



Zambia reinstates excise duty on petroleum products

Effective October 2026

The Zambian Government has reinstated excise duty on petroleum products with effect from 1 October 2026, following the expiry of temporary fuel tax relief measures that had been in place between April and September 2026. The measure forms part of the government's efforts to restore foregone revenue while balancing the need to maintain security of fuel supply. Zambia's Customs and Excise Act (Chapter 322) and the applicable 2026 Budget/Statutory Instrument introduced and subsequently withdrawing the temporary excise suspension.

According to the Energy Regulation Board (ERB), the temporary tax relief package included the suspension of excise duty and the zero-rating of VAT on petroleum products. These interventions were introduced to cushion consumers from the impact of rising international fuel prices and exchange rate volatility.



Following the expiry of the relief period, excise duty was reinstated from October 2026, while VAT is scheduled to return from 1 December 2026. The ERB noted that the reinstatement of excise duty, coupled with increases in international petroleum prices and depreciation of the Zambian Kwacha against the US Dollar, necessitated an upward adjustment of domestic fuel prices.

As a result, the national uniform pump prices for key petroleum products increased substantially from 30 September 2026:

Petrol increased from
K25.29/litre to K31.46/litre

Diesel increased from
K26.86/litre to K33.27/litre.

Kerosene increased from
K27.02/litre to K29.76/litre.

Jet A-1 increased from
K28.71/litre to K31.85/litre.

Key Tax and Business Implications

The reinstatement of excise duty is expected to:

Increase the landed and operating cost of fuel-intensive industries, including mining, manufacturing, logistics, agriculture, and transport.

Potentially contribute to inflationary pressures as higher fuel costs feed through supply chains.
Require businesses to reassess fuel procurement budgets, pricing models, and contractual arrangements.

Renew focus on excise duty compliance, fuel tax planning, and indirect tax cost recovery mechanisms where available.

Take home for traders

While the return of excise duty signals a shift toward fiscal normalization following the temporary relief measures, businesses should continue monitoring developments, particularly the planned reinstatement of VAT on petroleum products from December 2026 and any further fuel pricing adjustments arising from global oil market movements and exchange rate fluctuations.

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