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Zambian Tax Agency Resolves Mining Industry Payments Dispute

By Brian Latham and Anthony Mukwita - Sep 27, 2011

Zambia's tax agency settled a dispute with some unidentified mining companies on outstanding taxes last month, said Wisdom Nekairo, director-general of the country's Revenue Authority.

The payments will probably boost total revenue to 16 trillion kwacha (\$3.29 billion) this financial year from 11.4 trillion kwacha in 2010, Nekairo said in an interview on Sept. 19 in Lusaka, the capital.

"We have reached an agreement with mining companies that were in arrears and they've already paid 1.5 trillion Zambian kwacha this year," he said, without disclosing which companies had made payments. Some mining companies had disputed the amount the tax agency claimed they owed, Nekairo said.

Zambia is [Africa's](#) biggest copper producer with foreign companies including [Vedanta Resources Plc \(VED\)](#), [First Quantum Minerals Ltd. \(FM\)](#) and Glencore International Plc operating in the country. Authorities said in February there may have been "irregularities" in the tax submissions from Glencore's Mopani Copper Mines unit for the 2008 fiscal year. Glencore said the audit was "factually incorrect."

Zambia plans to bring informal traders and unregistered businesses into the tax net to help boost revenue, Nekairo said.

[Michael Sata](#) won Zambia's presidency last week, defeating incumbent Rupiah Banda, after pledging to extract more money from mining companies. Miners "shouldn't lose sleep" about their investments because Sata won't change taxes without consulting them, spokesman Miles Sampa said Sept. 24.

Zambia's kwacha strengthened the most in 10 months today and was at 4,860 per dollar by 1:45 p.m. in Lusaka, extending a recovery since the election result on Sept. 23 to 5.8 percent and paring losses last week.

To contact the reporters on this story: Brian Latham in Johannesburg at blatham@bloomberg.net; Anthony Mukwita in Lusaka at amukwita1@bloomberg.net

To contact the editor responsible for this story: Antony Sguazzino at asguazzino@bloomberg.net