

Key highlights of Botswana Budget 2026/27

Presented by Vice President Hon. Ndaba N Gaolathe, MP and Minister of Finance

3.9%

INFLATION AS AT DEC 2025

5

IMPORT COVER (MONTHS)

47.4bnFOREX RESERVES AS AT DEC 2025
(BWP)**77.22bn**2026/27 BUDGETED REVENUE AND
GRANTS (BWP)**23.38bn**2026/27 DEVELOPMENT BUDGET
(BWP)**67.78bn**

2026/27 RECURRENT BUDGET (BWP)

26.35bn

2026/27 BUDGET DEFICIT (BWP)

3.1%2026/27 PROJECTED GDP GROWTH
RATE

Rollout of a national e-procurement system and review of the Public Procurement Act

Centralised Government Purchase Orders (GPOs) to control government spending

Ring fencing of P1.85bn for infrastructure maintenance

Comprehensive review and modernisation of tax system to strengthen compliance and broaden the tax base (refer to page 6 and 7 of this publication for further details)

Review of the Public Finance Management Act to strengthen accountability

Strengthen local supplier participation in manufacturing value chains through procurement and regulatory reform

Modernisation of land administration systems through geospatial information centre

Government driven industry initiatives

Agriculture and agro processing

- Implement 26 BETP agriculture cluster projects to drive exports
- Invest in research, seed systems and productivity, and support facilities to reduce reliance on import
- Enable regulated cultivation of industrial hemp and medicinal cannabis through phased trials and licensing
- Launch Botswana Mercantile Exchange (BMX) to provide transparent, market-based pricing for commodities

Tourism, transport and logistics

- Establish a national road agency to strengthen national connectivity
- Expand and modernise aviation infrastructure and enhance regional network
- Fast-track lease renewals and renew tourism sites and concession areas

Manufacturing and industrial development

- Prioritise assembly-based manufacturing, resource based heavy industry and clean technologies
- Align manufacturing skills development with TVET centres of excellence to supply job ready industrial skills

Healthcare

- Introduce National Health Insurance (NHI) through phased policy and legislative rollout
- Reform Central Medical Stores (CMS) to reduce medical supply costs by 30-40% over five years
- Establishment of national health intelligence centre for collecting, processing and analysing real-time data

Digital economy, innovation and social infrastructure

- Expand 1Gov1Citizen e-services platform, reducing queues and improving service delivery
- Roll out a National Digital Identification System to enable secure public and private transactions
- Strengthen digital payments and financial infrastructure, including National Retail Payments Switch (NRPS) integration
- Shift from welfare dependency to empowerment focused programmes
- Reposition TVET as a first-choice pathway through new legislation and centres of excellence

Financial services and MSME development

- Support early-stage innovators through incubation models and reduction of over reliance on collateral based lending
- Implement findings of the World Bank MSME finance study to strengthen the financing ecosystem
- Botswana's integration into global markets through targeted trade negotiations to lead economic diversification

Energy and mining

- Accelerate renewable energy rollout, targeting 50% renewable contribution by 2030 under the revised Integrated Resource Plan.
- Expand strategic transmission infrastructure, including the north-west transmission grid phase II, to enable exports
- Promote mining sector diversification, including copper and battery grade manganese development

“Fiscal discipline, transparency, and accountability in project selection, structuring, and execution are therefore non-negotiable.”

Extract from 2026 Budget Speech

Botswana budget 2026/27

“The budget points to a decisive shift from Government being the primary driver of economic activity, to becoming the architect of an enabling environment - strengthening systems, reinforcing governance and creating the conditions for meaningful economic transformation. Disciplined execution remains the critical success factor, essential for sustaining economic growth and advancing the country toward Vision 2036 prosperity for all.”



