

BOTSWANA BUDGET 2022/23

Key highlights of Botswana Budget presented by Hon. Minister Peggy O. Serame



Statistics

8.7% (objective range 3 - 6%)	◆	INFLATION AT DEC 2021
11.3 months	◆	IMPORT COVER
60.0bn	◆	2021 FOREX RESERVE (BWP, AT OCT 2021)
16.43bn	◆	2022/23 DEVELOPMENT BUDGET (BWP)
53.36bn	◆	2022/23 RECURRENT BUDGET (BWP)
6.98bn	◆	2022/23 DEFICIT (BWP)
4.3%	◆	GDP GROWTH RATE 2022/23
3.75%	◆	BANK RATE

Achievements

Botswana is the only country in mainland sub-Saharan Africa that has a stable outlook (BBB+ and A3) from rating agencies

At least 80% of the country's eligible population is vaccinated against COVID-19, the highest vaccination rate in sub-Saharan Africa

FATF grey listing was removed in October 2021, and it is expected that the EU black listing will be removed soon

The recently opened Kazungula Bridge provides a critical link in the sub-continent's north-south transport infrastructure

Extensive legislative amendments and reforms were introduced to keep pace with domestic and global developments

Effective cash saving and cost containment resulted in lower recurrent expenditure by P1.5 billion

Approval of Integrated Resource Plan (IRP) is expected to aid future power generation

The National e-commerce strategy was launched in October 2021

Highlights

Health given top priority with the largest share of ministerial budget allocation

Old age pensions, disabled/destitute allowances to be increased from 01 April 2022.

Dedicated budget allocated for development of sporting talent

Initiatives underway to fast-track digital transition under the auspices of the SmartBots project

Bulk of maintenance projects reserved for citizen-owned companies registered with PPADB

Contracts signed for 8 power generation projects to be implemented in 2022 using the PPP model

Digitisation of schools initiatives prioritised with P 937 Million spend.

Selected Government owned buildings to be managed by the private sector through facilities management contracts

Cheques to be discontinued from 01 Jan 2024

SEZ's to anchor export oriented agro industrial products

Major public projects to be outsourced to private companies on turnkey basis.

Government commits to retain focus on energy (such as solar projects) and water sanitation.

Major road projects to be implemented using the PPP model

Increased tax audits, inspections and public education expected to trigger improved tax collection

Priority given to on-going projects, refurbishment and maintenance of existing facilities and strategic projects

New teacher positions created to absorb 3,509 temporary teachers as permanent

Issuance of domestic bonds and treasury bills to strengthen the capital markets

“Implementation of the ‘Reset Agenda’ and expenditure switch will act as a catalyst for transformation, as we progressively march towards Vision 2036.”

