

THE VALUE ADDED TAX (AMENDMENT) BILL, 2007

MEMORANDUM

The object of this Bill is to amend the Value Added Tax Act so as to—

- (a) revise the provisions of the Act relating to sole proprietorships;
- (b) provide for requirements in respect of proof of disbursements; and
- (c) provide for matters connected with or incidental to the foregoing.

MUMBA MALILA,
Attorney-General

N.A.B. 4, 2007
9th February, 2007

GOVERNMENT OF ZAMBIA

ACT

No. 3 of 2007

Date of Assent: 12th April, 2007

An Act to amend the Value Added Tax Act.

[13th April, 2007

ENACTED by the Parliament of Zambia

Enactment

1. (1) This Act may be cited as the Value Added Tax (Amendment) Act, 2007, and shall be read as one with the Value Added Tax Act, in this Act referred to as the principal Act.

Short title and commencement
Cap. 331

(2) This Act shall be deemed to have come into operation on 10th February, 2007.

2. Section *two* of the principal Act is amended by the insertion in the appropriate place of the following new definition:

Amendment of section 2

“ disbursement ” means expenditure incurred by a supplier in the course of providing goods or services to a customer.

3. The principal Act is amended by the repeal of section *three* A and the substitution therefor of the following section:

Repeal and replacement of section 3A

3A. (1) Where a person in business as a sole proprietor is a registered supplier, that person shall be taken to be the supplier of any goods or services supplied in the course of the business and is liable for any tax due under this Act.

Application of Act to sole proprietorships

(2) Any notice of assessment or other notice given under this Act to a person referred to in subsection (1) may be addressed to the person.

(3) Where a person referred to in subsection (1) operates several businesses, the aggregate turnover from the businesses shall be used to determine the eligibility of the person for tax

registration.

(4) Notwithstanding subsection (3), a person referred to in subsection (1) who operates several businesses may register the businesses separately if each of the businesses reaches the turnover threshold as prescribed by the Minister, by statutory instrument.

(5) A person referred to in subsection (1) and operating several businesses shall furnish the Commissioner-General with details of the businesses.

Insertion of new section 17A

4. The principal Act is amended by the insertion immediately after section *seventeen* of the following new section:

Proof of disbursements

17A. (1) A taxable supplier who does not charge value added tax on any amount on an invoice to a client, on the ground that the amount was for disbursements shall prove, to the satisfaction of the Commissioner-General, that—

- (a) the supplier paid a third party while acting on behalf of that supplier's client;
- (b) the goods or services were actually provided by the third party;
- (c) the supplier's outlay is itemised separately from disbursements on the invoice to the client; and
- (d) the supplier has recovered the exact amount of disbursements paid to the third party.

(2) The provisions of section *thirty-seven* shall apply for purposes of the information required to be supplied by the taxable supplier to the Commissioner-General under subsection (1).
