

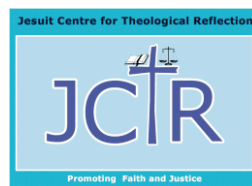
JCTR Vision

A Society where faith promotes Justice for all in all spheres of life, especially for the poor.

The Centre attempts to realize its vision through research, education, consultancy and advocacy on social and economic issues.

It is the Centre's belief that resources must be mobilized in a more equitable and efficient manner for national development.

This is achievable only if all people pay their fair share of taxes to government coffers and the level of understanding of the tax system has a bearing on that. It is the objective of this leaflet to demystify tax thereby enhance compliance.



Economic Equity and Development Programme

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Domestic Resource Mobilization for Sustainable Development

Taxation - Paying Tax is every ones responsibility



Jesuit Centre for Theological Reflection
“Promoting faith and Justice”

The Benefit of Paying Tax

What is tax?

There is an old saying that ‘nothing is certain in life but death and taxes’. Meaning you can’t avoid either of the two. Tax however can be made less intimidating than the above quote seems to suggest.

Tax is simply money that people pay to their Government to finance its expenditure. Tax is not a voluntary payment but an enforced contribution according to tax laws and non payment is punishable.

Why pay tax?

Government needs money to finance its development agenda. In Zambia, money is needed for services like education, roads, health care, national security, and social welfare. Therefore you have to pay your money to keep the Government running.



Education - Primary and Secondary Schools.



Roads - Local and International Routes

Your tax contribution helps to build a better Zambia and the more people pay their fair share, the less tax burden each individual has to bear.

Beyond financing Government expenditure, taxes are also used to:

- Redistribute income and wealth by for example using a progressive tax such that the more income you earn the more tax you pay
- Promote economic stability by using taxes to maintain low levels of inflation, a certain level of economic growth etc

But do I really have to pay tax?

Well, if you are unemployed and you don’t earn money, you don’t have to pay tax. However, if you are earning income either from business, or employment and you earn more than K2 million per month, you have to pay tax. This threshold was effected in April 2012.

The threshold is determined and announced by the Minister of Finance and National Planning every year in his/ her budget speech to Parliament and the more you ear the more you pay.

The Zambian tax system is largely Progressive – it is designed in such a way that people pay taxes in proportion to their income

What if I am in the informal sector?

The Zambian tax system caters for the informal sector as well. Informal sector tax regime includes Turnover tax, Presumptive tax on buses and taxis, Base tax and Advance Income Tax.

Who do I have to pay tax to?

You pay tax to Government through Zambia Revenue Authority (ZRA). ZRA is a Government agency mandated to determine and collect taxes on behalf of Government. Its head office is based in Lusaka but has offices through which you can pay in a number of other towns.



What happens if I don’t pay tax?

It is a criminal offence not to pay tax and if you are caught you may be fined or jailed. Failure to pay tax is called tax evasion.

What if I know someone who doesn’t pay tax?

It is your responsibility as a citizen to report such a person to Zambia Revenue Authority for corrective action to be taken. Remember, the high the number of people paying tax the less tax burden each individual will have to bear.

How can I encourage others to pay tax?

Whenever you buy an item from a shop, demand a receipt. A receipted transaction is easier to audit for tax purposes for Zambia Revenue Authority auditors.

Am I obliged to pay tax even if I don’t personally see benefits of paying tax?

It is your responsibility to pay tax to Government on your income. “Pay to Cesar what belongs to Cesar.” If you don’t pay tax, then Government will have a justifiable reason not to provide a service as Government can only spend that which it receives.

However, it is also your right to demand Government to spend tax resources in a way that benefit you as a tax payer. This is why organizations like JCTR are encouraging people to be faithful in paying tax and at the same time demand Government to provide a good service that will enable people enjoy decent livelihoods.