GOVERNMENT OF ZAMBIA

ACT

No. 14 of 2016

Date of Assent: 6th June, 2016

An Act to amend the Mines and Minerals Development Act, 2015.

[7th June, 2016

ENACTED by the Parliament of Zambia. Enactment

Short title and commence-ment

Act No. 11 of 2015

1. (1) This Act may be cited as the Mines and Minerals Development (Amendment) Act, 2016, and shall be read as one with the Mines and Minerals Development Act, 2015, in this Act referred to as the principal Act.

(2) This Act shall come into operation on 1st June, 2016.

Amendment of section 89

2. (1) The principal Act is amended by the deletion of section *eighty-nine* and the substitution therefor of the following:

Royalties on production of minerals

89. (1) A holder of a mining licence shall pay mineral royalty at the rate of —

(a) five percent of the norm value of the base metals produced or recoverable under the licence, except when the base metal is copper;

(b) five percent of the gross value of the energy and industrial minerals produced or recoverable under the licence;

(c) six percent of the gross value of the gemstones produced or recoverable under the licence; and

(d) six percent of the norm value of precious metals produced or recoverable under the licence.

(2) Where the base metal produced or recoverable under the licence is copper, the mineral royalty rate payable is—

(a) four percent of the norm value when the norm price of copper is less than four thousand five hundred United States dollars per tonne;

(b) five percent of the norm value, when the norm price of copper is four thousand five hundred United States dollars per tonne or greater but less than six thousand United States dollars per tonne; and

(c) six percent of the norm value, when the norm price of copper is six thousand United States dollars per tonne or greater.

(3) A person who is not a holder of a mining licence and who is in possession of minerals extracted in the Republic for which mineral royalty has not been paid is liable to pay mineral royalty at the rates set out in subsections (1) and (2).

(4) Where the Commissioner-General determines that the realised price does not correspond to the price that would have been paid for the minerals if they had been sold on similar terms in a transaction at arm's length, between a willing seller and a willing buyer, the Commissioner-General shall issue a notice to that effect to the licencee and the amount of the gross value shall be determined in accordance with the mechanism contained in sections *ninety-seven A* to *ninety-seven* D of the Income Tax Act.

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(5) In this section—

" gross value " means the realised price for a sale, free on board, at the point of export from Zambia or point of delivery within Zambia;

" norm value " means—

(a) the monthly average London Metal Exchange cash price per tonne multiplied by the quantity of the metal or recoverable metal sold;

(b) the monthly average Metal Bulletin cash price per tonne multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; or

(c) the monthly average cash price per tonne, at any other exchange market approved by the Commissioner-General, multiplied by the quantity of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or in the Metal Bulletin; and

" norm price " means the monthly average—

(a) London Metal Exchange cash price per tonne of the metal or recoverable metal sold;

(b) Metal Bulletin cash price per tonne of metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; or

(c) cash price per tonne, at any other exchange market approved by the Commissioner-General of the metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or Metal Bulletin.