Zambia 2026 Budget Tax Highlights

Consolidating economic & social gains towards a prosperous, resilient & equitable Zambia

PKF Zambia

Budget Highlights

Budgeted Expenditure

The 2026 Zambian Budget Policy Statement, presented by the Minister of Finance and National Planning, focuses on consolidating economic and social gains while supporting growth and resilience to shocks.

Expenditure Allocation

Sector	2026 K (Million)	2026 (%)	2025 K (Million)	2025 (%)
General Public Services	92,607	36.6	73,815	34
Defence	11,869	4.7	10,321	4.7
Public Order and Safety	9,633	3.8	8,406	3.9
Economic Affairs	58,650	23.2	48,713	22.4
Environmental Protection	1,574	0.6	1,481	0.7
Housing and Community Amenities	3,203	1.3	2,989	1.4
Health	26,174	10.3	23,167	10.7
Recreation, Culture and Religion	669	0.3	559	0.3
Education	33,037	13	31,493	14.5
Social Protection	15,673	6.2	16,161	7.4
TOTAL	**253,089**	**100**	**217,105**	**100**

Budget Size & Financing

- Total expenditure (2026): K253.1 billion (≈27.4% of GDP)
- Domestic revenue: K206.5bn (81.6% of budget; 22.3% of GDP)
- Grants: K12.1bn (4.8%)
- Financing: K34.5bn (domestic K21.6bn; external K12.9bn)

In Summary

Total Expenditure 2026

K253.1bn (27.4% of GDP).

Funded by
Domestic revenue K206.5bn **(81.6%)**,
Grants K12.1bn **(4.8%)**,
Borrowing K34.5bn **(13.6%)**.

Macro Goals 2026

Growth **6.4%;**
Target inflation **6–8%;**
Reserves >4 months cover;
Domestic revenue **≥22.3%** of GDP;
Reduce Fiscal Deficit **2.1%;**
Net domestic borrowing **2.3%.**

Top Functions

General Public Services **36.6%**
Economic Affairs **23.2%**
Education **13.1%**
Health **10.3%**
Social Protection **6.2%**