Kalyanaraman Vijay
Managing Partner
Grant Thornton Botswana



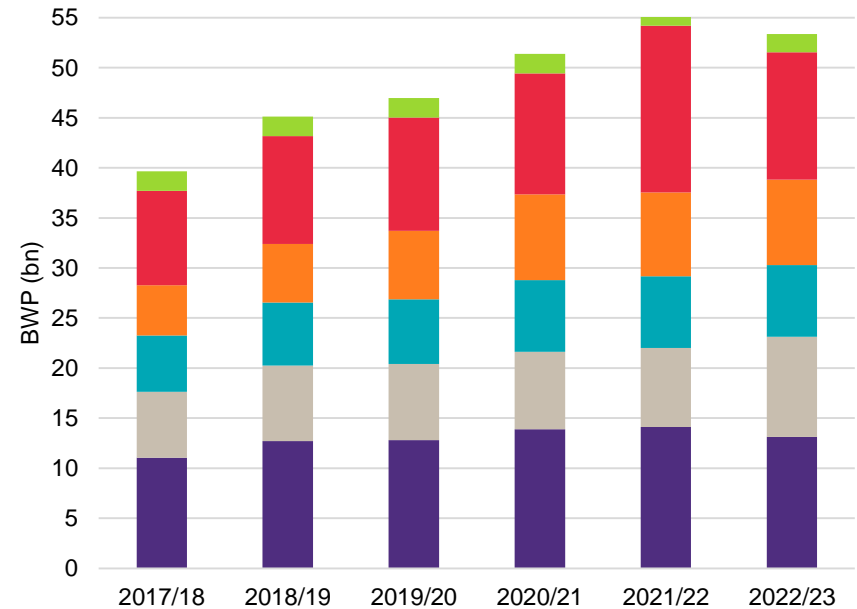
Budget allocation 2022/23

Budget allocation changes - Focused spending on productive and prioritised activities to achieve value for money

Recurrent Budget

- On a combined basis, the budget allocation of P 13.13 bn for Basic education and Tertiary education, research, science and technology continue to be the highest (22% of overall budget) to drive the country's transition to a knowledge-intensive and competitive-based economy. However, there is a 7% drop on Year-on-Year (YoY) basis due to transfer of Tuition Fees vote from the Department of Tertiary Education Financing (DTEF) to the Ministry of Finance and Economic Development as part of measures to reform the Tertiary Education financing grant/ loan scheme.
- The budget allocation for Health and Wellness is increased significantly by 26.7% YoY to P 10.01 bn in 2022/23 with the core priority being Saving Batswana from COVID-19 pandemic. The budget is primarily to procure more personal protective equipment (PPE), oxygen equipment, vaccines, in addition to contribution to BPOMAS.
- The budget allocation for Defence, justice and security of P 8.53 bn in 2022/23 is broadly in line with the 2020/21 budget. This is largely to meet the operational costs of Botswana Defence Force (BDF), Botswana Police Service and Prisons and Rehabilitation services.
- The Government budget of 2022/23 covers aspects like reduction and management of public sector wage bill, reduction in subventions to State Owned Enterprises (SOEs), reduction in grants to local authorities and overall cost containment. These are important measures in achieving value for money.

Recurrent budget	BWP (bn)	%
Education and skills development (basic and tertiary) *	13.13	25%
Health and Wellness	10.01	19%
Defence, Justice and Security	8.53	16%
Local Government and Rural Development	7.15	13%
Finance and Economic Development	2.39	4%
Transport and Communication	1.82	3%
Other ministries and departments	10.33	20%
Total	53.36	100%

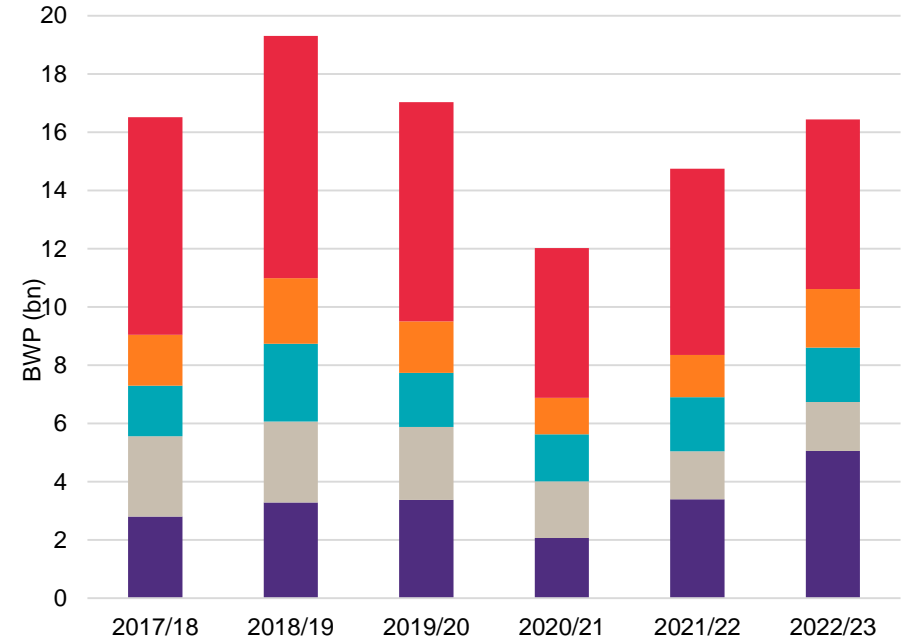


- Transport and Communication
- Other ministries and departments
- Defence, Justice and Security
- Local Government and Rural Development
- Health and Wellness
- Education and skills development (basic and tertiary)

