



GUIDELINES ON FACILITATION AND REGISTRATION OF INVESTMENTS IN ZAMBIA

1.0 Eligibility Criteria

(1) A **foreign** investor who invests not less than US\$500,000 or the equivalent in convertible currency, in a **priority sector**, is entitled to incentives as specified by or under the Customs and Excise Act or Income Tax Act.

(2) A **local** investor who invests not less than US\$50,000 or the equivalent in convertible currency, in a **priority sector**, is entitled to incentives as specified by or under the Customs and Excise Act or Income Tax Act

2.0 Tax Incentives

The Zambia Development Agency (ZDA) Act No. 11 of 2006 offers the following incentives for companies investing in any of the priority sectors:

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

2.1. MFEZ Incentives

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

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

3.0 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:

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

- 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;
- Agriculture: construction of crop and grain storage facilities and

c) *Tourism:*

- (i) Construction and establishment of hotels
- (ii) Construction and establishment of convention centers
- (iii) Construction and establishment of exhibition centers
- (iv) Construction and establishment of museums
- (v) Construction and establishment of Theme parks
- (vi) Construction and establishment of art galleries
- (vii) Construction and establishment of theatres;
- (viii) 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.

d) *Energy and Water Development*

a) *Energy:* building, installation of power stations

b) *Fuel:*

- I. Building and installation of processing and refinery plants for bio-fuel;
- II. Construction of petroleum refineries
- III. Construction of pipelines
- IV. Construction of rural filling stations

c) *Water Supply*

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

4.0 Non-Fiscal Incentives

Foreign investors and local investors who invest an amount not less than US\$250,000 and US\$ 50,000 respectively, in any sector or product under the Act is entitled to non-fiscal incentives as follows;

- i. Investment guarantees and protection against state nationalization;
- ii. Free facilitation for application of immigration permits, secondary licenses and land acquisition
- iii. Facilitation of business and partnership linkages

- iv. Investment advisory on Zambia's Investment Climate, regulatory regime and investment opportunities

5.0. Application for a ZDA Investment Certificate of Registration

The Investment Certificate of Registration is issued to local and foreign investors who meet the eligibility criteria outlined above.

5.1. Procedure

- Submission of ZDA Investment Certificate of Registration application form and supporting documents (See Checklist)
- Payment of Processing fee: **ZMW 2,133.00**
- Within a period of 30days, successful applicants will be requested to pay the Certificate fee of **ZMW 12,783.00**
- Certificate of Registration will be issued and client will be informed once ready for collection.

5.1.1. Payment Channels

Payment of the processing fees and Certificate of Registration fees can be by cash, cheque or bank deposit/transfer. Bank details will be provided upon request.

5.2. Validity

The ZDA Investment Certificate of Registration is valid for ten (10) years from the date of issue. The investor may apply for renewal of the Certificate of Registration before the date of its expiry.

5.3. Application for Multi-facility Economic Zone (MFEZ) Permit

The MFEZ Permit is issued to investors with intentions to set up in a **Multi-facility Economic Zone (MFEZ)** or an Industrial Park.

5.3.1 Requirements

ZDA Investment Certificate of Registration requirement and a letter of recommendation from the developer/management of the MFEZ or Industrial Park.

5.3.2 Fees

ZMW 166.50 - Payment can be made by cash, cheque or bank deposit/transfer.

5.4. BUSINESS PLAN GUIDE:

The detailed business plan submitted to ZDA for purposes of Investment Certificate of Registration is expected to demonstrate, among others, the following:

- Detailed market analysis, investment plan over a five year period including expansion plans,
- Detailed product and projected sales with notes on assumptions;
- Projected income and expenditure and balance sheets over 5 years;
- Payback period, net present value (NPV) and internal rate of return (IRR);
- The level of equity and loan financing and the proof thereof;
- Loan amortization schedule for the bank loan (if any);
- Financial projections and delivery strategy
- Project implementation plan and notes to the assumptions made in the business plan;
- Profile of promoters including current addresses of all promoters;
- Utilization of domestic raw materials, supplies and services and potential to create backward and forward linkages with local companies/investors;
- Contribution of the project to Economic Development and Growth,
- Contribution of the project to Job creation and development of human resources through training and technology transfer and demonstration of this,
- The degree to which the project is export oriented, and potential for import substitution – markets/countries/regions of interest and export strategy;
- The impact the proposed investment is likely to have on the environment and, where necessary, the measures proposed to deal with any adverse environmental consequence in accordance with the Environmental Protection and Pollution Control Act,
- The possibility of technology transfer,