



Grant Thornton

e-budget news

Synopsis of Botswana budget
proposals 2011-2012

Focus

"Cost effective and sustainable spending -
enhance transparency and accountability"

Highlights of budget proposals for the year 2011-12 presented by Honourable Minister of Finance and Development Planning, Mr. O K Matambo on 7 February 2011

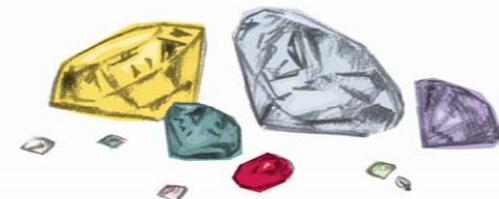


Fiscal highlights

- Reduction of corporate tax rate from 25% to 22%.
- Abolition of two tier company tax system.
- Withholding tax on dividend to be reduced from 15% to 7.5% .
- Individual tax threshold increased from P 30 000 to P 36 000 with effect from 1 July 2011.
- Value Added Tax on farming implements exempted.
- The Value Added Tax on personal allowance for goods imported as accompanied baggage increased to SACU units 1200 from 500 per person.
- Improvement of regulatory environment through the enactment and review of national legislation such as Securities Bill, Insurance Industry Act etc.
- Micro lenders regulation to be gazetted.

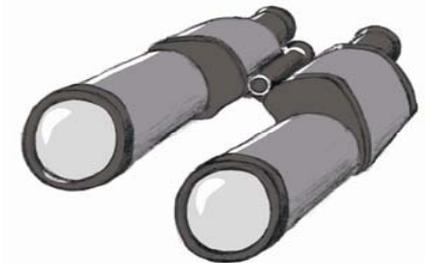
"The proposed amendments reflect the Government's commitment to simplify the tax legislations"

– Rajesh Narasimhan, Director - Taxation Services.



Economic Highlights

- Economy expected to grow by 6.8% in 2011 and 7.1% in 2012.
- Economy grew about 10.7% in real term over 4 quarters ending September 2010.
- Forex reserve of P 54.9 billion represents 17 months import cover as at November 2010.
- Average year on year inflation at 6.9% in 2010 (8.2% in 2009).
- GDP forecast in real terms in current prices expected to grow from P 101.59 billion in 2010 – 11 to P 118.1 billion in 2012 - 13.
- Budget deficit reduced from P 13.48 billion to P 9.47 billion in 2009-10.
- Domestic bond issuance program planned.
- Supplier Intelligence Management System developed by PEEPA to monitor performance of private sector service providers.
- New Immigration Act expected to improve administration and service delivery.
- Revised Citizen Economic Empowerment Policy to be presented to the cabinet in first quarter of 2011.
- Ministries mandated to outsource designated non-core services.
- IPO of BTC approved to sell up to 49% shares to Batswana.



"Road map for achieving balanced budget by 2012-13 is highly appreciable"

– Jay Ramesh, Managing Partner, Grant Thornton.

Economic Highlights

- Revised budget estimate shows a reduced deficit of P 10.22 billion for 2010-11.
- Proposed budget estimates show a reduced deficit of P 6.93 billion for 2011-12.
- Economic Diversification Drive (EDD) aimed at supporting private sector growth and development launched in April 2010.
- High priority to be provided for major maintenance of dilapidated infrastructure like school, roads and sewerage system.
- Trade Act being aligned with Industrial Development Act for simplification.
- Development of undersea fibre optic cable systems to improve connectivity.
- P 100 million allocated from alcohol levy fund for poverty eradication.
- Several measures initiated to research supply and demand of human resources, linking education with the employment and employment exchange services including setting up of Labour Market Observatory (LMO)
- Oversight of PPP to be centralized under Ministry of Finance and Development Planning.
- e-government strategy to be completed in 2011-12 to enhance government internet portal and key government applications.

