

Tax Reckoner

Grant Thornton Botswana

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Foreword

The Grant Thornton Tax Reckoner is a comprehensive publication designed to provide clarity on the taxation landscape of Botswana. It offers a detailed exploration of Botswana's tax regulations, equipping taxpayers and professionals with the necessary knowledge to navigate this complex domain effectively.



Botswana, often referred to as the “Jewel of Africa,” is celebrated not only for its breathtaking landscapes, diverse wildlife, and vibrant culture but also for its remarkable political stability and sustained economic growth. However, what truly underpins this success story is a well-structured and efficient tax system that plays a pivotal role in supporting the country's continued development. The country's tax regime is designed to ensure that individuals and businesses contribute their fair share to support public services and infrastructure while simultaneously promoting economic growth.

For anyone seeking to engage in economic activities within Botswana's borders, the principles and practices outlined in this publication are vital. From individuals managing their personal finances to businesses strategising for growth and compliance, this resource offers essential insights into the taxation framework of the country.

Within the pages of this publication, readers will find information on various aspects of the Botswana tax system, offering valuable information on income tax, transfer pricing, capital gains tax, assessed losses and penalties. It delves into specific tax rules for various sectors, including mining, farming and the International Financial Services Centre (IFSC).

The publication also explores withholding tax (WHT), double taxation treaty rates, personal tax for residents and non-residents, and Value Added Tax (VAT). Moreover, it sheds light on other important taxes like transfer duty and Capital Transfer Tax (CTT) while also providing information on using the BURS e-filing system for convenient and efficient tax management.

Lastly, we hope the publication helps in improving your understanding of Botswana's tax framework, assisting you in fulfilling your tax obligations effectively while optimising your financial strategies.

Kalyanaraman Vijay

Managing Partner,
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Preface

Navigating the Botswana tax landscape can be an overwhelming task for taxpayers. In such scenarios, an easy-to-refer summary with key information is a welcome addition to any professional's desk-top. The purpose of this publication is to provide a comprehensive summary of Botswana taxes, providing a concise and informative overview of the salient features of various Botswana taxes. The taxes covered within this summary are Income Tax, Value Added Tax (VAT), Capital Transfer Tax (CTT) and Transfer Duty.



This summary aims to bring within reach of taxpayers, valuable and simplified tax information which can serve as the starting point to understanding the fundamental tax principles and concepts, a valuable memory jogger and an easy reckoner. The content includes scope of taxation, characterisation of income, tax rates, taxation thresholds, transfer pricing, special tax regimes, tax incentives and exemptions applicable to different categories of taxpayers, cross-border taxation and double taxation agreements. It also provides insights into the compliance obligations associated with each of the taxes and categories of taxpayers.

While every effort has been made to ensure accuracy of the information, the summary is not exhaustive and should be read together with the relevant tax legislation. Furthermore, the information provided in this summary cannot replace professional advice or the tax statutes legislation, and the reader is advised to seek professional transaction specific tax advice.

This summary is based on the information available up until 31 May 2023. Tax laws and regulations are subject to change, we therefore advise readers to keep abreast of such changes.

Currently, the Income Tax Act and the VAT Act are undergoing a comprehensive review. The Ministry of Finance shared the proposed Income Tax Bill and Value Added Tax Bill with stakeholders for review. Also shared for review was the proposed Bill for the Tax Administration Act. It is anticipated that the Bills will go before parliament soon. Grant Thornton will provide updates on any such developments and any other tax developments on our website:

www.grantthornton.co.bw

We hope that this summary serves as a valuable resource in your journey to comprehend the taxation landscape of Botswana.

Olivia Muzvidziwa

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Income Tax Overview

Income tax overview

Income tax is levied in terms of the Income Tax Act (Chapter 52:01) (the Act).

Income subject to tax

Botswana operates a source-based system of taxation. Taxation scope is restricted to income accrued or deemed to have accrued from a source within or deemed to be within Botswana. Capital accruals are included to the extent specified.

