

PRESS RELEASE

ZICA CALLS FOR STRATEGIC REFORMS IN BORROWING AND TAX POLICY TO SAFEGUARD ECONOMIC STABILITY

Lusaka – July 29, 2025 - The Zambia Institute of Chartered Accountants (ZICA), has expressed concern over the near-doubling of Net Domestic Financing (NDF) from K15.4 billion to K30.2 billion, calling it a "marked deviation" from fiscal discipline. The Institute highlighted that such borrowing levels could exacerbate macroeconomic imbalances, crowd out private sector credit, fuel inflation and reintroduce damaging currency risks especially through the inclusion of a USD denominated K10.8 billion loan from domestic banks.

Speaking during a 2025 2nd Quarter Media Briefing today, ZICA President Mrs. Yande Siame Mwenye has instead recommended an immediate and formal coordination framework between the Ministry of Finance and the Bank of Zambia (BoZ) to align fiscal and monetary policies. The Institute has also urged government to develop a credible medium-term NDF reduction plan and to codify legal prohibitions against unhedged domestic foreign exchange borrowing, warning that current strategies risk undoing the progress made following Zambia's recent debt restructuring efforts.

On the Income Tax (Amendment) Bill No. 9 of 2025, ZICA has welcomed the objective of broadening the tax base but cautioned that the proposed Minimum Alternative Tax (MAT) at 1% of turnover, if implemented without revisions, could strain SMEs, deter investment and erode existing sectoral incentives. The Institute recommended exemptions for businesses with low profit margins and priority sectors, transitional arrangements for businesses to adjust, and clarification to avoid double taxation with turnover tax regimes.

Meanwhile ZICA has opposed the mid-year increase of withholding tax on government securities from 15% to 20%, citing adverse effects on investor confidence, operational readiness of financial institutions and government borrowing costs. Mrs. Mwenye has since called for a phased implementation of such changes and for Parliament to mandate comprehensive impact assessments ahead of any significant tax policy revisions.

And ZICA has raised alarm over provisions in the Lands and Deeds Registry (Amendment) Bill No. 13 of 2025, which allow the Chief Registrar to unilaterally cancel land titles without judicial oversight. The Institute said that this undermines property rights, weakens investor confidence especially in agriculture and real estate and threatens the collateral value of land, potentially disrupting access to credit and increasing financial risk across sectors.

ZICA has emphasised that while it supports reforms aimed at improving efficiency and transparency in land administration, any legislative amendments must undergo extensive consultation with stakeholders, including banks, legal professionals, business associations and civil society. The Institute has since urged government to withdraw the current bill and initiate a more inclusive process.

Plot 2374/a Thabo Mbeki Road, Accountants Park, P.O. Box 32005, Lusaka, Zambia. Tel: +260 211 374560
Email: zica.admin@zica.co.zm, Website: www.zica.co.zm

ZICA reiterates its commitment to supporting government efforts towards fiscal consolidation, inclusive growth and economic resilience. However, the institution has emphasised that these goals must be pursued through deliberate, transparent and consultative policy making that protects the country's long-term financial integrity.

ZiCA has also urged Parliament to consider the Institute's recommendations in deliberating on these critical legislative and fiscal instruments.

– END –

Yande S Mwenye

PRESIDENT

ABOUT ZiCA

The Zambia Institute of Chartered Accountants (ZICA) is a self-regulated membership body whose mandate is to promote the accountancy profession through regulation of the accountancy education and practice in Zambia. The Institute is a member of the International Federation of Accountants (IFAC), Pan African Federation of Accountants (PAFA) and Chartered Accountants Worldwide.

Plot 2374/a Thabo Mbeki Road, Accountants Park, P.O. Box 32005, Lusaka, Zambia. Tel: +260 211 374560
Email: zica.admin@zica.co.zm, Website: www.zica.co.zm



A member of the Pan African Federation of Accountants (PAFA), International Federation of Accountants (IFAC) and Chartered Accountants Worldwide (CAW).