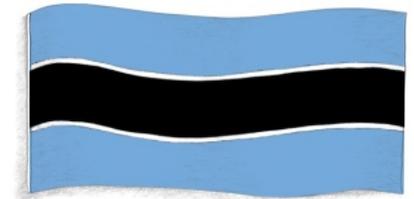


" Innovation to improve efficiency in service delivery to complement high growth strategy is welcome"

– Raja Ram, President, Grant Thornton.

Dintlha

- Tona o boleetse setshabe gore konokono ya kabo ya madi ya mono ngwaga e remeletse mo go fokotseng ditshenyegelo le mo go diriseng ditsompelo ka kelo tlhoko.
- Tona o lekodisitse setshaba gore itsholelo le madi a setshaba a setse morago lenaneo la kabo madi la ngogola le NDP10.
- Go solofetswe gore tokafalo ya itsholelo, phokotso ya ditshinyegelo, ga mmogo le tiriso e e lolameng ya ditsompelo di tla fokotsa tlhalelo ya madi. Go solofetswe gore e tlare ka ngwaga wa 2011/2012 seemo se be se tlokafetse mme ere ka 2012/2013 tlhalelo ya bo e seo.
- Kabo ya madi mo makalaneng a Puso e tla bo a lebagantswe le mananeo a sologelang setshaba molemo.
- Tiriso ya madi e ya go remeela thata mo mananeong a a nang le dipoelo tse di kwa godimo mo setshabeng.
- Puso le makalana a yone a eletsa go fokotsa mme phelelong go emisa go itirela ditiro le dithotho tse di ka bonwang kgotsa tsa rekwa mo bagwebing. Tse di akaretsa tlhokomelo ya tikologo, phephafatso ya dikantoro, jalo, jalo.
- Puso e dumetse go rekisetsa Batswana diabe tsa selekanyo sa 49% mo BTC yone e sale ka 51%.
- Makalana mangwe a bo bonweng fa ditiro dingwe tsa one di tshwana a tla kopanngwa go fokotsa seemo sa gore modirisi a ye kwa le kwa fa a tlhoka thuso.
- Lenaneo la CEEP le maikhelelo a lone e leng go tokafatsa seemo sa itsholelo sa Batswana le tla role ditona mo lephatlong la ntle la 2011.



Dintlha

- Puso e seka seka phetholo ya melawana mengwe, jaaka go nyeletsa lekgetho lele ga bedi la dikomponi, mme le emisediwe ke le le gangwe. Lekgetho le, le tla fokodiwa go tswa ko 25% go ya ko 22%.
- Mo godimo ga moo, puso e na le maikaelelo a go fokotsa legetho la dipoelo tsa diabe go tswa ko 15% go ya ko 7.5%.
- Gape mololwane wa dituelo tsa lekgetho le tla okediwa go tswa ko go P30 000 go ya go P36 000 ka ngwaga.
- Mololwane wa VAT mo dithothong tse go gorogwang ka tsone go tswa kwantle o tla tsholediwa go tswa mo go P500 go ya go P1200.
- Puso e akantse go emisa le kgetho la VAT mo didirisweng tsa temo, jaaka megoma, e.t.c
- Puso e akantse go anamatsa melawana ya kadimo madi mo bagwebing babotlana
- Puso e na le maekaelelo a go tofofatsa tsamaiso ya kabo ya ditesi tsa Thekiso segolo bogolo mo dikgwebong tse di potlana.
- Puso e na le maikaelelo a go fokotsa letlhoko la ditiro mo bananeng ba bas a tswang go fetsa dithutho tse di kwa godimo. Se se tla dirwa ka go lebaganya thutho le ditiro.
- Melawana ya bahiriwa ba batswa kwa e tokafaditswe. Se se tlaa fokotsa nako ee tsewang go thusa batho.



"A forward looking budget proposal anticipating a brighter future"
– Joseph Makwinja, Director – Business Consultancy.