Kalyanaraman Vijay

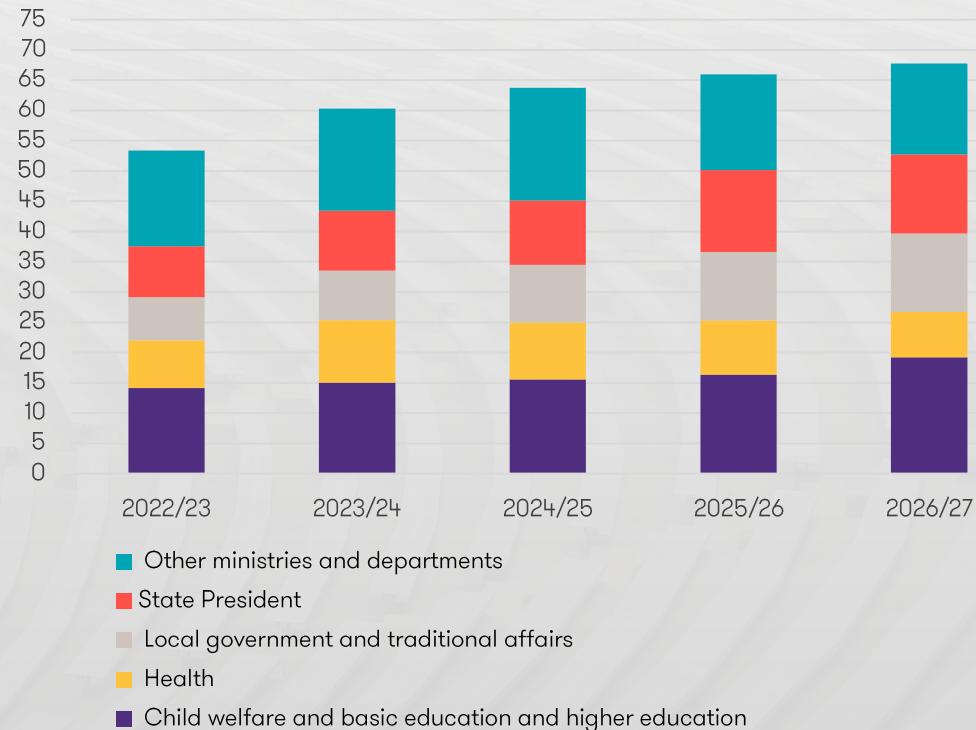
Managing Partner, Grant Thornton Botswana

Recurrent budget allocations

New era of economic transformation and fiscal prudence

The Ministerial recurrent budget for 2026/27 is P67.78 bn, a 2.8% / P1.83 bn increase from the 2025/26 budget.

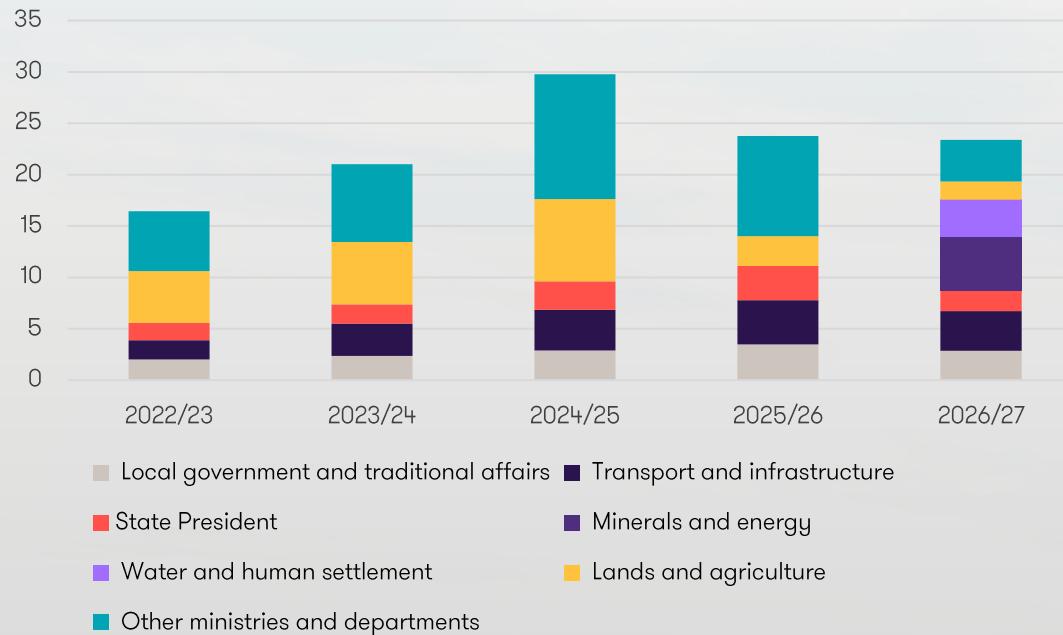
- The Ministry of State President is allocated the largest portion of the budget at P13.05 bn, which is 19.3% of the budget and a 4% increase from P12.55 bn allocated in the prior budget period. A significant portion of the budget will go to the operational costs for Botswana Police Service (BPS), Botswana Defence Force (BDF), and will also finance the absorption of Special Constables into Regular Constable cadre.
- The second largest individual Ministerial allocation goes to Ministry of local government and traditional affairs at P12.99 bn, which is 19.1% of the budget, up from P11.27 bn from prior year representing 15.2% increase from prior year. The larger allocation strengthens social development and service delivery, mainly due to the transfer of primary health care responsibilities and funding from the Ministry of Health under the 2024 portfolio rationalisation.
- Ministry of child welfare and basic education, and higher education budget allocation amounts to P19.2 bn, an increase of 17.5%, over the current year's approved budget of P16.34 bn. The proposed allocation will cover teachers' salaries and allowances, the development and implementation of child welfare policies and programmes.
- Ministry of health has been allocated the fourth-largest share of the proposed budget amounting to P7.51 bn, representing a 16.4% decline over the current year's approved budget of P8.98 bn. The decline in the Ministry's budget is mainly attributed to the transfer of personnel-related funds to the Ministry of local government and traditional affairs