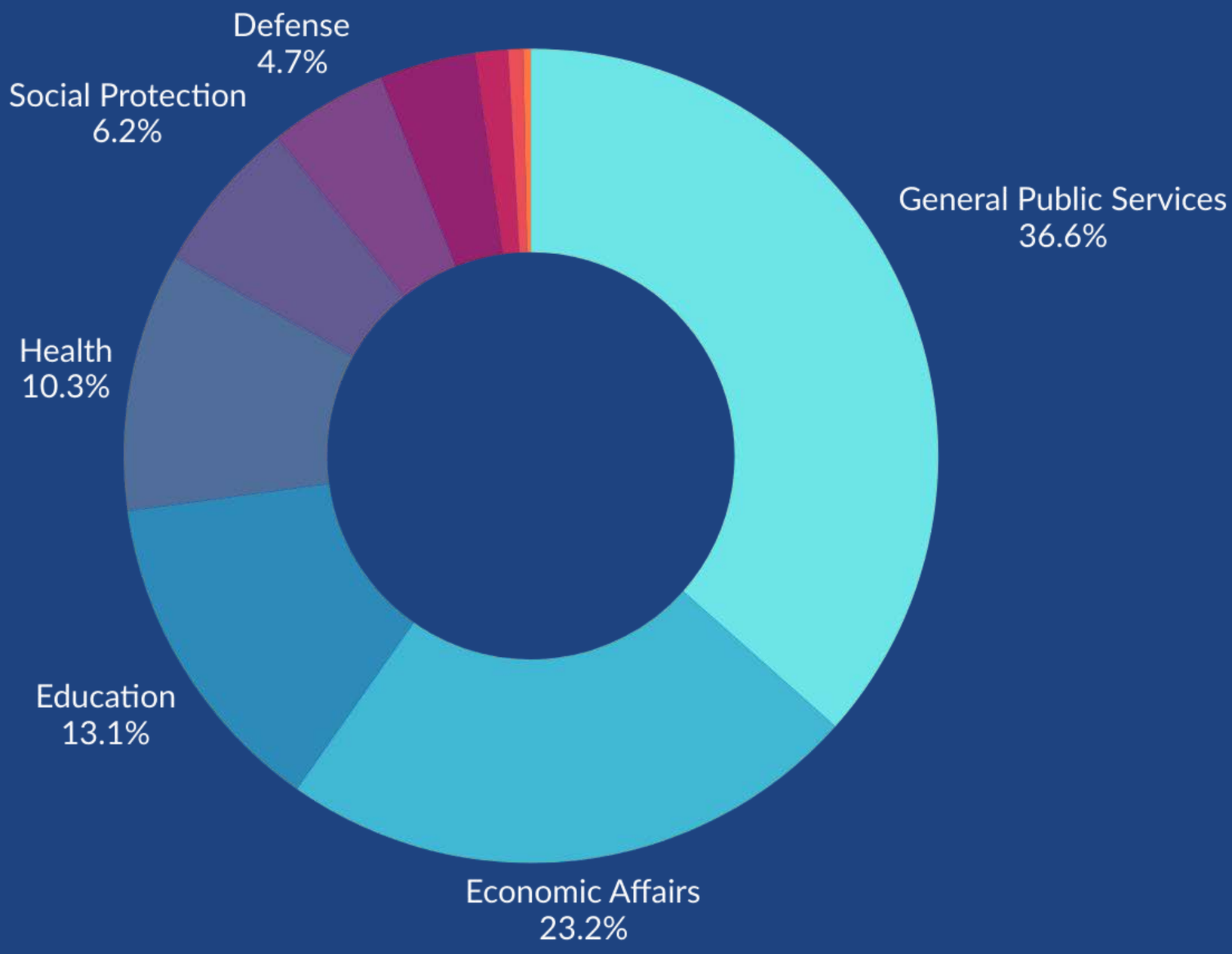
Context 2025

“2025: Reserves US$4.9bn (4.8 months); copper output rising toward 1m t in 2025; FX flows strengthened via EPTF and BoZ gold purchases; policy aims to guide inflation back to 6–8%.”

Debt note

Debt restructuring under the G20 Common Framework shifted the payment profile, with the 2026 budget allocating K21.7bn for external debt service versus K52.0bn for domestic.

Budget by Function (Share of Total)



Legend

- Economic Affairs 23.2%
- Education 13.1%
- Health 10.3%
- Social Protection 6.2%

- Under General Public Services, **K92.6bn (36.6%)** — of which K52.0bn domestic debt and K21.7bn external debt.

- Economic Affairs **K58.6bn (23.2%)** including K14.5bn for road construction/rehabilitation and maintenance

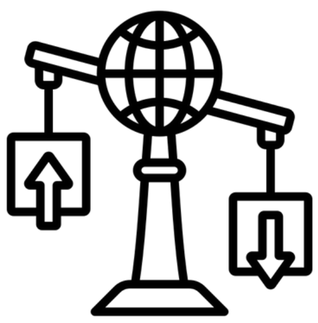
Macro Objectives for 2026

Attain real GDP growth rate of 6.4 percent

Reduce inflation to the 6-8 percent target band

Maintain gross international reserves above 4.0 months of import cover

Increase domestic revenue to at least 22.3 percent of GDP



Reduce the fiscal deficit to 2.1 percent of GDP

Limit net domestic borrowing to 2.3 percent of GDP

Proposed Tax Measures

1. Direct Taxes (Income Tax Measures)

1.1 Revenue Concession Measures

- Extension of the 2% local content allowance to income earned from value addition to milk, raw hides and skins. This was previously applicable only to tomatoes, pineapples, cassava, mango, sorghum, millet).
- Removal of carry-forward time limit on disallowed interest (s.29(4) ITA) , which is currently 10 years for mining and electricity sector and 5 years for other sectors. Allowable interest expense remains capped at 30% of EBITDA.
- Turnover Tax & Rental Income Tax exempt threshold raised to K2,500 from K1,000 per month.
- Artisanal & Small-Scale Mining (ASM) turnover threshold increased from K800,000 to K5,000,000 aligning it to the Standard Turnover Tax threshold.

