

1. Government requirements

Registration requirements

Pay-As-You-Earn (PAYE)

When an employer enters Zambia and employs people, the employer must register with the Zambia Revenue Authority (ZRA) for PAYE withholding within 30 days. If the employer has already obtained a Taxpayer Identification Number (TPIN), it can register for PAYE withholding by amending the registration online. If the business does not have a TPIN and requires one, application for TPIN and PAYE withholding can be carried out at the same time.

Workers' Compensation Fund

The Workers' Compensation Fund is a fund that was established by the Government to ensure that businesses are covered for the cost that might follow a workplace-related injury or disease. These costs can include weekly and lump-sum payments, medical, hospital and rehabilitation expenses, and return-to-work costs. Businesses must contribute to the Workers' Compensation Fund if they employ people. The contribution to the fund is made once every year. This is an employer contribution and is based on assessment.

Ongoing compliance requirements

Monthly individual PAYE withholding obligation

The employer is obliged to withhold the PAYE from the employee's payroll on a monthly basis and settle the PAYE on behalf of the employee. The employer should file the employer's return to the ZRA and settle the PAYE payable before the 12th of the following month.

The salaries and wages received by the employee are subject to PAYE at four grades of progressive tax rates ranging from 0% to 37.5%. The requirements are governed by the Income Tax Act and the PAYE regulation.

Social security monthly contribution

Social security is governed under the the National Pension Scheme Authority (NPSA) Act.

The National Pension Scheme is contributory, meaning that employees

covered by the scheme are supposed to make monthly contributions through their employers in order to garner rights that entitle them to benefits provided by the scheme.

Presently, the monthly contribution rate is pegged at 10% of an employee's gross monthly earnings, subject to the prevailing contribution ceiling in the calendar year in which the employee earns the income. The contribution ceiling is revised annually and the revision takes effect from January of each year.

The following constitute gross earnings for NPSA purposes:

- Basic salary
- Leave pays
- Commuted leave days
- Overtime
- Bonus
- All allowances (house, transport, uniform, etc.)

The employer should file the employer's return to the NPSA and settle the social security or pension payable before the 10th of the following month.

2. Pension requirements

Registration requirements

National Pension Scheme Authority (NPSA) Membership of the scheme is compulsory for all employed persons. This, however, means that membership of the scheme covers all categories of employment for as long as a contract of service between the employer and the employee exists. It should further be clarified that a contract of service can be written or verbal. Therefore, every individual, association, institution or firm with a written or verbal employer or employee contract of service is required to register with the NPSA. The NPSA registration is required as long as there exists an employer/employee relationship (except an employee is referred to as a member).

Ongoing compliance requirements

NPSA contribution

NPSA is a mandatory pension scheme for all employees. All employers in Zambia are required to contribute a certain minimum amount toward pension support for their workers.

The pension contributions made by employers on behalf of employees are generally tax deductible, except for any penalties imposed due to employers not contributing or for delays in contributing. The NPSA contribution rate is 10% of an employee's salary per month. This is shared between the employee and employer, where the employer pays half of the total contribution and the employee the other half. The pension contribution must be remitted every month.

3. Employment obligations

Employment contracts

In accordance with the Employment Act and the Minimum Wages and Conditions of Services Act, the employer and employee should have signed an employment agreement listing the conditions of the employment including, but not limited to, wages (rate of wages, frequency, etc.), wage period, notice period for termination of employment and the details of end-of-year payment, if eligible.

Minimum wage

Under the Act, employees' average wages in a wage period must not be less than the statutory minimum wages, i.e., ZMW13 per hour, regardless of whether or not employees are employed under continuous contract.

Leave entitlement

An employer shall grant leave of absence on full pay to an employee at the rate of two days per month, subject to, and in accordance with the following conditions:

1. Except on termination of the employee's service, an employee shall be entitled to leave only on the completion of six months' continuous service with that employer.
2. Paid public holidays and Sundays shall not be included when computing such periods of leave.
3. The employer shall have the right to give reasonable consideration to the circumstances and interests of the business in agreeing to the dates when such leave may be taken.

National Health Insurance Scheme

A citizen or established resident who is above 18 years shall be registered as a member of the Scheme in the prescribed manner and form. A foreigner who enters the Republic without valid health insurance shall register and pay for health insurance with a health insurer on arrival in the Republic, in the prescribed manner and form.

An employer shall pay to the Scheme an employee's contribution consisting of the employer's contribution and the employee's contribution at a prescribed percentage. The employer shall pay contributions to the Scheme at the end of each month.

A member and a family member shall access the benefits package under the Scheme as prescribed. Insured healthcare services, in whole or in part, shall be provided at national, provincial and district levels, as prescribed.

The National Health Insurance Fund is established for the purpose of the Scheme. The Fund shall be held and applied for the purposes of:

- a. Paying for the cost of insured health care services accessed by members of the Scheme

- b. Paying administrative and management expenses
- c. Programs for the promotion of access to insured healthcare services that the Minister may, in consultation with the Authority, determine.

An employer shall register an employee with the Authority within 30 days of the commencement date of the contract of employment in the prescribed manner and form.

Contribution rates:

Category	Payment mechanism	Rate	Frequency	Deadline
Employee	Payroll based deduction	1% of basic salary	Monthly	10th of the following month
Employer	Payroll based deduction	1% of basic salary	Monthly	10th of the following month

4. Payroll requirements

When an employee is paid depends on the industry, they are in. Employees must be paid at least monthly. An agreement or employment contract will set out when employees must be paid.

All employees must be provided with payslips within one working day of the payday. Payslips can be provided either in electronic or hard copy form. Both must contain the same information.

All salary and wage income are taxable in the financial year in which it is actually received, regardless of when it was earned. Tax should be withheld at the time when the payment is due to the employee.

5. Banking requirements related to payroll

Payroll payments can be paid by one or a combination of:

- Cash
- Check, money order or postal order, payable to the employee
- Electronic funds transfer (EFT) or bank transfer

If paying wages by cash, the employer and employee should sign a record

to confirm the amount of money that has been paid during each pay period.