Recurrent budget	BWP (bn)	%
Child welfare and basic education and higher education	19.20	28.3%
State President	13.05	19.3%
Local government and traditional affairs	12.99	19.1%
Health	7.51	11.1%
Other ministries and departments	15.03	22.2%
Total	67.78	100%

Development budget allocations

New era of economic transformation and fiscal prudence



The Development budget for 2026/27 is P23.38 bn, a 1.6% decrease from P23.75 bn allocated in the 2025/26 budget.

- The Ministry of minerals and energy has the largest share of the development budget amounting to P5.23 bn or 22.4% of the development budget. The provision is intended to reflect the Ministry's strategic focus on stabilising electricity supply, honouring national commitments linked to Morupule B Power Plant and strengthening the resilience of the national grid amid rising demand and regional supply constraints.
- The Ministry of transport and Infrastructure is allocated a budget of P3.86 bn or 16.5% of the development budget. This allocation supports Government's commitment of transforming Botswana into a regional transport hub.
- The Ministry of water and human settlement has been allocated the third largest share of the development budget amounting to P3.62 bn or 15.5% of the development budget. The ministry prioritises ongoing projects and completion of major water supply and sanitation projects, and to fund Social Housing Schemes such as the Bonno Turnkey Development Scheme.
- This Ministry of local governance and traditional affairs has been allocated P2.86 bn or 12.2% of the development budget as the fourth largest share. The allocation is meant to fund social welfare programmes, local government and tribal infrastructure, primary education development, and primary health care services. Social welfare programmes make up 69.9% of the Ministry's total budget.

Development budget	BWP (bn)	%
Minerals and energy	5.23	22.4%
Transport and infrastructure	3.86	16.5%
Water and human settlement	3.62	15.5%
Local government and traditional affairs	2.86	12.2%
State president	1.99	8.5%
Lands and agriculture	1.77	7.6%
Other ministries and departments	4.05	17.3%
Total	23.38	100%

Key tax reforms

As part of the government's efforts to modernise Botswana's tax framework and to align with global economic trends, key reforms have been introduced, with additional measures set for the upcoming fiscal period. These reforms include the introduction of VAT on remote services, brought about by the Value Added Tax (Amendment) Act, 2025 which was published on 31 October 2025. Following the comprehensive review of the tax legislation proposed changes were published in the Government Extraordinary Gazette on 15 December 2025 through the following Bills:

Income Tax Bill No. 36 of 2025

Value Added Tax Bill No. 38 of 2025

Tax Administration Bill No.37 of 2025

Customs (Amendment) Bill, No. 39 of 2025

These reforms reflect Botswana's ongoing efforts to expand the tax base, modernize its tax framework, enhance compliance, and align with international standards.

Detailed analyses and highlights concerning the Income Tax Bill, Value Added Tax Bill, the Tax Administration Bill, and the Customs (Amendment) Bill will be issued separately. Readers are encouraged follow our social media channels to keep up-to-date with our in-depth coverage and guidance on these specific legislative updates.

