognised under the ZDA Act:

- A foreign investor who invests at least USD 500,000 in a priority sector is entitled to a zero percent import duty rate on capital goods and machinery for five years and accelerated depreciation of capital goods and machinery.
- Investors who set up in a Multi Facility Economic Zone (MFEZ) or an industrial park are entitled to additional tax incentives:
    - Zero percent tax on dividends received on profits from exports from the first year of commissioning for a period of 10 years
    - Zero percent tax on export profits from the first year of commissioning for a period of 10 years
        - Only 50 percent of profits are taxed for years 11 to 13
        - For years 14 and 15, only 75 percent of profits are taxed

- In addition to these incentives, further incentives should be considered for the following priority sectors:
  - Mining:
    - 0% tax on dividends for mining companies with a licence
    - 15% corporate income tax for the processing of copper into cathodes
    - Mineral levy rates: 5% for base metals, 6% for precious metals, 8% for cobalt and vanadium, 4%-10% for copper
    - Depreciation: 25% on commercial vehicles, 20% on plant and machinery
  - Energy:
    - 0% duty and 0% VAT on selected components for solar mini-grids, solar lanterns and solar home systems
  - Technology and science:
    - Uniform corporate tax of 35% in the ICT-Sector
    - 0% VAT and 0% customs duty on selected telecommunications and electronic devices
    - 15% customs duty on imports of electric motorbikes and vehicles
  - Agriculture:
    - 100% depreciation for agricultural equipment and machinery
    - 10% income tax on agricultural profits
    - Tax-free dividends from agricultural profits for the first five years
    - Zero taxation for agricultural products and supplies
    - Zero taxation for an extended list of agricultural equipment and supplies
  - Tourism:
    - in hotels and lodges
    - Zero taxation of VAT on tourist services for foreign tourists
    - No import VAT on temporarily imported goods by foreign tourists
  - Processing industry:
    - 15% tax on income from the production of fertilisers
    - Guaranteed input tax deduction for two years before the start of production
    - 50% depreciation on equipment, plant and machinery
    - 5% customs duty on selected raw materials

Non-tax incentives

A foreign investor who invests at least USD 250,000 in any sector or product is entitled to non-tax incentives. Non-tax incentives under the ZDA Act include:

- Investment guarantees and protection from government nationalisation
- Free facilitation in applying for immigration permits, secondary licences and land acquisition
- Facilitation of business and partnership linkages and investment counselling on the Zambian investment environment, regulatory regime and investment opportunities

Further information on investment incentives can be found in the booklet produced by the ZDA: https://www.zda.org.zm/wp-content/uploads/2023/06/ZDA-Booklet-MAY-2023.pdf

Investment climate

Zambia's transition from a socialist one-party government to a democratic multi-party government in 1991 was accompanied by fundamental economic reforms aimed at building a liberalised market economy. The government initiated a drastic change in economic reforms, the immediate priority of which was the stabilisation of key macroeconomic indicators. This was seen as the basis for sustainable economic growth.

The most important elements of the economic reforms implemented are:

- Abolition of price controls,
- Abolition of foreign exchange and bank interest controls,
- Repatriation of 100% of after-tax profits,
- Privatisation of state-owned enterprises (SOEs) by the Zambia Privatisation Agency (ZPA),
- Promotion and facilitation of local and foreign direct investment by the Zambia Development Agency (ZDA);
- Development of the capital markets through the Lusaka Stock Exchange (LuSE).

Notes on business transactions

- Take the time to build personal relationships, for example, over coffee and a shared meal.
- Business cards are often exchanged.
- Observe hierarchies with your dialogue partners.
- Be careful with too much directness and personal accusations.
- Remember that people rarely say 'no'. A 'yes' can also be one.
- English is the official language in Zambia, but over 70 local languages are spoken throughout the country, with Bemba and Nyanja being the most widely spoken in the Copperbelt, Northern, Eastern, Central and Lusaka provinces.
- Be patient and expect delays.
- Allow more time.
- Calculate with flexible time arrangements. Deadlines are often too optimistic.
- Seek advice from business networks such as associations, good lawyers and the German network in Zambia.
- Avoid corruption from the outset.
- Find reputable business partners who are actively involved in running or managing their businesses and contributing value, rather than those who only have connections or influence but little to no actual engagement in operational activities (lobbyists).

Banking and Forex

As of May 2024, there are 15 registered banks in Zambia that are regulated by the Central Bank of Zambia (BoZ). The BoZ supervises banks in Zambia and formulates and implements monetary policy in the country, which also issues capital controls and foreign exchange regulations. It has a website that provides up-to-date information on current regulations, interest rates, economic data, etc. (https://www.boz.zm/).

Capital Market

The capital markets in Zambia operate under the Lusaka Securities Exchange Plc (LuSE), which is the main stock exchange in Zambia. The LuSE is a statutory company or legal entity whose principal activity is the operation of a securities exchange for the trading of shares, bonds and others. It was founded in 1993 in Lusaka and opened on 21 February 1994.

The core mandate of LuSE is to provide a fair and efficient platform through transparent and equitable trading of listed securities. LuSE contributes to asset development, financial services and an investment platform for foreign and domestic investors. It provides a platform where companies can raise long-term capital and trade shares in secondary trading. LuSE also provides opportunities for listing of securities and offers users an orderly, transparent and regulated trading platform (http://www.luse.co.zm/).

German commercial banks are not present in Zambia but are represented or connected via correspondent banks. This enables them to cover international transfers or foreign trade financing.

In partnership with the Nigerian Access Bank, DEG offers financial services for German and European private individuals and companies through the establishment of the 'German Desk'.

The German Desk lists Zambia as a service country, although there is no German Desk office in Zambia yet.

Further information about the German Desk can be found at: https://www.deginvest.de/Unsere-L%C3%B6sungen/German-Desks/index-2.html

Contact details

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