Business profits from a source within Botswana

- Business profits accruing to a non-resident from a Botswana source are taxable in Botswana irrespective of the period of presence in Botswana, except where treaty protection is available.
- Management or consultancy fees, commercial royalties, dividends and interest payable to a non-resident are deemed to be from a Botswana source and are subject to WHT, which is a final tax (except where attributable to a Permanent Establishment (PE) or fixed base).

Income deemed to be from a Botswana source

Foreign income deemed to be from a Botswana source includes:

- Income from an investment made (i.e. interest and net aggregate gains) or from a business carried on outside Botswana by a resident is deemed to be from a source within Botswana. This excludes foreign investment income of a non-citizen.
- Relief from double taxation is provided to the extent of Botswana tax payable.
- Income accruing to a company from more than one source is treated as income from one source except for income from the business of farming or mining and gains from the disposal of property.

Special tax rules

Special rules apply to income accruing to/from:

- Insurance business
- Mining and prospecting operations
- Farming operations
- A business specified in a Development Approval Order (DAO)
- An IFSC company
- Botswana Innovation Hub (BIH) or Special Economic Zone Authority (SEZA) licensed businesses
- Botswana Development Corporation (BDC)

Deductions

- In ascertaining chargeable income deduction of revenue expenditure wholly, exclusively and necessarily incurred in the production of assessable income and certain specified expenditure is allowed.
- Deduction of capital expenditure is prohibited except to the extent specified.
- Restrictions apply to deductions of certain expenditure including interest, management or consultancy fees and expenditure incurred in related party transactions.
- Deduction of management or consultancy fees, interest and commercial royalties is allowed in the year in which remittance of applicable WHT is made to Botswana Unified Revenue Services (BURS).
- 200% of citizen training expenditure, approved by the Commissioner General, to the extent to which the taxpayer is not entitled to reimbursement from the Human Resource Development Fund which is administered by the Human Resource Development Council (HRDC).

Transfer Pricing

- Transfer pricing legislation became effective on 1 July 2019 (2020 tax year).
- A taxpayer is required to file transfer pricing documentation (local file) in respect of non-resident connected/related party transactions where the arm's length value of such transactions exceeds P5 million in a tax year.
- An IFSC accredited company is required to prepare and file a local file in respect of transactions with both resident and non-resident connected parties.

- Transfer pricing documentation is due for filing, together with the corporate tax return, within four months of the financial year-end.
- The Commissioner General is empowered to request, by written notice, the filing of the equivalent of the Organization for Economic Cooperation Development (OECD) master file.
- Penalties of up to P500 000 (minimum P250 000) may be levied for non-compliance with filing obligations.

Capital gains

- Gains arising on the disposal of property are taxable.
- A disposal of shares in a company in which immovable property is the dominant underlying asset is deemed to be a disposal of the underlying property.
- Disposals in qualifying schemes of restructure or re-organisation for the purpose of listing on the Botswana Stock Exchange (BSE) are deemed to be at cost.
- Certain disposals are exempt from tax including disposals of:
 - a principal private residence, owned for at least 5 years, provided no similar exemption was granted to the same taxpayer in the immediately preceding 5 years;
 - shares held in a resident company for at least one year which are traded on the BSE or are held in a public company as defined in the Act;
 - bonds and debentures issued by the Government of Botswana, Bank of Botswana or statutory bodies, shares in an IFSC company.

Assessed losses

- Trading losses, including farming losses can be carried forward for 5 years.
- Mining and prospecting losses can be carried forward indefinitely.
- Losses arising on disposal of property (capital losses) can be carried forward for only one year.
- Mining, prospecting, farming and capital assessed losses are ring-fenced (cannot be set-off against income from other sources).