Tax Tables – effective upto 30 June 2011

Resident individuals tax summary

Annual taxable income	Rate of tax
Up to 30 000	0%
30 001 to 60 000	0 + 5.00 % of excess over 30 000
60 001 to 90 000	1 500 + 12.50% of excess over 60 000
90 001 to 120 000	5 250 + 18.75% of excess over 90 000
Over 120 000	10 875 + 25.00% of excess over 120 000

Motor vehicle allowance

Cost of vehicle	Value of benefit	Fuel cost adjustment
Up to 50 000	2 500	1 000
50 001 – 100 000	5 000	2 000
100 001 – 150 000	7 500	3 000
150 001 – 200 000	10 000	4 000
Over 200 001	15% on excess over 200 000	5 000 maximum

"Improved diamond revenues reflect market optimism"
 - Vijay Kalyanaraman, Partner – Advisory Services

WHT Tax Tables

Withholding tax

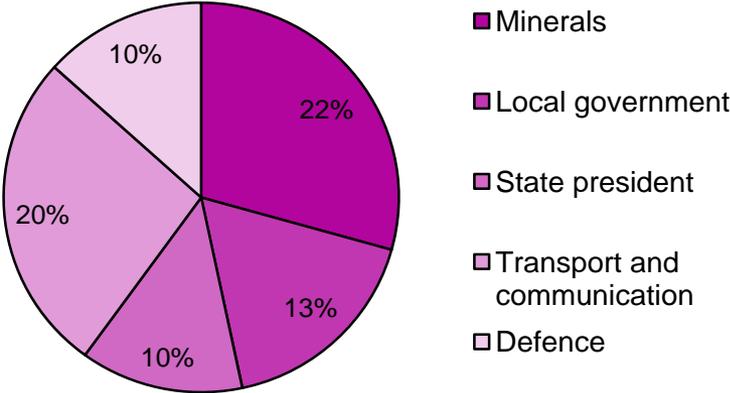
- *Dividends are withheld at lower rate if the beneficial owner is a company holding 25% or more of shares in the resident company declaring dividend.
- The proposed rate change of WHT on dividends is not incorporated in the table.

Payment of Payment to	Dividend	Interest	Royalties	Management and technical fees	Entertainment fees	Construction contract
Resident	15%	10%	-	-	-	3%
Barbados	10% or 5 %	10%	10%	10%	-	-
France	12% or 5 % *	10%	10%	7.50%	-	-
India	10% or 7.5% *	10%	10%	10%	-	-
Mauritius	10% or 5 % *	12%	12.50%	15%	-	--
Namibia	10%	10%	10%	15%	-	-
Russia	10% or 5 % *	10%	10%	10%	-	-
Seychelles	10% or 5 % *	7.50%	10%	10%	-	-
South Africa	15% or 10% *	10%	10%	10%	-	-
Sweden	15%	15%	15%	15%	-	-
United Kingdom	12% or 5% *	10%	10%	7.50%	-	-
Zimbabwe	10% or 5 % *	10%	10%	10%	-	-
Non treaty	15%	15%	15%	15%	10%	15%

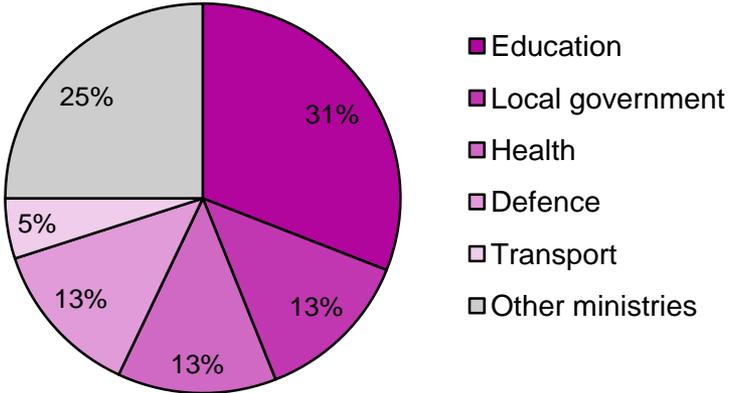
"Commendable job in reducing the average deficit for 3 years of NDP 10"
 – Dinesh Mallan, Partner – Audit Assurance

Budget allocation

Development expenditure



Recurrent expenditure



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