Deel Local Payroll
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Zambia Payroll Tax Guide

2026



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Country Information

- **Tax Year:** January to December
- **Currency:** Zambian Kwacha (ZMW, symbol K)
- **Tax authority:** *Zambia Revenue Authority (ZRA)* – www.zra.org.zm
- **Social security authority:** *National Pension Scheme Authority (NAPSA)* – www.napsa.co.zm
- **Local government pension authority:** *Local Authorities Superannuation Fund (LASF)* – www.lasf.org.zm
- **Workers' compensation:** *Workers' Compensation Fund Control Board* – www.workers.com.zm
- **Health insurance:** *National Health Insurance Scheme (NHIS)* – www.nhima.co.zm
- **Skills development authority:** *Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA)* - www.teveta.org.zm

Employees' Tax (PAYE)

Pay As You Earn (PAYE) is a system where employers are required to withhold income tax from their employees' chargeable emoluments and pay it over to the Zambia Revenue Authority (ZRA) by the 10th day of the following month.

Employment income (emoluments)

Chargeable emoluments for PAYE purposes refer to any amounts paid or granted in respect of employment or office, wherever engaged or held, that are chargeable to income tax. These include:

- Salaries and wages
- Overtime and leave pay
- Commissions, bonuses and gratuities
- Fees and allowances (including inducement allowance)
- Pension or annuities
- Benefits or advantages, whether or not they can be converted into money or money's worth

Taxable fringe benefits

- Only fringe benefits that can be converted into money or money's worth are considered taxable and must be included in the employee's chargeable emoluments.
- Benefits that cannot be converted into cash or have no monetary value are not taxable in the hands of the employee.
- If an employer settles a personal liability on behalf of an employee, such as rent, electricity, water, telephone bills, school fees, professional association fees, club membership fees or similar payments, these payments must be added to the employee's emoluments and taxed through the PAYE system.

Exempt employment income

The following types of employment income are exempt from income tax and not included in chargeable emoluments:


Employer voluntary payment to a deceased employee's spouse, child or dependent.


Medical expenses paid by an employer or reimbursed to an employee


Funeral expenses paid or incurred by an employer on behalf of an employee


Lump sum payments upon termination of employment due to medical reasons


Sitting allowance for Councillors


Labour Day awards paid to employees either in cash or in kind


Certain pension benefits, such as pension, compensation for loss of office, gratuity, salary in lieu of notice and severance pay, subject to rules and conditions


Benefits provided by the employer that cannot be converted into cash


Per diem or subsistence allowances, including lunch allowances paid while working out of the office


Advance against gratuity, pensions, and employee pension withdrawals

Tax deductions

Effective 1 January 2018, employee contributions towards a registered pension fund are no longer tax-deductible. This applies to all employees who contribute to an approved pension fund, including the National Pensions Scheme Authority (NAPSA).

Tax rates

Annual tax rates

Taxable income (K)	Rates of tax (%)
Not exceeding 61,200	0%
Exceeding 61,200 but not 85,200	20%
Exceeding 85,200 but not 110,400	30%
Exceeding 110,400	37%

Part-time employees

Where an individual has only one job, it is not considered part-time, regardless of the number of hours worked. However, for PAYE purposes, any second or subsequent employment is treated as part-time and is taxed at the highest marginal rate of 37%, with no tax credits applied.

Tax credits

Employees who are registered with the Zambia Agency for Persons with Disabilities are entitled to a tax credit of K7,200 per year (K600 per month). This credit reduces the amount of PAYE payable.

National Pension Scheme Authority (NAPSA)

NAPSA provides income security against the risk arising from retirement, death, and invalidity. Every person who earns an income and is between the ages of 16 and 65 years is eligible for registration as a member of NAPSA.

Contribution base and rates

NAPSA contributions are based on an employee's gross earnings for the month, up to a statutory ceiling. The contribution rates are:

	Contribution rate	Contribution ceiling per month (K)
Employer	5%	37,236
Employee	5%	37,236

The maximum monthly contribution for an employee is K1,861.80, with a combined maximum contribution (employer + employee) of K3,723.60.

Employers are required to remit monthly contributions within 10 days of the end of the calendar month to which the earnings relate.

National Health Insurance Scheme (NHIS)

The National Health Insurance Scheme (NHIS) was established under the National Health Insurance Act No. 2 of 2018 and Statutory Instrument No. 63 of 2019. It is managed by the National Health Insurance Management Authority (NHIMA).

The scheme's goal is to provide access to quality and affordable healthcare for all Zambians, especially registered members and their dependents.

Key requirements

- All citizens and established residents aged 18 and above are required to register as members in the prescribed manner and form.
- Both formal and informal sector workers are required to contribute to the scheme.
- Employers are required to remit monthly contributions within 10 days of the end of the calendar month to which the earnings relate.

Contribution base and rates

The contribution is based on basic salary.