Penalties

Penalties are levied for various offences including the following:

| Nature of offence | Penalty |
|---|--|
| Late filing of income tax return | Up to 100% of tax chargeable |
| Late/under-payment of income tax | Compound interest at the rate of 1.5% for each month or part of a month tax remains outstanding. |
| Failure to comply with a notice to file an income tax return | Up to P2 000 |
| Incorrect return, due to negligence, or carelessness, giving rise to additional tax | Up to 100% of additional tax |
| Incorrect return, due to fraud or wilful default, giving rise to additional tax | Up to 200% of additional tax |
| Tax avoidance | Up to 200% of additional tax (minimum P10 000) |
| Failure to comply with transfer pricing rules | Up to 200% of additional tax (minimum P10 000) |

Tax year

- The tax year commences on 1 July and ends on 30 June of the following year.
- In the case of companies, the adopted financial year constitutes the tax year.

Company tax

A company is defined in the Income Tax Act as including an association or society, public character trust and not-for-profit organisation but excludes a partnership.

Liability to tax

- A resident company, other than an IFSC company is liable to tax on income accrued or deemed to have accrued from a source within or deemed to be within Botswana.
- An IFSC company is liable to tax on income accrued or deemed to have accrued from all sources both inside and outside Botswana i.e. worldwide income.
- Income from different types of businesses is treated as income from one business except for income from the business of mining or farming or income from the disposal of property.
- In arriving at taxable income, deduction is allowed of expenditure wholly, exclusively and necessarily incurred in earning assessable income.
- Interest deduction is restricted to 30% of tax Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA). Any excess is carried forward for 10 years in the case of mining companies and 3 years in all other cases.
- The restriction does not apply to a banking or insurance company, a variable loan stock company or a small or medium enterprise which is not a member of a group.



Resident company

- A company is resident in Botswana in the following circumstances:
 - It is incorporated in Botswana,
 - It is managed and controlled from Botswana.
- A resident company's taxable income includes:
 - Botswana source income and capital gains;
 - Deemed source income:
 - Repatriated foreign branch profits; and
 - Foreign investment income - dividends, interest, and capital gains.
- Relief for foreign tax payable on deemed source income is granted.

Non-resident company (external company or branch)

- A non-resident company is liable to tax on Botswana source income and capital gains only, irrespective period of presence in Botswana.
- Where the company is tax resident in a treaty country business profits are taxable to the extent to which they are attributable to a Botswana PE of the company.

Tax base (differences between book and taxable profits)

The difference between book and tax profits occurs primarily due to:

- Differences between depreciation rates and rates for capital allowances
- Unapproved donations
- Unrealised exchange gains and losses
- General provisions
- Fair value adjustments
- Right of use interest
- Interest expense limitation
- Profit of disposal of assets
- Penalties including tax penalties and interest.

Groups

Apart from provisions relating to the BDC there are no provisions for group taxation or group relief in Botswana.

Self-Assessment Tax (SAT)

- Companies pay tax in quarterly installments on a current-year basis with final top-up payment due within 4 months of the financial year-end.
- To avoid penalty interest each quarterly installment should amount to at least 20% of the ultimate tax liability for the year.

Filing of corporate tax returns and transfer pricing documentation

The corporate tax return and transfer pricing documentation are due for filing within 4 months of the financial year-end.

Special tax regimes and tax incentives

International Financial Services Centre (IFSC)

- Applies to IFSC accredited companies
- Reduced tax rate of 15% applies to taxable income arising from approved activities.
- Exemptions from tax:
 - Dividend income from qualifying foreign participation;
 - Capital gains from the disposal of qualifying foreign participation (a holding by an IFSC company in a foreign company in which it controls, directly or indirectly, alone or with connected person, at least 25% of the share capital and of the voting rights;
 - Payments, to non-residents, of management or consultancy fees, interest, commercial royalties and dividends; and
 - Gains arising on disposal of IFSC company shares.

Selibe Phikwe Economic Diversification Unit (SPEDU)

- Reduced tax rates apply to income from approved businesses operated in specified geographical areas around Selebi-Phikwe constituting the SPEDU region.
- Approval of a business is obtained by application to the Minister of Finance
- SPEDU tax rates
 - 5% tax rate will apply to the first 5 years of operation of a new business or for existing businesses, the first 5 years commencing on the date specified in the tax relief certificate and
 - 10% thereafter.

