

BOTSWANA BUDGET 2020/21

Key highlights of Botswana Budget presented by Hon. Dr Thapelo Matsheka



BUDGET 2020

The pulse of Botswana's growth & development

“Transformation... private sector led growth”

2.2% ◆ INFLATION AT DEC 2019

14 months ◆ IMPORT COVER

70.6bn ◆ 2019 FOREX SURPLUS (BWP)

12.03bn ◆ 2020/21 DEVELOPMENT BUDGET (BWP)

51.37bn ◆ 2020/21 RECURRENT BUDGET (BWP)

5.22bn ◆ 2020/21 DEFICIT (BWP)

Construction of silos in agriculture SEZ to benefit commercial farmers

Government fees, charges and levies will be adjusted upward wef 1 April 2020

National e-commerce strategy to be in place by June 2020

Comprehensive review of state owned enterprises

Value for money audits on education and health sector

Formulating a law on Citizen Economic Empowerment

Four national priorities - promotion of export led growth, efficient government spending, building human capital & providing appropriate infrastructure

Review of eco system for export promotion and import substitution

Government to reserve licenses for citizen operators in the tourism sectors, including reserved concessions for citizens only

Non-citizen contractors to sub-contract a minimum of 40% of work to citizen-owned companies and transfer skills

Focus on a private sector driven economy

Improvement in project appraisal process through pre-feasibility, feasibility and independent review

Management company to take over the running of Botswana Meat Commission with effect from April 2020

Review of various legislations to improve the ease of doing business in Botswana, eg EIA Act

Improve efficiency in collection of taxes rather than amend tax rates

Re-prioritisation of approved projects and programmes to ensure efficient government spending

Review of PPADB Act to streamline procurement process and speed up project implementation

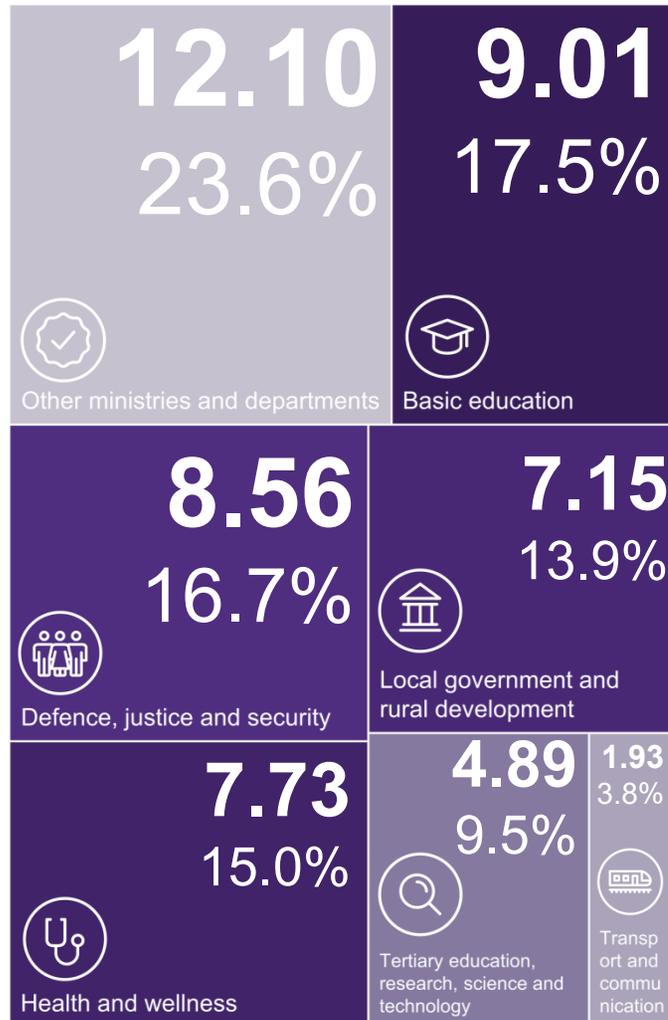
Refocus on agriculture and manufacturing sectors