1.2 Compensating Measures

- Exclusion of public service buses of seating capacity of 50 or more, from presumptive tax and subject the income earned to Turnover Tax if less than K5m or CIT if more than K5m.
- Extension of the 15% AIT on foreign remittances above US$2,000 to non-banking platforms and other financial institutions without valid tax clearance.

1.3 Housekeeping measures

- Permit mineral processing businesses to maintain books of accounts in US$.
- Permit taxpayers on voluntary VAT registration scheme to register for Turnover Tax.
- Removal of penalties where voluntary disclosure is made to ZRA.
- Introduction of Anti-Fragmentation rule that treats all related business activities carried out at one or more fixed location in Zambia as a single permanent establishment.
- Exemption of Private Funds from Corporate income tax on income earned and retained by the fund.
- Broadening “commodity royalty” definition to capture financing arrangements including re-characterised dividends.
- Removal of the two-term cap on tax collection agency contracts.
- Limitation of the types of surrender or forfeiture that are exempt for Property Transfer Tax purposes;
- Extension of the relief application to group reorganisation under section 5(2)(A) of the Property Transfer Tax Act to cases that result in change of shareholding with respect to a company incorporated in Zambia, where companies involved in the transfer have been part of the group for three years or more, preceding the transfer.
- Amending of the Registration of Business Names Act for beneficial ownership transparency.

Proposed Tax Measures

2. Value Added Taxes

2.1 Revenue Concessions

- Increase of the Intending trader period to 10 years from 7 for hydro-electricity generation for VAT purposes.
- Zero-rating the mains water supply by water utility companies enabling them to claim the attributable input VAT.
- Zero-rating supplies to Government projects funded through loans.

2.2 Housekeeping Measures

- Amend section 19 of the VAT Act to provide for remission of irrecoverable debt by the minister responsible for finance, on recommendation made by the Commissioner General under specific conditions.
- Amend regulation 12 of the VAT regulation by inserting the word taxable before the word supplier.

3. Mobile Money Transaction Levy Act

3.1 Revenue Measure

Amount Range	Current Mobile Money Levy (K)	Proposed Mobile Money Levy (K)
Between K1 to K150	0.16	0.32
Above K150 to K300	0.20	0.40
Above K300 to K500	0.40	0.80
Above K500 to K1,000	1.00	2.00
Above K1,000 to K3,000	1.60	4.00
Above K3,000 to K5,000	2.00	7.50
Above K5,000 to K10,000	3.00	8.00

4. Customs & Excise

4.1 Revenue Concessions

- Removal of 5% Selected Goods Surtax (SGS) on float glass.
- Removal of 5% Selected Goods Surtax (SGS) on flat-rolled steel (HS 7210.70.00).
- Removal of customs duty on complete knock down component for the assembly of motor vehicles, including tipper trucks, electric vehicles (EVs), tricycles, truck trailers and tractors.
- Removal of 15% duty on milk pasteurisation machinery (HS 8419.19.00).
- Reduction of excise duty on new hybrid motor vehicles to 15% from 30% of HS Heading 8703.
- Introduction of specific duties on second hand hybrid motor vehicles in order to align the treatment with the second-hand petroleum propelled vehicles.

4.2 Compensating Measures

- Introduction of customs duty at the rate of 25% on selected steel products under HS Codes 7213, 7214, 7215 and 7228.
- Increase the customs duty rate to 40% from 25% on processed meat products of Bovine, sheep, goat, horses, Mules and edible Offal of Bovine and other animals, pig and poultry fat and edible meat offal, salted, fried, or smoked and flours, meals and pallets of meat or meat offal.

Proposed Tax Measures

4.2 Compensating Measures - Continued

- Increase and harmonisation of the customs duty on float glass to 25% from 5% and 15%.
- Increase of customs duty rate on powdered milk of heading 04.02 imported for further processing from 15% to 25% and harmonisation on selected goods surtax on imported milk and cream.
- Increase of customs duty on powdered milk imported for resale from 25% to 40%.
- Increase of customs duty on cheese of heading 04.06 to 40% from 25%
- Increase of customs duty on yoghurt of heading 04.03 and long life milk of heading 04.01 to 40% from 25%.
- Increase of excise duty on single-Use plastics to 100% from 30%.
- Introduce, increase and harmonise the selected Goods surtax on selected locally available goods as follows

