



VOLUNTARY DISCLOSURE

**Correcting Your Tax Matters
the Right Way**

Introduction

The Zambia Revenue Authority (ZRA) encourages all taxpayers to meet their tax obligations through voluntary compliance. This includes:

- Registering for the correct tax types
- Filing tax returns on time
- Paying taxes when they are due
- Declaring income and taxes accurately

ZRA understands that, in some cases, errors, omissions, or mistakes may occur when declaring taxes. To support taxpayers who wish to correct such mistakes, Section 91A of the Income Tax Act, Chapter 323 of the Laws of Zambia, provides relief from penalties where a taxpayer voluntarily comes forward to disclose an omission, error, or mistake before ZRA discovers it through an audit or any other enforcement means.

This leaflet explains:

- What Voluntary Disclosure means
- Who qualifies for penalty waiver
- The benefits of making a Voluntary Disclosure
- How to make a voluntary disclosure

2. Scope of Application

The Voluntary Disclosure Programme relates to tax types administered under the Income Tax Act, including:

1. Corporate Income Tax
2. Turnover Tax
3. Pay As You Earn (PAYE)
4. Withholding Tax
5. Mineral Royalty
6. Rental Income Tax
7. Advance Income Tax

3. What Is a Voluntary Disclosure?

A Voluntary Disclosure (VD) occurs when a taxpayer proactively and willingly informs ZRA of a tax liability that was previously:

- Not disclosed
- Under-declared; or
- Incorrectly reported

In short, the Voluntary Disclosure Programme provides an opportunity for taxpayers to declare:

- Any errors or omissions made in previous tax returns;
 - Any income, transactions, or tax positions that were under-reported or inaccurately declared;
 - Any income not declared by registered or non-registered businesses.
- Important:

A disclosure is only considered voluntary if it is made before ZRA initiates or detects non-compliance through an audit, investigation, compliance check, or any other enforcement means.

4. Benefits of a Voluntary Disclosure

Making a Voluntary Disclosure benefits both the taxpayer and ZRA.

Benefits to the Taxpayer

- Penalties are waived for qualifying disclosures
- Avoids enforcement actions such as audits and prosecutions
- Improves the taxpayer's compliance record
- Early disclosure reduces the accumulation of interest
- Faster resolution due to full and honest disclosure
- Opportunity to apply for flexible payment arrangements

Benefits to ZRA

- Improved voluntary tax compliance
- Increased revenue collection
- Reduced administrative and enforcement costs
- Improved accuracy of taxpayer records

5. When a Disclosure Is NOT Considered Voluntary

A disclosure will not be treated as voluntary if ZRA has already:

1. Issued a notice of audit, investigation, compliance check, or any other

- notification relating to the tax liability;
- 2. Requested information specifically linked to the undisclosed tax;
- 3. Detected the non-compliance through internal systems, third-party data, or other external sources.

Incomplete or Repeated Disclosures

- If a taxpayer fails to disclose material information, relief granted under the Voluntary Disclosure may be withdrawn.
- Where a disclosure covers multiple tax periods, all periods must be disclosed at the same time.
- Repeated disclosures for the same type of non-compliance may be subject to further review.

6. Key Policy Position

In line with **Section 91A of the Income Tax Act:**

- Penalties are waived for valid Voluntary Disclosures
- Interest remains payable, unless otherwise exempted under the law

7. Eligibility Criteria for Penalty Waiver

A taxpayer will qualify for penalty relief if all the following conditions are met:

1. Voluntary Action: The disclosure is initiated by the taxpayer without prompting or enforcement by ZRA.
2. Full and Accurate Disclosure: All relevant facts, figures and affected tax periods are disclosed.
3. Timely Disclosure: No audit, investigation, assessment, or enforcement action has commenced for the same tax period.
4. Payment Commitment: The taxpayer pays the principal tax in full or enters into an approved Time to Pay Agreement (TPA).
5. Supporting Documentation: Sufficient documents are provided to allow ZRA to verify the disclosed liability.

8. How to Apply for a Voluntary Disclosure

The following is the step by step process for applying for the Voluntary Disclosure Programme:

Step 1: Identify the Error or Omission

Review your tax records to identify any tax that was not declared, under-declared, or incorrectly reported. This may relate to one or more tax types or periods.

Step 2: Prepare a Voluntary Disclosure Application

Prepare a written disclosure addressed to the relevant Directorate under the Domestic Taxes Division, clearly explaining:

- The nature of the error or omission
- The tax types involved
- The affected tax periods

Step 3: Attach Supporting Documents

Attach all relevant documents required to support and substantiate the disclosure, such as:

- Financial statements
- Payroll records
- Contracts or invoices
- And any other supporting documents

Step 4: Provide Full and Accurate Information

Ensure the disclosure is complete and accurate and respond promptly to any additional information requests from ZRA.

Step 5: Settle the Principal Tax or Apply for a Time to Pay Agreement

Once ZRA confirms the tax liability:

- Pay the principal tax in full, or
- Apply for a Time to Pay Agreement (TPA)

Note: Interest may still apply, but penalties will be waived for qualifying disclosures.

Step 6: Receive the Outcome from ZRA

ZRA will issue a Voluntary Disclosure Outcome Letter confirming:

- Principal tax payable
- Interest due (if any)
- Confirmation of penalty waiver
- Payment instructions or reference to an approved TPA

9. Conclusion

Voluntary Disclosure provides taxpayers with an opportunity to correct tax errors transparently and responsibly. By coming forward before detection, taxpayers benefit from penalty waiver, reduced compliance costs and improved trust with ZRA. ZRA encourages all taxpayers to take advantage of this provision and contribute to a fair, efficient and compliant tax system that supports Zambia's national development.

Taxpayer Reminder

All taxpayers must ensure that their registered contact details such as, mobile phone numbers, email addresses, physical addresses, and other demographic information, are always accurate and up to date on their tax profiles. Maintaining current details ensures timely receipt of official communications, notices, and important tax-related updates from ZRA and supports effective compliance.