Value Added Tax (Amendment) Act, 2025 – overview

The 2025 amendment modernizes Botswana's VAT system, introducing VAT on remote services supplied by non-resident entities without a local presence. Remote services include professional and digital services, transactions relating to local property, inbound tourism, and telecommunications for local use or residents.

VAT Accounting

Entities falling into the following categories are required to account for VAT on remote services:

VAT-registered importers of remote services: This category is made of entities making taxable supplies and registered for VAT, government bodies, and large unregistered organizations making exempt supplies but exceeding the turnover threshold (P1 mn~USD75,000).

Non-resident suppliers of remote services, including electronic marketplaces, must register and remit VAT if annual supplies in Botswana exceed P500,000 (~USD37,500). A local VAT representative may be needed.

Electronic Fiscal Devices (EFDs)

On implementation VAT-registered entities will be required to use EFDs to record sales and issue tax invoices.

Scan the QR code to read our insight article



Income Tax Bill, 2025 – summary

Botswana's new income tax proposal seeks to broaden the tax base and align with international standards, shifting from a source-based to a residence-based system.

Key measures

Tax rates

- Corporate tax rises from 22% to 24.5%.
- Non-resident corporations face 24.5% corporate tax plus 10% withholding on repatriated profits; effective rate 32.05%.
- Individual top marginal rate increases to 27.5% over P400,000.
- Mutual associations to be taxed at 5% and unapproved funds at 24.5%.
- Trusts other than deceased estates – 25%.

Withholding tax (WHT)

- Introduction of final non-resident WHT on repatriated branch profits (10%), insurance premiums (5%), international transport (3%), and natural resource related payments (15%).
- Introduction of provisional tax on capital gains accruing to non-residents (10%).

Capital allowances

- Introduction of tax depreciation pooling with an option to depreciate movable assets using the diminishing value method and introduction of specific straight-line depreciation rates ranging from 12.5% to 25% for movable assets (Immovable assets remain at 2.5% pa with 25% initial allowance for qualifying industrial buildings).
- Intangible assets: Introduction of tax depreciation at 25% of preliminary expenditure and 10% or over the useful life of the intangible or lease period.

Foreign exchange losses

- Except for banks, net foreign exchange losses are not deductible in the year incurred but carried forward and set-off against foreign exchange gains arising in the next year.

International Financial Services Centre (IFSC) companies

- IFSC tax rate: Tax on qualifying activities profits increases from 15% to 17.5%.
- The Bill does not include tax exemptions of qualifying foreign participation foreign dividends and capital gains, payments by the IFSC company to non-residents of dividends, management fees, interest and commercial royalties and exemption from tax of capital gains accruing to IFSC shareholders on disposal of IFSC company shares.
- Change thin capitalization debt : equity ratio currently 3:1 (12:1 for banks) to average debt : average equity ratio of 2:1.

Mining companies

- Move from 100% deduction of capital expenditure to amortised deduction of development costs over life of development activity effective from the year of commercial production.
- Limitation of interest deduction: Introduction of thin capitalisation rules with an average debt : average equity ratio of 2:1.
- Introduction of a 15% final withholding tax on payments to non-residents of natural resource amount (including payments for the right to extract minerals).

Multinational entities (branch operations)

- Corporate tax rate reduced from 30% to 24.5%.
- Introduction of a final withholding tax on repatriation of branch profits of 10% resulting in an effective tax rate for branch profits of 32.05%.

These measures collectively signal significant changes to Botswana's tax framework, affecting compliance, cross-border transactions, and investment strategies. Businesses are encouraged to quantify and assess the tax impact of the proposed changes with a view to updating investment strategies and prepare for transition.

To assess the tax and VAT implications of the proposed changes on your business, contact our Head of Tax, olivia.muzvidziwa@bw.gt.com.

Dintlhako tsa kabo ya madi a sechaba mo ngwageng wa 2026/27

Tona ya tsa madi gape e le mothusa Tautona, Rre Ndaba Gaolathe, o simolotse pego ya gagwe ka go gakolola sechaba ka pego ya ngogola, fa a ne a supa seemo sa itshololelo se se sa iketlang le dikgwetlo tse di lebaganeng tsamaiso ya puso. O gateletse fa seemo se se amileng matshelo a Batswana bogolo thata letlhoko la ditiro le le amileng banana. Tona o supile fa seemo se sentse se tsweletse pele.