Special Economic Zones (SEZ)

- Income tax and other incentives are available to investors and developers carrying on licensed operations in a SEZ.
- The following tax rates apply to profits generated from SEZ-licensed operations:
 - First 10 years of operation – 5%
 - Subsequent years – 10%

Innovation Hub

Income accruing to qualifying companies is subject to a corporate tax rate of 15%.

Mining companies

- The mining company (excluding diamond mining companies) tax rate is determined by a profitability formula:
 - Minimum tax rate - 22%
 - Maximum tax rate - 55%
- Income from mining and prospecting operations is determined separately from other business income.
- Mining capital expenditure is deductible in

- full in the tax year incurred.
- Deduction of head office expenses is restricted to 1.5% of mining gross income. Any excess is treated as a dividend subject to WHT.
- Losses from mining and prospecting operations are ring-fenced and are carried forward indefinitely.
- Interest deduction is restricted to 30% of EBITDA. Any excess is carried forward for 10 years.
- Proceeds from the disposal of shares or an interest in a company holding Botswana mineral rights or any interest in mineral rights or any prospecting information or any mining or prospecting rights over land situated in Botswana are taxable as business income.



Manufacturing Development Approval Order (DAO)

- A manufacturing DAO is issued to approved manufacturing businesses.
- The DAO provides for a reduced corporate tax rate on manufacturing business profits of 15%.

Farming

- In addition to the deduction of expenditure wholly, exclusively and necessarily incurred in the production of farming assessable income, expenditure on specified farm improvements is deductible in full in the tax year incurred.
- Taxable income (losses) from farming is determined separately.
- Farming losses are ring-fenced and are carried forward for 5 years.

Tax Agreements

- The Minister of Finance is empowered to enter into a tax agreement with any person.
- A tax agreement may
 - provide for the exemption from tax of any dividend, interest, commercial royalty, entertainment fee or management or consultancy fees;
 - relieve the party to the agreement from any duties or liability under the Act.
- The tax agreement provisions do not apply to mining companies, except for diamond mining companies.



Corporate tax rates

| Taxpayer | Type of income | Tax rate |
|---|--|-----------------|
| Resident company | Taxable income including capital gains | 22% |
| Non-resident company | Taxable income including capital gains | 30% |
| IFSC company | Approved financial services income | 15% |
| IFSC company | Gains on disposal of qualifying foreign participation, Dividends from qualifying foreign participation | 0% |
| IFSC company | Other income and capital gains | 22% |
| Mining entity | Mining taxable income and capital gains | 22% - 55% |
| Manufacturing business (DAO holder) | Manufacturing taxable income | 15% |
| SPEDU business (DAO holder) | First 5 years | 5% |
| SPEDU business (DAO holder) | Year 6 and subsequent years | 10% |
| SEZ business | First 10 years | 5% |
| SEZ business | Year 11 and subsequent years | 10% |
| Innovation Hub company | Qualifying income | 15% |
| Pension and Provident Fund not approved by the Commissioner General | Investment income | 10% |
| Residents | Foreign dividends | 10% |
| Entities/Income not specified above | All income | 25% |



Personal tax

Resident individuals are subject to tax on income, including business profits, remuneration for services rendered, investment income and capital gains, accrued or deemed to have accrued from a source within Botswana.

Deemed source income includes:

- remuneration for services rendered outside Botswana during temporary absence from Botswana,
- foreign business profits repatriated to Botswana,
- foreign investment income and capital gains.

Cash and non-cash benefits accruing to an employee are taxable. These include:

- Benefit equivalent to the difference between the market value of shares options exercised and the cost incurred by the employee in a share option scheme;
- Allowances, to the extent to which the allowance is not expended on the employer's business;
- The benefit arising from use of company car is determined by formula based on the cost of the motor vehicle. Where the employee pays for the fuel, an adjustment at pre-determined values is made to the company car benefit;
- Interest free or low interest-bearing loans provided by the employer give rise to a taxable benefit in the hands of the employee, equivalent to the difference between interest calculated at the commercial rate of interest for the relevant tax year and the interest paid by the employee.