S/N	Goods Description	HS Code	Current Rate %	Proposed rate %
1.	Selected steel products	7213, 7214, 7215 and 7228	5 & 10	20
2.	Flexible PVC hoses	39.17	N/A	20
3.	Carbon Dioxide	2811.2110 and 2811.2190	N/A	10
4.	Polyester Fibre	5503.20.00	N/A	10
5	Mechanically deboned meat	0201, 0202, 0203 and 0204	10	20

- Provide for a 30 day period within which an assessment of domestic Excise Duty can be objected or subjected to review by the Commissioner General.
- Reduction of the number of days to 3 from 5 within which a payment has to be made after assessment in the Regulations 31 of the customs and Excuse (General) Regulations, 2000.
- Provide for special disposal of goods that maybe considered to be perishable or dangerous in nature by the Commissioner General.
- Provide clear procedural guidance for effecting the arrest of individuals suspected of committing offences under the ACT.
- Empowering the Commissioner General to restrict disposal of taxpayers' property and bank accounts.
- Empowering the Commissioner General to suspend or withhold any tax refunds due to a taxpayer who is under investigation for a suspected offence under any Tax Act.
- Permitting the Zambian Revenue Authority to submit records of unresolved tax liabilities to the Credit Reference Bureau.

4.3 House Keeping Measures

- Clarify that machinery and equipment required in mining and exploration are customs duty exempt.
- Provide for customs conversion of foreign-currency amounts at the daily spot exchange rate published by the Bank of Zambia.

Proposed Tax Measures

4.3 House keeping measures - Continued

- Allowing the use of Mineral Valuation Certification issued under the Minerals Regulation Commission Act, 2024 as an alternative basis for determining the free-on-board (FOB) value of exported minerals.
- Requirement of a valid Tax Clearance Certificate for all customs Incentives.
- Harmonisation pre-clearance requirements with regards to time limit.
- Inclusion of Saturdays, Sundays and public holidays when counting calendar days with regard to assessment notices.
- Removal of exclusion of Saturdays, Sundays and public holidays in the counting of 3 days in which additional Duty should be paid after issuance of assessment notice.
- Explicitly provide for non-collection of fees on the issuance of an electronic Certificate of origin.
- Provision for the annual renewal of the red book issued for motor vehicles imported under these provisions.
- Explicitly require Ad valorem assessment on new motor vehicles when finally cleared for home consumption after temporary importation; and introduce a five year restriction on re-importation of the same vehicle under temporary admission.
- Provision for a break of not more than six (6) months in the four year period under returning Resident tax incentive in instances where a Zambian citizen comes back to Zambia for a holiday or for any purpose.
- Provision for a definition of used high-performance Motor Bikes.
- Provision for the inclusion of government fees due on any imported goods that are carried by the customs carrier to be secured by a bond/guarantee.
- Provision for the inclusion of government fees due on any imported goods that are subsequently warehoused in the bonded warehouse to be secured by bond/guarantee.

5. Cross-cutting measures

- Extend energy priority sector incentives to transmission and distribution of electricity.

Relevant Tax Rates

Withholding taxes and other taxes

Category	Charge Year	
Withholding tax and other rates	2026	2025
Non-mining dividend pay-outs	15%	15%
Profits distribution by branches of foreign companies	20%	20%
Management and Consultancy fees for Locals	15%	15%
Management fees to non-residents	20%	20%
Royalties to non-residents	20%	20%
Debentures interest paid to Zambian investors in a property loan stock company listed on the Lusaka Stock Exchange	0%	0%
Interest for individuals on savings and deposit accounts (Final tax)	0%	0%
Interest on treasury bills for individuals (Final tax)	20%	15%
Interest on treasury bills (Final tax for Public Benefit Organizations)	20%	15%
Interest on government bonds (coupon income)	20%	15%
Interest earned by individuals of a Co-operatives or Village Banking	0%	0%
Discount income on government bonds	0%	0%
Commissions to non-residents	20%	20%
Public entertainment fees to non-residents (Final tax)	20%	20%
Non-resident contractors	20%	20%
Skills Development Levy	0.5%	0.5%
Dividends payable to non-residents	20%	20%
Dividends payable to residents	15%	15%
Dividends - Agro-processing (Corn starch) – for years 2023 to 2033	0%	0%
Interest payable to non-residents	20%	20%
Re-insurance placed with non-licensed Re-Insurance Companies	0%	0%
Investment Income on Life Insurance Funds	0%	0%
Winnings from Gaming, Lotteries and Betting	15%	15%
Excise duty on betting amounts	10%	10%