Dintlhako tsa pego:

1. Makalana aa ikemetseng ka nosi a rotloediwa go tsaya karolo mo go tsosoloseng le go tsamaiseng itsholelo.
2. Dipuisano magareng ga puso le ba United Arab Emirates (UAE) go rarabolola seemo sa botsogo di ya motsubong ebole go tla nna le tharabololo ee nametsang.
3. Puso e seegetse fa thoko madi a kanang ka P97 mn go lwantsha bolwetsi jwa tlhako le molomo jo bo tlhagoleng kwa kgaolong ya bokone.
4. Puso e seegetse madi a a kanang ka P1.85 bn go tokafatsa seemo se se sa itumediseng sa dikolo, dikokelwana le ditsela.
5. Tona o supile fa maiteko a go tokafatsa lekalana la Botswana Meat Commission (BMC) a simolotse go ntsha maduo aa nametsang ebole go buseletsa tirisanjo mmogo le seriti gareng ga baruakgomu le BMC.
6. Palamente tla bewa melao kakanyetsa ee latelang, maikaelelo e le go tlhofofatsa le go tokafatsa melawana ya tsa makgetho.
 - Value Added Tax (VAT) (2025)
 - Income Tax Bill (2025)
 - Customs Amendment Bill (2025)
 - New Tax Administration Bill (2025)
7. Puso e seegetse fa thoko madi aa kanang ka P3.02 bn go tokafatsa ditsela tse di latelang: Mmankgodit-Jwaneng, Rakhuna-Mabule, Kgoro-Magotlhwane, Mmandunyane-Mathangwane, Motopi-Makalamabedi, New Xade Junction-New Xade Road, Radisele-Pilikwe, Thamaga-Kubung, Moshupa-Manyana.
8. Puso e supile fa e seegetse P3.62 bn yo o tla dirisiwang go feleletsa mananeo a ntseng a tsweletse go isa metsi kwa bathong.

Compliance alert – mandatory filing of constitution

All companies are required to adopt and submit a new constitution in line with the Companies Amendment Act, 2025. The compliance deadline is **15 March 2026**. Failure to submit an updated constitution by this date may result in the company being struck off the CIPA register.

Immediate action is required to avoid non-compliance, contact aparna.vijay@bw.gt.com for further details about how to ensure that your company is compliant.



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Government to foster private sector led growth

With low single digit growth in the year 2026, the Botswana economy is expected to go back to its size of 2023 (in real / constant currency terms). The Government is focusing on enabling a conducive business environment for a deliberate transition from a Government-controlled economy to a private sector led economy with reduced structural dependency on the diamond mining sector. This will result in the Government no longer remaining the main off taker for various private sector businesses in Botswana. Market liberalisation, technological disruption, shifting regulatory requirements, and increasing regional and global competition mean that our private sector must adapt faster to capitalise on growth opportunities with confidence through:

- Assessment of target market size (domestic / regional / global), demand drivers, core competitors, key trends and outlook to inform strategic decision-making will be key.
- Feasibility studies evaluating operational, commercial and financial viability of products/ services, covering aspects such as business model sustainability, risk assessments, and resource requirements will be required to achieve sustainable diversification and growth.
- Improvement in operational effectiveness and efficiency through optimisation and modernisation of processes as well as reduction in operational costs through better resource allocation.

To help your business capitalise on growth opportunities, contact our Head of Advisory Services, arindam.ghosh@bw.gt.com.

Empowering Directors to lead with confidence

A strong Board starts with well-informed directors. Ensuring that Board members are kept up-to-date on changes in laws and regulations, governance practices, industry trends, and global developments, is critical to effective decision-making and long-term business success. This is best supported through focused, practical training shaped by a clear understanding of Board needs. Strong governance drives strong organisations.

Our Director training services equip Boards with the insight and capability they need to lead with confidence - through practical guidance on governance frameworks, regulatory responsibilities, and key enterprise risks. Tailored to the specific needs of each organisation, our programmes strengthen accountability, sharpen decision-making, and support long-term value creation.

For further details, contact our Head of Corporate Services, aparna.vijay@bw.gt.com.



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