- The benefit arising from employer provided housing is determined by formula
 - 10% of municipal valuation of a rated property or
 - 8% of the floor area of the house.
- A taxable benefit equivalent to 10% of the cost of furniture, arises where the cost of household furniture provided by an employer exceeds P15 000.

Management or consultancy fees, interest and royalties payable to a non-resident are deemed to be from a Botswana source and are subject to a final WHT.

Residence criteria:

- Residence is determined on a tax year basis by reference to the period of physical presence in Botswana or maintenance of a permanent place of abode in Botswana.

Income/benefits exempt from tax include:

- An amount equivalent to one third of the following:
 - Contractual terminal gratuity payable to an expatriate;
 - Severance pay;
 - Amount of severance pay or gratuity transferred to an approved pension fund;
 - Retrenchment package (if less than P48 000 the whole amount is exempt).
- Medical fund contributions, medical expenses and the value of contractual travel for the employee and his/her family borne by the employer.
- Bank or building society interest not exceeding P7 800 per annum accruing to a resident.

Special rules for expatriates

- Botswana source income accruing to an expatriate is subject to tax in Botswana at resident or non-resident tax rates depending on the tax residency status of the expatriate for the tax year.

Tax registration, filing and payment of tax:

- Every individual earning above a specified income threshold is required to register as a taxpayer.
- Individual annual returns are due for filing on or before 30 September following the end of the relevant tax year.
- Credit for provisional tax deducted at source and relief for foreign tax paid is granted.
- Assessed tax is payable within 30 days of the date of assessment.



Individual tax rates

Tax rates for residents

| Taxable income (P) | Tax (P) |
|---------------------------|--|
| 0 – 48 000 | 0 |
| 48 001 – 84 000 | 0 + 5% of excess over P48 000 |
| 84 001 – 120 000 | 1 800 + 12.5% of excess over P84 000 |
| 120 001 – 156 000 | 6 300 + 18.75% of excess over P120 000 |
| 156 001 and above | 13 050 + 25% of excess over P156 000 |

Tax rates for non-residents and deceased estates

| Taxable income (P) | Tax (P) |
|---------------------------|--------------------------------------|
| 0 - 84 000 | 5% on every Pula |
| 84 001 – 120 000 | 4 200 +12.5% of excess over P84 000 |
| 120 001 – 156 000 | 8 700 +18.75 of excess over P120 000 |
| 156 001 and above | 15 450 +25% of excess over P156 000 |

Capital gains tax rates for individuals

| Taxable income (P) | Tax (P) |
|---------------------------|--|
| 0 – 36 000 | 0 |
| 36 001 – 84 000 | 0 + 5% of excess over P36 000 |
| 84 001 – 120 000 | 2 400 + 12.5% of excess over P84 000 |
| 120 001 – 156 000 | 6 900 + 18.75% of excess over P120 000 |
| Over 156 000 | 13 650 + 25% of excess over P156 000 |



Withholding Tax (WHT)

WHT apply to certain payments, by a resident or by a fixed base, branch or PE of a non-resident.

Statutory WHT rates and exemptions

| Nature of payment | Statutory WHT rate | | Exemptions |
|---|---------------------|---|--|
| | Resident payee | Non-resident payee (no treaty protection) | |
| Dividends | 10% | 10% ¹ | Payments by an IFSC company to a non-resident or another IFSC or a specified CIU |
| Interest | 10% ^{2, 4} | 15% ^{1, 3} | Payments by an IFSC company to a non-resident or another IFSC or a specified CIU |
| Management or consultancy fees | - | 15% ^{1, 3} | Payments by an IFSC company to a non-resident or another IFSC or a specified CIU |
| Commercial royalties | - | 15% ^{1, 3} | Payments by an IFSC company to a non-resident or another IFSC or a specified CIU |
| Construction contract related payments | 3% ⁴ | 3% ⁴ | <ul style="list-style-type: none"> • Payments to a treaty protected non-resident in the absence of a PE • Certain payments to contractors where the contract value is less than P2 million • Payments relating to contracts exclusively for design, engineering, surveying work and other related professional services |
| Rent (land and buildings) | 5% | 5% | <ul style="list-style-type: none"> • Non-business rent paid by an individual • Payment for accommodation in a hotel, motel, lodge or guesthouse • Rent payable that is less than P48 000 per annum |
| Commission and brokerage fees | 10% ⁴ | 10% ⁴ | Annual amount payable to a resident individual is less than P48 000 |
| Livestock purchases for slaughter, or feeding for slaughter | 4% ⁵ | 4% ⁵ | |
| Surplus mine rehabilitation funds | 10% | 10% | |

