



## **Investment Licence, Incentives**

THE Zambia Development Agency (ZDA) Act No. 11 of 2006 offers a wide range of incentives in the form of exemptions and concessions for companies investing in a priority sector as stipulated in the ZDA Act.

Investors both local and foreign wishing to apply for a certificate of registration commonly referred to as investment licence must submit a completed application form obtainable from the agency; a certified copy of certificate of incorporation; certified copy of certificate of share capital; and a certified copy of an official list of shareholders and directors.

Other requirements are a business plan or feasibility study, evidence of project finance, bank statements in English as well as loans, credit facilities, verifiable invoices or bill of lading for equipment and machinery. The application form, guidelines and checklist can be obtained from the ZDA website [www.zda.org.zm](http://www.zda.org.zm) or from the Zambia Development Agency offices.

There must be brief resumes for shareholders and directors to provide insight into the business and its owners with certified identity cards of shareholders and directors.

The application must be submitted with a non-refundable ZMW 2,133.00 application processing fee in cash, bank transfer or cheque. A license fee of ZMW 12,783.00 will also be charged to enterprises that are given a certificate of registration (investment license) on collection of the certificate.

The certificate of registration is valid for 10 years from the date of issue. The investor may apply for renewal of the certificate of registration before the date of expiry. The Act further gives the agency power to revoke the certificate of registration before the expiry period for non-compliance to the set guidelines.

Once an investor has received the certificate of registration and confirmation of the project has been approved with tax incentives, as stated in section 56 and section 57 of the Act, the investor is eligible for customs duty exemptions on capital equipment and machinery, corporate tax incentives for projects operating in a manufacturing sector in the MFEZ or rural area from first year of operation.

## **Activation of Incentives**

In order for the investor to activate the tax benefits, they need notify the Agency of their scheduled importation. The Agency will then make a recommendation to the Ministry of

Finance which is then approved by the minister and sent to the Zambia Revenue Authority (ZRA) for configuration into the system.

It is only after the investor receives confirmation of approval from the ZDA that they can commence with importation of approved items.

The specific fiscal incentives investors enjoy by virtue of their registration with the Agency in accordance with the ZDA Act include:

- o Zero percent import duty rate on capital equipment and machinery for five years and
- o Accelerated depreciation on capital equipment and machinery.

Incentives in the Multi-facility economic zones

Investors that set up in a Multi Facility Economic Zone (MFEZ) or Industrial Park are eligible for additional tax incentives:

- o Zero percent tax on dividends declared on profits made on exports from first year of commencement of works, for companies in a Multi Facility Economic Zone or Industrial Park, for a period of 10 years;
- o For years 11 to 13 only 50 percent of profits to be taxed and;
- o For years 14 and 15, only 75 percent of profits to be taxed.

### **Incentives specific to priority sectors**

The following are the priority sectors:

a) Manufacturing

The tax incentives apply only if an investor is located in a Multi Facility Economic Zone (MFEZ), a rural area or Industrial Park according to the Income Tax Amendment Act No. 16 of 2017.

b) Construction and establishment of infrastructure excluding renovation, expansion and refurbishment particularly:

- o Education: Construction of education and skills training institutions;
- o Health: Construction of health centers' as defined under the Health Professions Act of 2009;and

- o Housing: Development of fifty (50) or more houses erected or maintained under one management or control on land developed specifically for the citing of such houses in accordance with a comprehensive plan which provides for the laying out of roads and the furnishing and availability of services essential or ancillary to the use of such building as houses.

- c) Agriculture: construction of crop and grain storage facilities

- o construction of crop and grain storage facilities; and

- o Any form of agro-processing.

- d) Tourism:

- o Construction and establishment of hotels;

- o Construction and establishment of convention centers;

- o Construction and establishment of exhibition centers;

- o Construction and establishment of museums;

- o Construction and establishment of Theme parks;

- o Construction and establishment of art galleries;

- o Construction and establishment of theatres; and

- o Construction and establishment of a large retail complex containing a variety of ten or more stores, restaurants or other business establishments housed in a series of connected or adjacent buildings or in a single large building.

- e) Energy and Water Development

- o Energy: building, installation of power stations.

- o Fuel:

- i. Building and installation of processing and refinery plants for bio-fuel;

- ii. Construction of petroleum refineries;

- iii. Construction of pipelines; and

- iv. Construction of rural filling stations.

- o Water Supply

- i. Construction of Depots;
- ii. Construction of Dams;
- iii. Construction of irrigation canals; and
- iv. Construction of water and sewerage treatment plants.

It is important to note that fiscal incentives only apply to investments with an investment capital of not less than US\$500,000 for foreign investors and US\$50,000 for local investors.

For queries or any further information,

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