Accelerate infrastructure development through review of Public Private Partnership

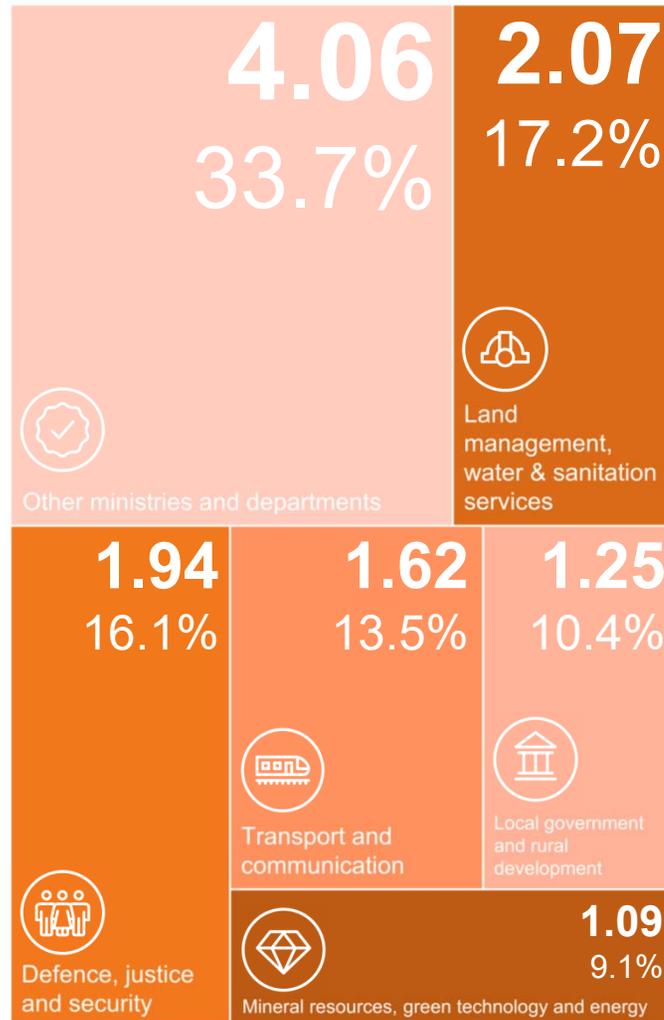
Digital integration of CIPA, BURS, PPADB to be done by the end of March 2020

Budget allocation graph 2020/21

Recurrent (BWP billion)



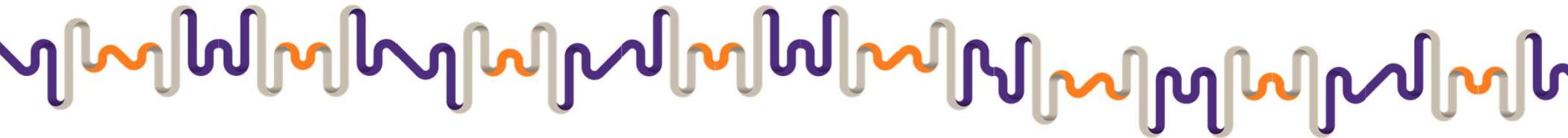
Development (BWP billion)



“The next phase of the growth of Botswana’s economy is in the hands of the private sector. With the transformation journey visualized by the Government of Botswana, it opens significant opportunities for private sector to collaborate towards building a vibrant Botswana.”



