

Termination of the DTA between the Government of the Republic of Zambia and the Government of the Republic of Mauritius.

Introduction

On Monday 22 June 2020, His Excellency the President of the Republic of Zambia Dr. Edgar Chagwa Lungu called for the 16th Cabinet Meeting (the "Meeting") which was held at Mulungushi International Conference Centre in Lusaka. In a press statement released by the Special Assistant to the President (Press and Public Relations), Mr. Isaac Chipampe, it is noted that one of the decisions made at the Meeting was for the termination of the agreement between the Government of the Republic of Zambia and the Government of the Republic of Mauritius for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "Zambia-Mauritius DTA"; "DTA").

The Zambia-Mauritius DTA

The DTA came into force on 15th June 2012. Its objective is to promote and strengthen the economic relations between Zambia and Mauritius through the avoidance of double taxation with respect to taxes on income. The income regulated under the DTA includes income from immovable property, business profits, dividends, interest, royalties and directors' fees.

Effective date of termination of the DTA

Article 28 of the DTA allows for the termination of the agreement and provides that written notice of termination must be given not later than 30th June of any calendar year starting five (5) years after the year in which the agreement entered into force. Should notice to terminate be given by 30th June 2020, the DTA will effectively cease to have effect in Zambia on 31 December 2020.

In the event that a new DTA is not brought into effect by 1 January 2021, taxpayers who were making payments to residents of Mauritius on income qualifying for reduced tax rates under the Mauritius-Zambia DTA should ensure that such payments are subject to the deduction of tax at source at the rates applicable under domestic tax law.

Please do not hesitate to contact our Corporate Advisory Partner, Jackie Jhala at JJhala@corpus.co.zm if you seek detailed guidance on how this change will affect your business.

This alert contains general information and should not be construed as legal advice or opinion or as a substitute for the advice of counsel.

Jackie Cornhill Jhala
Partner - Corporate Advisory Department
Corpus Legal Practitioners
Email: JJhala@corpus.co.zm
Tel: +2602 11 372300 / 01 / 04