1. If payee is tax resident in a treaty country the DTA rate will apply.

2. This is a final tax if the interest is payable to a resident individual.

3. Final tax no further tax obligation for the payee arises.

4. Provisional tax credited on assessment.

5. Final tax where livestock is not sold in the ordinary course of trade.

Double Taxation Treaty Rates³

| Country name | Interest | Royalties | Dividends ¹ | Management & consultancy |
|----------------------|----------|-----------|------------------------|--------------------------|
| South Africa | 10% | 10% | 10%/15% | 10% |
| Sweden | 7.5% | 10% | 5% | 15% |
| Mauritius | 12% | 12.5% | 5%/10% | 15% |
| France | 10% | 10% | 5%/12% | 7.5% |
| Namibia | 10% | 10% | 10% | 15% |
| Seychelles | 7.5% | 10% | 5%/10% | 10% |
| Barbados | 10% | 10% | 5%/10% | 10% |
| United Kingdom | 10% | 10% | 5%/10% | 7.5% |
| Zimbabwe | 10% | 10% | 5%/10% | 10% |
| India | 10% | 10% | 7.5%/10% | 10% |
| Russia | 10% | 10% | 5%/10% | 10% |
| Mozambique | 10% | 10% | 10% | 10% |
| Zambia | 10% | 10% | 5%/7% | 10% |
| Ireland | 7.5% | 5%/7.5% | 5% | 7.5% |
| Kingdom of Eswatini | 10% | 10% | 10% | 10% |
| China | 7.5% | 7.5% | 5% | See note 2 below |
| Malta | 8.5% | 5%/7.5% | 5%/6% | 7.5% |
| Lesotho | 10% | 10% | 10%/15% | 10% |
| Luxembourg | 7.5% | 7.5% | 5%/10% | 7.5% |
| Czech Republic | 7.5% | 7.5% | 5% | 7.5% |
| United Arab Emirates | 7.5% | 7.5% | 5%/7.5% | 5% |

1. Lower rate generally applies where the shareholding is 25% or more

2. Royalties include fees for technical and consultancy services

3. Where the tax treaty rate exceeds the statutory rate, the statutory rate applies



Go Beyond



Value Added Tax (VAT)

VAT overview

VAT is levied in terms of the Value Added Tax Act (Chapter 50:03)

- VAT is levied on the supply of taxable goods and services by a registered vendor for consideration and on importation of goods and services.
- VAT registration is mandatory where a person regularly or continuously makes taxable supplies, in Botswana or partly in Botswana, exceeding or which are expected to exceed P1 million in a period of 12 months.
- Registration is voluntary where the value of taxable supplies exceeds P500 000 in a twelve-month period.
- Supplies are categorized as:
 - Taxable supplies:
 - Standard rated supplies;
 - Zero rated supplies (specified in the First Schedule); and
 - Exempt supplies (specified in the Second Schedule).
- Standard rated supplies are subject to VAT at the rate of 14%.
- To mitigate the rising cost of living the VAT rate was reduced to 12% for the period 3 August 2022 to 31 March 2023.

Accounting for VAT

- For each tax period a registered vendor is required to account for output VAT levied on taxable supplies made and is entitled to claim credit for input tax incurred on supplies utilized in making taxable supplies.
- The excess of output tax over input tax is payable to BURS within 25 days of the end of the VAT period and the excess of input tax over output tax is refundable by BURS.
- VAT on imported services is payable to BURS within 30 days of the date of importation.