Kalyanaraman Vijay
Managing Partner
Grant Thornton Botswana



Dintlha tsa pego ya madi a sechaba ya 2020/21

Keta pele

Tona ya madi, ditlhabololo le ditogamaano, Ngaka Thapelo Matsheka o simolotse pego ya gagwe ka go akgola Rre Kenneth Mathambo yo e neng ele tona ya pele ya madi, ditlhabololo le ditogamaano, le go mo lebogela ditiro tse dintle tse a di diretseng lefatshe leno. A tswelala gape ka go akgola le ene Tautona Ngaka Mokgweetsi Eric Keabetswe Masisi, ka phenyo mo ditlhopong tse disa tswang go feta le ka boeteledipele jwa gagwe. Pego e e ikaegile thata mogo diragetseng maikaelo a NDP (11) le tebelopelo ya lefatshe ya 2036.

Rre Matsheka o supile fa puso e ikemiseditse go kabakanya itsholelo ka go tokafatsa mananeo a a latelang:

- Go tlhama ditiro tsa sennela ruri
- Go lwantsha tshenyetso sechaba
- Go tokafatsa tsa thuto le ditirelo
- Go tlhabolola tsa botsogo
- Go ngoka bagwebi ba mafatshe a sele le beng gae

O ne a ntsha matshwenyego ka madirelo a puso a a sa direng sentle bogolo jang BMC, e a supileng fa e tla tsamaisiwa ke boeteledipele jwa nakwana go simolola kgwedi ya Moranang monongwaga. O ne a supa gape gore African Development Bank, e ne ya kopiwa go sekaseka ka fa go ka tokafadiwang madirelo a NDB, mme ya ntsha dikgakololo tse di tla a tsenngwang mo tirisong ke bogogi jwa NDB mo nakong e e sa fediseng pelo.

Kgodiso ya itsholelo go tlhama ditiro

Puso e ikaetse go tokafatsa itsholelo ka go dira tse di latelang:

- Paakanyo ya ditsela
- Tokafatso ya seemo sa metsi, motlakase, maranyane le dithaeletsanyo
- Tokafatso ya tsa temothuo
- Thotloetso ya dikgwebo tsa beng gae
- Tokafatso ya tsa bodiragatsi le go rotloetsa beng gae go nna le seabe mo dikgwebo tsa bojanala

Ditirelo tsa sechaba

- Puso e ikaetse go tshweledisa mananeo a go berekisanaya le dikompone tse di ikemetseng ka nosi go thusa go fefosa ditirelo tsa botsogo.
- Puso e tshepisitse go tshweledisa mananeo a twantsho lehuma jaaka lenaneo la ipelegeng.
- Puso e ikemiseditse go tshweledisa mananeo a go thusa bana-lebogole, bagodi le masiela.

Lekgetho

Puso e ikaetse go oketsa ditlhwatlhwa tsa makgetho a ditirelo tse di faphegileng go oketsa letseno.

Koketso ya dituelo

Puso e tsere tshwetso ya go oketsa dituelo tsa badirela puso ka 6% le 10%.

National Competition Policy of Botswana

The Ministry of Investment, Trade and Industry, following its mandate to implement the National Competition Policy of Botswana, has reviewed the Competition Act and Consumer Protection Act in 2018. The review of both Acts resulted in the Ministry approving the following changes with effect from 2 December 2019.

- The transfer of the Consumer Protection Office function into a new authority named “**Competition and consumer authority**”
- The formation of a new tribunal called “**Competition and consumer tribunal**”
- The publication of Competition Regulation, 2019 replacing Competition Regulations, 2011
- The conditions for a proposed merger subject to control has been replaced to read as:
 - a) the annual turnover in Botswana, of the enterprise or enterprise **being taken over** exceeds P10,000,000,
 - b) the value of assets in Botswana, of the enterprise or enterprises **being taken over** exceeds P10,000,000, **or**
 - c) the enterprises concerned would, following implementation of the merger, supply or acquire at least 20% of a particular description of goods or services in Botswana

The Ministry of Investment, Trade and Industry implemented the changes to provide immediate response to consumer complaints and assist the public in escalating unresolved complaints to the newly formed Competition and Consumer Tribunal. For any queries in this regard, please contact **Rajesh Narasimhan** (Partner, Tax) via e-mail rajesh.narasimhan@bw.gt.com.