Relevant Tax Rates

Mineral Royalty Tax Regime

Norm Price Range	Mineral Royalty Rate 2026	Mineral Royalty Rate 2026	Mineral Royalty Rate 2025
	Taxable amount		
Less than US$4,000	First US$ 4,000	4.0%	4.0%
US$4,001 but less than US$5,000	The next US$ 1,000	6.5%	6.5%
US$5,001 but less than US$7,000	The next US$ 2,000	8.5%	8.5%
More than US$7,001	The balance	10%	10%

Description	Mineral Royalty Rate 2026	Mineral Royalty Rate 2025
Base Metals (Other than Copper, cobalt, and vanadium)	5% of norm value	5% of norm value
Energy and industrial Minerals	5% of gross value	5% of gross value
Gemstones	6% of gross value	6% of gross value
Precious Metals	6% of norm value	6% of norm value
Cobalt and vanadium	8% of norm value	8% of norm value

Relevant Tax Rates

PAYE Tax Bands

Proposed PAYE Bands 2026			Current PAYE Bands 2025		
From	**To**	**Tax Rate (%)**	**From**	**To**	**Tax Rate (%)**
0	5,100	0	0	5,100	**0**
5,101	7,100	20	5,101	7,100	**20**
7,101	9,200	30	7,101	9,200	**30**
9,200	**Above**	**37**	**9,200**	**Above**	**37**

Taxation on mining

Category	Charge Year	
	2026	2025
	%	%
Mining - Base metals/Gemstones/Precious metals	30	30
Capital Allowances Deductions:		
Commercial motor vehicles and other plant and machinery	25	25
Non-commercial motor vehicles	20	20
Carry Forward Losses:		
Mining operations	10 Years	10 Years
Prospecting and exploration	5 Years	5 Years
Other Rates:		
Withholding tax on dividends	0	0
Export duty on copper and cobalt concentrates	10	10
Taxation of hedging income	30	30
Property Transfer Tax on sale or transfer of Land and Shares	8	8
Property Transfer Tax on sale or transfer of mining rights	10	10
Companies involved in value addition using copper cathodes as inputs	20%	20%

Relevant Tax Rates

Non-mining operations

Category	Charge Year	
	2026	2025
Corporation tax rates:	%	%
Manufacturing and other	30	30
Manufacturing of organic fertilizers	15	15
Manufacture of chemical fertilizers	15	15
Tourism	30	30
Farming	10	10
Agro processing	10	10
Companies listed on the Lusaka Stock Exchange (less 2% in first year of operation)	30	30
Public benefit organization on business income	15	15
Export of non-traditional goods	20	20
Commercial imports (Advance Income Tax)	15	15
Electronic communications business	35	35
Public-Private Partnership (SPV)	15	15
Lapidary and Jewellery Facilities	25	25
Carry Forward Losses:		
Electricity generation by hydro and thermo power	10 years	10 years
Electricity generation using other sources except wood	10 years	10 years
All other non-mining companies	5 years	5 years
Capital Allowances Deductions:		
Investment/initial allowance on new industrial buildings	10	10
Industrial building allowance	5	5
Plant and machinery used in manufacturing and tourism	50	50
Implements, plant and machinery – farming and agro processing	100	100
Farm works/improvements and improvement allowance under MFEZ only	100	100
Implements, plant and machinery – for developers of MFEZ	100	100
Implements, machinery and plant used in generation of electricity	50	50
Commercial buildings	2	2
Commercial motor vehicles and other plant and machinery	25	25
Non-commercial motor vehicles	20	20
Development allowance period	5years	5years
Local content allowance	2%	2%
Equipment or machines capital allowance under PPPO	100%	100%

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Cautionary statement: The taxation and other proposals set-out in this document are based on the Budget Statement presented by the Minister of Finance. The changes proposed here in are subject to parliamentary debate and enactment into law.

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