VAT Returns

- A VAT return is due for filing on or before the 25th following the tax period.
- A tax period is equivalent to one month where taxable supplies exceed P12 million per annum (category C) and 2 months where taxable supplies amount are less than P12 million per annum (Category A or B). Categories are assigned by BURS.
- Input tax credit can be claimed in the VAT period incurred or
 - in the next 3 VAT periods for category C; or
 - the next VAT period for categories A and B; or
 - in the next period where it relates to import VAT.



Transfer duty

Transfer duty overview

Transfer duty is levied in terms of the Transfer Duty Act (Chapter 53:01)

- Transfer duty is payable by:
 - The purchaser, on the transfer of immovable property;
 - The person into whose name any property registered in the Deeds Registry is to be registered or transferred;
 - Every person becoming entitled to any such property by way of exchange, donation, legacy, testamentary or other inheritance or in any manner otherwise than through purchase and sale;
 - Every person who registers a grant or concession including a tribal land lease or concession; and
 - The lessee, on the registration of a lease of immovable property, which runs or is capable of running for a period of 50 years.
- A change in the beneficial ownership of company shares, except shares listed on the BSE, which has the effect of passing control of or entitlement to benefit from immovable property is deemed to be a transaction involving the immovable property.
- Transfer duty is levied on the purchase price of property/aggregate rental payable or the value of the property, whichever is greater.

Transfer duty rates

| Category of transferee | | Duty rate |
|---|---|-----------|
| Transferee is a citizen or company owned, in the majority, by a citizen/s | | 5% |
| Transferee is a non-citizen or company that is not 100% citizen-owned | Up to 2 May 2023 | 30% |
| Transferee is a non-citizen or company that is not 100% citizen-owned | Up to P2 million of the purchase price or value - with effect from 3 May 2023 | 10% |
| Transferee is a non-citizen or a company that is not 100% citizen-owned | Excess over P2 million of the purchase price or value - with effect from 3 May 2023 | 15% |
| Entity that is neither a natural person or nor a company | | 5% |

Exemptions from transfer duty

- Exemptions from transfer duty include:
 - Transactions subject to VAT (with effect from 3 May 2023)
 - The first P1.5 million (P1 million up to 2 May 2023) of the purchase price/value in a transfer to a citizen;
 - Donations to the under-privileged and qualifying associations;
 - First time acquisition of residential property/undeveloped plot by a citizen (to be used as own residence);
 - Transfer from a citizen to a 100% citizen-owned company and vice versa;
 - Inheritance by a spouse on the death of the other spouse; and
 - Inheritance by a parent on the death a child who did not have a spouse or child.
- Any claim for exemption from transfer duty should be supported by an exemption certificate issued by the Commissioner General. This requirement does not apply to certain specified transactions.

Transfer duty declaration and payment

- A declaration of the transfer/alienation, supported by a property valuation certificate executed by a registered property valuer, should be submitted to BURS within 30 days of the date of sale, transfer or possession whichever comes first.
- Certain specified exempt transactions are exempt from the requirement to submit a valuation certificate and from lodging declarations to the Commissioner General.
- Transfer duty is administered by the Commissioner General, BURS and is due for payment within 60 days of the date of assessment.
- Transfer duty is waived to the extent of VAT payable (transactions up to 2 May 2023).







Capital Transfer Tax (CTT)

Capital Transfer Tax (CTT) overview

CTT is levied in terms of the Capital Transfer Tax Act [Chapter 53:02].

- CTT is levied on the value of chargeable gratuitous dispositions and inheritances.
- It is payable by the donee (beneficiary or heir).

Exemptions from CTT

Certain specified disposals are exempt from CTT. These include:

- Donations to the under-privileged and to qualifying associations;
- Transfer of property by a citizen to his/her wholly owned company and vice versa;
- Disposal that enables first time ownership of residential property/undeveloped plot by a citizen;
- Inheritance by a spouse on the death of the other spouse;
- Donation for the benefit of the donor's spouse.