New Annual Return timeline

As per the On-line Business Registration System (OBRS), a company's Annual Return is due for filing during the month of incorporation of the company, and failure to file the returns will result in the removal of the company from the OBRS system. Companies and Intellectual Property Authority (CIPA) intends to launch the annual return filing for all companies that have been re-registered with them from 01 February 2020.

For any queries, please contact **Aparna Vijay** (Partner, Corporate Services) via e-mail aparna.vijay@bw.gt.com.

Reference tax tables

Individual tax - resident & non-resident individuals

Annual taxable income (BWP)	Resident rate of tax %	Non-resident rate of tax %
Up to 36,000	0%	5%
36,001 - 72,000	0 + 5% of excess over 36 000	5%
72,001 - 108,000	P1,800 + 12.5% of excess over P72,000	P3,600 + 12.5% of excess over P72,000
108,001 - 144,000	P6,300 + 18.75% of excess over P108 000	P8,100 + 18.75% of excess over P108 000
144,001 and above	P13,050 + 25% of excess over P144,000	P14,850 + 25% of excess over P144,000

Capital gains - resident & non-resident individuals

Annual taxable income (BWP)	Rate of tax %
Up to 18,000	0%
18,001 - 72,000	0 + 5% of excess over P18,000
72,001 - 108,000	2,700 + 12.5% of excess over P72,000
108,001 - 144,000	7,200 + 18.75% of excess over P108,000
144,001 and above	13,950 + 25% of excess over P144,000

Capital transfer - resident & non-resident individuals

Taxable income (BWP)	Rate of tax %
Up to 100,000	2%
100,001 – 300,000	P2,000 + 3%
300,001 – 500,000	P8,000 + 4%
500,001 and above	P16,000 + 5%

Capital gains tax - resident & non-resident companies

Nature of company	Rate of tax %
Resident company	22%
Non-resident company	30%

Capital transfer tax - resident & non-resident companies

Nature of company	Rate of tax %
Resident company	12.5%
Non-resident company	12.5%

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Returns	Timeline
Income tax	3 months from tax year end
Company tax	Within 4 months from end of fin year
PAYE	31 July
WHT	31 July
Monthly WHT	15 th of the following month
Monthly VAT	25 th of the following month

Corporate tax - resident & non-resident companies

Type	Rate of tax %
Resident company	22%
Resident company – approved manufacturing taxable income	15%
External / non-resident company	30%
IFSC company – approved service income	15%
IFSC company – other taxable income	22%
Capital gains	22%
Dividends accruing outside the country	15%
Pension and Provident Fund not approved by the Commissioner General	7.5%
Botswana Meat Commission	15%

Withholding tax

Details	Timeline
Commission / brokerage	10% advanced tax
Construction	3% advanced tax
Rent	5% advanced tax
Dividend	7.5% final tax
Entertainment fee	10% final tax (not applicable to residents)
Interest	10% final tax (residents, in excess of P1,950 per quarter) / 15% final tax (non-residents)
Management / consultancy fee	15% final tax (not applicable to residents)
Mine rehabilitation fund	10% final tax
Royalties	15% final tax (not applicable to residents)
Purchase of livestock for slaughter / feeding for slaughter	4% advanced tax

DID YOU KNOW? SPECIAL ECONOMIC ZONE

In July 2019, a comprehensive and competitive incentive package was introduced by the Special Economic Zone Authority (SEZA) to attract Foreign Direct Investment. These incentives include, among others:

- 5% corporate tax for the first ten years and 10% thereafter,
- provision of fully serviced land,
- fast tracking of land allocation,
- providing single window and streamlined investor facilitation processes
- waiver on transfer duty on land and property, and
- property tax exemption for the first five (5) years of operation.