

Zambia is a landlocked country that has experienced peace from the time of independence in 1964. During the 1980s and 1990s, President Kenneth Kaunda ran the country as a one-party state, relying on the productivity of para-statal companies to provide for the people of Zambia. During that time, there was a decline in copper prices, and a prolonged drought that affected the economy. In 1991, there were elections that brought an end to the one-party rule and a democratic government was ushered in with Fredrick Chiluba as the President elect. He served for two terms and the privatisation of para-statal companies brought in a new wave of bitter-sweet economic state – rise of unemployment, and making Zambia an attractive investment hub through change of policies and acts. In 2001 Levy Mwanawasa was elected president and was re-elected in 2006. Upon his abrupt death in August 2008, he was succeeded by his Vice President Rupiah Banda, who subsequently won a special presidential by-election in October 2008. In 2011, Michael Sata was elected President until his demise on 20th October 2014. After the death of President Sata, Vice President Guy Scott was the interim acting President until Edgar Chagwa Lungu won the elections in 2014.

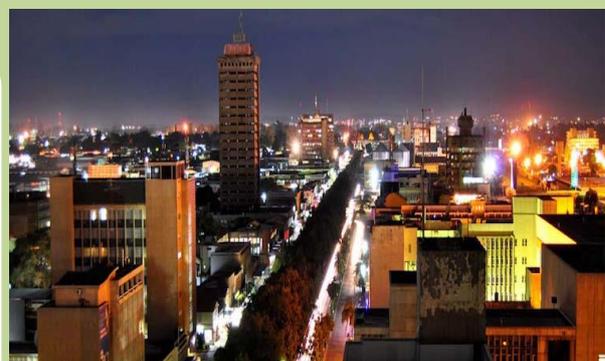


Zambia's economy has experienced strong growth from 2005 to 2014 with more than 6% GDP growth per year. Zambia has made some strides to improve the ease of doing business. Today, Zambia has an economy that continues to grow strong and rapidly with a high literacy rate of 78.9%. As a member of COMESA and the Southern African Development Community (SADC), it has market access to the European Union, the US market through the African Growth Opportunities Act (AGOA) and access to the Chinese and Japanese markets through various initiatives.

Despite its growing economy, Zambia still has a problem with poverty affected by a high birth rate and high HIV/AIDS burden. There are a range of local Zambian non-governmental organisations working towards improving livelihoods, quality of education, and also serve the private sector and work within the political arena.



With a thriving tourism sector, Zambia still has room to grow and expand the business sector.



City of Lusaka at night – World Atlas

With the Common Market for Eastern and Southern Africa (COMESA) having its secretariat in Zambia, and by being an active member of the African Union (AU), Zambia prides itself of being a peaceful nation in the southern Africa.

Agricultural



Ten percent of the total country's export earnings are from the agricultural sector. The agricultural sector continues to be the backbone of the Zambian economy. It contributes about 35 percent to the country's total non-traditional exports and provides employment to 70 percent of the labour force. Since independence, the agricultural sector has always been a priority for government through increased budget support. Currently, the Government

of Zambia has a land development programme that gives way to have access to new farming blocks for commercial development and expansion.

With vast resources of land, water and labour, Zambia has the potential to expand its agricultural production. The main priority crops for investment in the country are wheat, sugar, cotton, tobacco, coffee, tea and maize. There are also other crops such as cow peas, groundnuts, cassava, rice, sorghum, soya beans, sunflower, wheat, and dry beans.

Finance & Banking

The Zambian banking industry is comprised of the Bank of Zambia and 19 commercial banks - 16 foreign owned, 2 owned by local private investors, and 1 jointly owned by the Zambian Government and the Indian Government.

Currently there are 108 non-bank Financial Institutions regulated and supervised by the Bank of Zambia under the Banking and Financial Services Act of 2000. There are 8 leasing companies, 4 building societies, 1 development bank, 1 savings and credit bank, 1 Development Finance Institution, 57 bureaux de change, 1 credit reference bureau and 35 micro-finance institutions.

In regards to the Financial Sector Development Programme, it is designed to address the current weaknesses in the Zambian financial system. It is intended to work towards a stable and sound market that would support efficient resource mobilisation necessary for economic diversification and sustainable growth.

Basic requirements for investing in Zambia and information on local and foreign company registration:

ZDA INVESTOR'S REQUIREMENTS

1. Corporate income tax is at 35 percent.
2. For customs duty on importation of equipment, there is need to provide us with the type of equipment that will be used in the lab. However, note the

following three categories for import duties: 25% mainly for finished products, 15% for intermediate goods and 0 to 5% for raw materials and capital goods.

3. Under the ZDA Act, if you invest \$500 000 and above, you will be eligible to obtain tax incentive (Please refer to the investment act document).

FOREIGN COMPANY REGISTRATION REQUIREMENTS

1. Name Clearance
2. Fill in Companies Form 46
3. At least two local directors who should be residents in Zambia must be appointed (Zambia by nationality or directors are residents in Zambia)
4. Certified copy of Certificate of Incorporation from country of origin
5. Letter from country of origin to authorize the registration of branch in Zambia

The benefit of the company is to have the full control of the company from Mauritius.

Local Company Registration Requirements

1. Name Clearance
2. Fill in Companies Form 5 and 11
3. Certificate of Incorporation
4. Certificate of Share Capital

Remittance for both types of companies is the same.

The benefits of registering as a local company includes procurement aspects where a Zambian company is given priority nevertheless, you can be the 99% shareholder of this company. The 1% remaining share can be given to the MD who will be a staff member on a work permit or a Zambian resident (the 1% can be held in Trust by the MD for the company).

In regards to the fee for registering either company, Hitgalut Consultants provides a full package of not only registering the company with PACRA, but also Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), and Workers' Compensation.

TAX ASPECT – (LOCAL COMPANY vs FOREIGN COMPANY)

- VAT at 16% paid or claimed monthly
- Withholding Tax (WHT) at 20% paid as and when dividends are paid
- Corporate tax (income tax) at 35% paid annually after submission of financial statements with ZRA.
- PAYE at progressive bands of 25%, 30%, 35% according to the amount paid as a salary
- No tax rebates except when you apply for an investors permit from the Zambia Development Agency (ZDA).