CTT rates

- Resident company - 12.5%
- Non-resident company - 12.5%

Tax rates - Donee/beneficiary other than a company

| Chargeable value (P) | CTT rate |
|----------------------|----------|
| First P100 000 | 2% |
| Next P200 000 | 3% |
| Next P200 000 | 4% |
| Balance | 5% |

CTT declaration and payment

In practice the donee/beneficiary is required to:

- Register for CTT;
- Make a declaration in writing to the Commissioner General;
- Pay the CTT within 30 days of the date of assessment.



BURS e-filing



The BURS e-filing system, Lekgetho Live can be accessed on the BURS website

www.burs.org.bw



Registration

Registration as a taxpayer and registration for e-services are a prerequisite for access to e-services.



E-services

Electronic services include:

- Payment of tax and generation of receipt
- Submission of returns
- Access to returns filed electronically
- Generation of the tax compliance report, receipts and account statements
- Application for and generation of tax clearance certificate



About Grant Thornton Botswana

“Local feel, global team”

Grant Thornton in Botswana is a member firm of Grant Thornton International Limited, a network of independent firms, made up of 68,000 people in over 147 markets. And we're here to help dynamic organisations realise their potential for growth.

Our purpose in Botswana

Play our role in shaping a vibrant economy. We impact society through who we work with, what we do for them, what we speak out on and how we are as a business.

- Create an environment where our people flourish
- Build trust and integrity in the market
- Unlock “sustainable” growth in dynamic organisations (our clients)

Our services



Assurance



Taxation



Advisory



Business Process Solutions



Corporate Services

1976

established

1992

member firm of
Grant Thornton

2

offices in Gaborone
and Francistown

5

service lines

>54%

citizen ownership

11

partners and
directors

13

managers

37

professionally
qualified staff

146

employees

131

citizen staff

69%

women staff

69%

youth staff

Professional membership/affiliation

Grant Thornton

Member of Botswana Accountancy Oversight Authority (BAOA)
Audit firm of public interest entity

Member of Botswana Institute of Chartered Accountants (BICA)
Non-audit service firm

Registered with Botswana Stock Exchange (BSE)
Registered advisor - Reporting accountant and Auditor

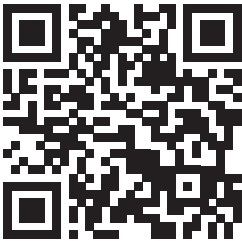
Approved by Bank of Botswana
Bank auditor

Professional staff

'Certified Auditor of Public Interested Entity' - Botswana Accounting Oversight Authority (BAOA)
4 partners (including 1 Motswana)

"Fellow", "Associate", or "Accounting Technician" member - Botswana Institute of Chartered Accountants (BICA)
Service line and operations professional staff

"Fellow", "Associate", or "Accounting Technician" member - various professional bodies CA, ACCA, CIMA, CFA, CISA, CWA, MBA, CRISC, CIA, CNSP
Service line and operations professional staff



Forward thinking insights: our value-add

We guide our clients to address pressing business issues and tackle tomorrow's challenges to look ahead by sharing the latest knowledge, insights and thought leadership.

Scan the QR code to read our insights

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Grant Thornton Botswana



Private Business
Growth Awards



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(Latest insight publications)



Glossary

| | |
|---------------|--|
| BDC | Botswana Development Corporation |
| BIH | Botswana Innovation Hub |
| BSE | Botswana Stock Exchange |
| BURS | Botswana Unified Revenue Services |
| CIU | Collective Investment Undertakings |
| CTT | Capital Transfer Tax |
| DAO | Development Approval Order |
| EBITDA | Earnings Before Interest, Taxes, Depreciation and Amortization |
| IFSC | International Financial Services Centre |
| OECD | Organization for Economic Cooperation and Development |
| PE | Permanent Establishment |
| SEZ | Special Economic Zones |
| SEZA | Special Economic Zones Authority |
| SPEDU | Selibe Phikwe Economic Development Unit |
| VAT | Value Added Tax |
| WHT | Withholding Tax |

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