



BOTSWANA BUDGET 2018/19

Key highlights of Botswana Budget 2018 - 5 February 2018

3.2%  **INFLATION AT DEC 2017**

16.1 months  **IMPORT COVER**

7.5bn  **2017 FOREX SURPLUS (USD)**

19.31bn  **2018/19 DEVELOPMENT BUDGET (BWP)**

45.14bn  **2018/19 RECURRENT BUDGET (BWP)**

3.59bn  **2018/19 DEFICIT 1.8% of GDP (BWP)**

Economy

- Optimistic growth forecast of 5.3% in 2018 as compared to 4.7% in 2017
- “A” investment grade rating maintained
- Policies aimed at deregulation of the economy to create more space for the private sector
- More focus on improving the country’s “Doing Business” ranking
- Reforms and initiatives expected to stabilize power supply
- Overall fiscal balance for the 2016/17 was a surplus of P1.12bn
- Revised budget deficit for 2017/18 estimated at P2.42bn

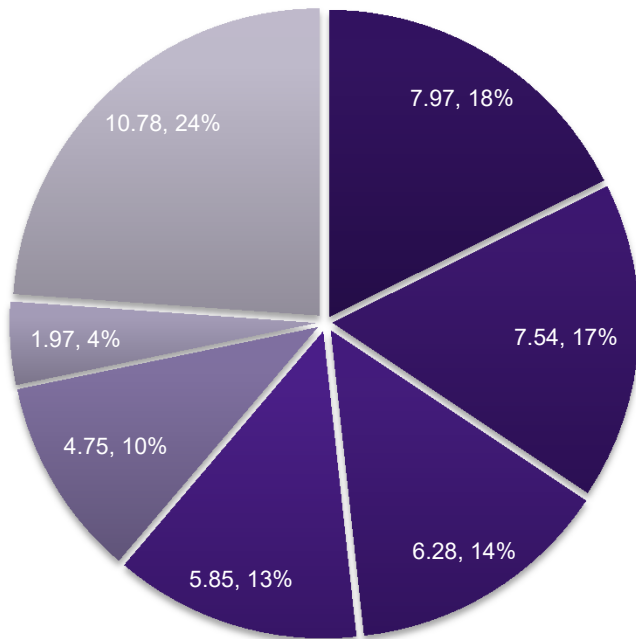
Strategic thrust

- Focus on the broad strategic intervention areas of:
 - promoting growth and economic diversification
 - investing in human capital for building an inclusive society, and
 - maintaining a sustainable fiscal policy
- Substantial investment set aside for development projects across energy, water, ICT and infrastructure, to enhance investor confidence
- Education and health continues to get the largest share of the recurrent budget
- Continued implementation of housing programmes under different schemes
- PEEPA and BAOA to strengthen the performance monitoring mechanisms for state owned enterprises
- BPC and WUC tariffs expected to be rationalized

Fiscal

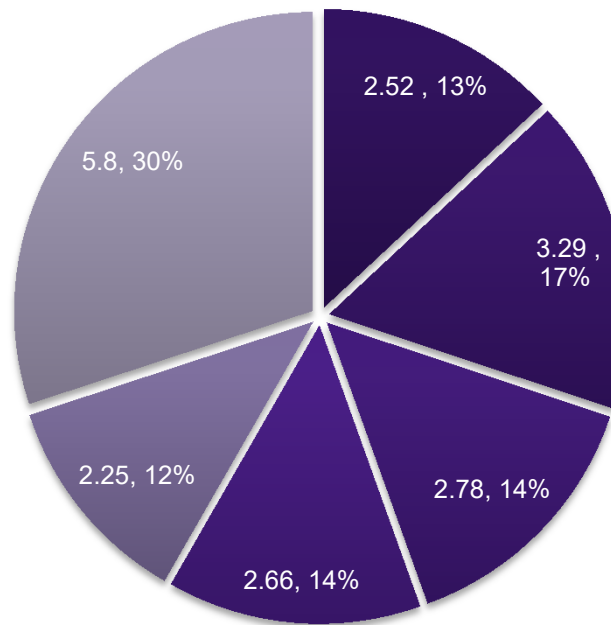
- Efforts underway to increase efficiency of collection of fiscal revenue
- Additional potential alternative sources of fiscal revenue to be identified
- More emphasis to be placed on prudent management of expenditure, to restrict spending to 30% (currently 34%) of GDP
- Projected deficit expected to be temporary, guided by the Medium Term Debt Management Strategy
- Tax Administration Act to be developed to improve efficiency of tax revenue collection
- Transfer Pricing rules to be introduced
- Review / amendments expected:
 - Income Tax Act
 - Botswana IFSC tax regime
 - Financial Intelligence Act and Regulations

Recurrent budget (BWP bn)



- Basic education
- Health and wellness
- Local government and rural development
- Defence, justice and security
- Tertiary education, research, science and technology
- Transport and communication
- Other ministries and departments

Development budget (BWP bn)



- Mineral resources, green technology and energy
- Land management, water and sanitation services
- Defence, justice and security
- Transport and communication
- Local government and rural development
- Other ministries and departments

“The improved outlook of economic growth reflects renewed optimism in Botswana. I am looking forward to seeing the effect of the 2018/19 budget’s strategic thrust on key focus areas to dovetail well with the NDP 11 theme of *inclusive growth for the realisation of sustainable employment and poverty reduction.*”

Vijay Kalyanaraman
Partner - Grant Thornton Botswana



Dintha tsa pego ya kabo madi a setshaba ya 2018/19

Tona ya tsa madi, ditlhabololo le ditogamaano, Rre Kenneth Mathambo, o simolotse pego ya gagwe ka go akgola Tautona, Lieutenant General, Dr. Seretse Khama Ian Khama go mo lebogela ditiro tse dintle tse a di diretseng itsholelo ya lefatshe leno. Dipatlisiso tsa ngwaga tse di le some tse di fitileng, di supa fa letlhoko la ditiro le lehuma di wetse tlase, fa itsholelo yone e ne ya seka ya wela tlase. Ikaego mo ditswang mmung e wetse tlase mo go dirile gore ikaego e ye ko godimo. Ntswa itsholelo ya Botswana e nnile le go golela pele, puso e ikemiseditse go dirisa madi ka kelotlhoko le boikarabelo go rurifatsa gore Botswana a tsewelele ka go gatela pele mo dingwageng tse di tlang.