Employee contribution: 1%



Employer contribution: 1%

Local Authorities Superannuation Fund (LASF)

The Local Authorities Superannuation Fund (LASF) is a statutory pension scheme in Zambia that provides retirement and related benefits to employees of local authorities and other designated public sector institutions.

Contribution requirements

- The contribution is based on the basic salary of the employee.
- A contribution schedule and the corresponding payments must be submitted to LASF by the 7th day of the following month.

Contribution rates



Employee contribution: 10%



Employer contribution: 23%

Personal Levy

In Zambia, a Personal Levy is a local government tax imposed on individuals residing within the jurisdiction of a city council, municipal council, or district council. It is governed by the Local Government Act and is one of the sources of revenue for local authorities to fund public services such as sanitation, street lighting, markets, and community development.

Contribution base and rate

- Under Section 3 of the Personal Levy Act, every employer operating in a local authority is required to deduct a levy of 1% on the gross annual income of each employee, including expatriate staff, up to a maximum of K15 per annum.
- Employers must deduct this levy twice a year, in March and June, and remit it directly to the relevant local council. It is payable in two equal instalments.

Skills Development Levy (SDL)

The Skills Development Levy is payable by eligible employers to the ZRA for the Technical Education, Vocational, and Entrepreneurship Training Authority Fund. Employers that are already registered for PAYE do not need to register separately for the levy. Returns for the levy are submitted on the same return as PAYE, at the same time.

Contribution requirements

- The levy is borne entirely by the employer and must not be deducted from employee earnings.
- The levy is based on the gross emoluments paid by the employer.
- The contribution must be remitted to ZRA by the 10th day of the following month.

Contribution rate



Employer contribution: 0.5%

Workers' Compensation Fund

Every employer of workers is required to register with and pay annual assessments to the Workers' Compensation Fund Control Board, which provides financial support to employees or their dependents in the event of workplace injuries, occupational diseases, or work-related fatalities.

Contribution base

According to The Workers' Compensation (Assessment of Earnings) Regulations, 2005 (Statutory Instrument No. 25 of 2005), earnings for assessment purposes include:

- Basic salary/wages
- All overtime payments of a regular nature
- Shift differential payment
- Payment made to casual workers employed in connection with the employer's nature of business
- Leave pay if not included in salary/wages
- An addition of 12.5% to the total of the items above to cover food and quarters

Section 79 of the Workers Compensation Act states that the following items are not included:

- Remuneration of intermittent overtime
- Casual payments of a non-recurrent nature
- Sums paid by an employer to a worker to cover any special expenses incurred by the worker on account of the nature of the work
- Ex-gratia payments, whether made by the employer or other person
- Sums paid under any provident fund
- Payment by way of pension
- Special cash payment, other than the normal leave pay made when the worker is going on leave
- Housing allowance or the cost of any food or quarters supplied by the employer
- Cost of living allowance

Contribution ceiling

The Workers' Compensation Act provides for an annual ceiling of K14,400 per worker on the earnings upon which assessment and benefits are calculated. If a worker's earnings exceed K14,400, only K14,400 should be declared in respect of that worker.

The K14,400 ceiling applies to actual income earned (salary through to leave pay). The 12.5% food and quarters addition is then applied to the capped amount before the assessment rate is applied.

Contribution rates

Assessment rates are prescribed rates (%) for each particular class of business, fixed from time to time by the Workers' Compensation Fund Control Board. The rates of assessment are published in the Government Gazette and vary by industry/activity. Employers should contact the Workers' Compensation Fund directly for the rates applicable to their business classification.

Filing and payment

Reporting is primarily an annual requirement and involves both actual and estimated figures.

Employers are required to submit both a Statement of Earnings (gross earnings limited to the annual ceiling of K14,400 per worker) and an Estimate of Earnings (forecast for the current year) before 15 January of each year.

Compliance Repository Shortcuts

Shortcut		Navigation Path
	Payroll Tax Guide	In-product: Navigate to Knowledge Base via your profile icon > Knowledge Base > Africa > Compliance Digital Tools > select the country. Alternatively, from the Deel Local Payroll Website > Resources > Digital Tools > Tax Guides
	Compliance News	In-product: Navigate to Knowledge Base via your profile icon > Knowledge Base > Africa > Compliance News
	Digital Tools	In-product: Navigate to Knowledge Base via your profile icon > Knowledge Base > Africa > Compliance Digital Tools > select the country
	FAQ Articles	In-product: Navigate to Knowledge Base via your profile icon > Knowledge Base > Africa > Select the relevant topic.
	Product User Guide	In-product: Navigate to Knowledge Base via your profile icon > Knowledge Base > Africa > Compliance Product User Guides > select the country
	Preliminary Notes	In-product: Navigate to What's New > Preliminary Notes > Legislation changes
	Release Notes	In-product: Navigate to What's New > Release Notes > Legislation changes
	Tax Alerts	In-product email distributed to customers
	Compliance Pop-up Notifications	In-product pop-up notification when logging into Deel Local Payroll with a compliance notice specific to a country

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