Ditirelo tsa Setshaba: Tona o boletse fa makalana a ditirelo tsa setshaba, jaaka BTC, BHC, BOCRA, le BSB, a na le dipoelo tse di kgotsofatsang. Fa a mangwe jaaka BMC, NDB, BPC, WUC le Air Botswana one a sa dira sentle. Le fa gontse jaalo, puso e tla dirisanya le makalana a PEEPA le BAOA go seka seka methale ya go leka go tokafatsa ditirelo tsa setshaba. Puso, e tla tsewelela gape ka go seka seka ditlhwatlhwa tsa metsi le motlakase go di lebaganya le ditshenyegelo.

Thuto: Puso e tlaa seegela madi fa thoko, go oketsa boleng le boitseanape jwa Batswana ka kakaretso. Go rurifatsa seo, Tona o buile gore madi ka bontsi a tlaa abelwa lephata la thuto e le maikaelelo a go tokafatsa seemo sa thuto monogae.

Botsogo: Lephata le le lengwe le le abetsweng karolo e e ntsi ya madi ke la Botsogo. Puso e ikaeletse go tokafatsa seemo sa botsogo ka go seegela fa thoko madi a, go lebagana le mananeo a botsogo jaaka a HIV/AIDS, le go sekaseka mananeo a a leng teng, ka maikaelelo a go tokafatsa botsogo jwa Batswana.

Dikago, Ditsha le Ditlhabololo: Puso e tlaa tsewedisa mananeo a matlo le boroko jaaka SHAA, matlo a batlhoki le mananeo a BHC.

Madi a ditlhabololo: Go seegetswe madi fa thoko go lebagana le go tokafatsa seemo sa metsi mo lefatsheng le go fokotsa seemo sa letlhoko la metsi mo Botswana, bogolo jang mo Borwa jwa Botswana. Puso e ikaeletse go tsewedisa lenaneo la North-South carrier. Maphata a itshireletso, sepodise le dikgolegelo, a seegetswe madi go lebagana le go tokafatsa seemo sa dikago le dikgolegelo, le theko ya didirisiwa tsa itshireletso. Mo mading a ditlhabololo, puso e ikaeletse go segela madi go itebaganya le lephata la ditsela, ditlhaeletsanyo le maranyane. Madi a, a tlaa itebaganya le go tsewedisa maneo a go tlhabolola ditsela, tlhaeletsanyo le maranyane. Puso e tla tsewelela ka mananeo a tsa selegae, jaaka madi a bagodi, a bana ba masiela le dijo mo dikolong tsa puso. Tona o buile gore puso e ikaeletse go tokafatsa seemo sa motlakase ka go feleletsa Morupule A Power Station, le go tokafatsa maranyane a motlakase. Puso e ikaeletse go tsewedisa mananeo a ISPAAD le LIMID .

Makgetho: Puso e ikaeletse go tsewedisa go thama melawana ya makgetho le go tokafatsa kgobokanyo ya madi a lekgetho.

Tshoboko: Tona o kopile maphata a a itebagantseng le tiriso ya madi a sechaba go nna kelotlhoko le go nna le boikarabelo mo tirisong ya madi a sechaba.

Did you know?

Taxpayers can have additional tax benefits by way of donations.

With effect from 1 January 2018, donations to any charities whose ultimate beneficiaries are persons listed below, may be claimed as tax deductions as approved by *The Ministry of Finance and Economic Development*.

- orphaned children under the age of 18
- destitute persons
- people living with disabilities OR
- an institution that provides wellbeing to the orphaned children under the age of 18, destitute persons and people living with disabilities.

Specific government ministries have been nominated to recommend the beneficiaries to the Commissioner General. *The Ministry of Local and Government and Rural Development* will commend for the orphaned children under age 18 whereas the *Office of the President* will endorse the beneficiaries for destitute persons and people living with disabilities. The recommendations by the appointed Ministries will be valid for 3 years upon acceptance by the Commissioner General.

Resident individuals

Annual taxable income (BWP)	Rate of tax %
Up to 36 000	0%
36 001 – 72 000	0 + 5% of excess over 36 000
72 001 – 108 000	1 800 + 12.5% of excess over 72 000
108 001 – 144 000	6 300 + 18.75% of excess over 108 000
Over 144 001	13 050+ 25% of excess over 144 000

Capital gains individuals

Taxable income (BWP)	Rate of tax %
Up to 18 000	0%
18 001 – 72 000	0 + 5% of excess over 18 000
72 001 - 108 000	2 700 + 12.5% of excess over 72 000
108 001 – 144 000	7 200 + 18.75% of excess over 108 000
Over 144 001	13 950 + 25% of excess over 144 000

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Transfer pricing



Transfer pricing pertains to the costing and pricing of tangible goods, intangible asset and supplies of services transferred or moved between related companies or group of companies located in the same or different tax jurisdictions. Transactions involving related companies should apply the concept of *arm's length transactions*.

For further information contact **Rajesh Narasimhan, Tax Partner**
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