Budget allocation 2022/23

Development budget

- Overall development budget of P 16.43 bn for 2022/23 is a 11.4% Year-on-Year (YoY) increase from 2021/22 budget to drive the Government of Botswana's Reset Agenda and the Economic Recovery and Transformation Plan (ERTP). Steps to improve implementation of development projects, improve utilisation of funding for development purposes and value for money assessment for development projects are worthy to note.
- The budget allocation for land management, water and sanitation services has grown by 48.8% YoY to P 5.06 bn continuing to enjoy the highest budget allocation. The water supply projects account for close to 80% of such allocation. Some of these projects being the Maun Phase 2, Molepolole water supply and sanitation scheme, North-South Carrier (NSC) 2.2 (Palapye-Mmamashia), NSC connection of Molepolole, Kopong, Thebephatshwa and neighbouring villages.
- The second largest share (12.2%) of the development budget is for local government and rural development with a 37.9% YoY increase. This is primarily towards social protection programmes, procurement of tablets for primary schools, construction and maintenance of primary schools, and village infrastructure projects, including the Mmopane-Block 8 Road, Logolo Road and Tlokweng and Mogoditshane internal roads, and constituency community projects.
- The budget allocation of P 1.87 bn for Transport and Communication is broadly in line with the 2021/22 budget. This is to ensure continued implementation of major road projects with two projects earmarked for Public Private Partnerships (PPPs). A part of the budget is reserved for ICT projects like the Government data network and data centre upgrading, the National Backbone Network and the Local Access networks.



Development budget	BWP (bn)	%
Land Management, Water and Sanitation Services	5.06	31%
Local Government and Rural Development	2.00	12%
Transport and communication	1.87	11%
Defence, Justice and Security	1.68	10%
Other ministries and departments	5.82	36%
Total	16.43	100%

- Other ministries and departments
- Local Government and Rural Development
- Transport and communication
- Defence, Justice and Security
- Land Management, Water and Sanitation Services

Dintlha tsa pego ya madi a sechaba ya 2022/23

Ketapele

Tona Mme Peggy O. Serame, e le mme wa nthla go nna tona ya tsa madi le dithabololo o begile jaana ka kabo ya madi mo sechabeng ya ngwaga wa 2022/23. O simolotse ka go romela molaetsa wa kgomotso ko go botlhe ba ba latlhegetsweng ke masika le ditsala ka ntateng ya segajaja. Mo godimo ga mo one a lebogela babereki botlhe ba ba tsentseng letsogo mo go lwantsheng bolwetsi jo. Mo pegong ya gagwe o gateletse thata fa segajaja sa COVID-19 se santse se apesitse lefatshe la Botswana, ka jalo kabo ya madi e tla lebagana thata le go bo lwantsha. O tswelletse ka go rotloetsa Batswana go tsepama thata mo mananeong a ka tsosolosang itsholelo. Tona Mme Peggy O. Serame o begile go re ka twaelesego, madi a mantsi a sechaba a ntse a dirisiwa mo dituelong tsa babereki ba maphatla a puso ka go farologana, mme mo bogompionong ba bona go le botlhokwa gore madi a puso a dirisiwe go aga itsholelo e tsweleng pele. Ga a tlatsa mo go tsa dithabololo, o tshwaetsa fa puso e itlama go seegela fa tlhoko bontsi jwa ditirelo tsa sechaba, go di neela dikompone tsa Batswana tse di ikwadisitseng le PPADB.

Ditirelo tsa motlakase le metsi

Go tloka fatsa seemo sa motlakase, puso e itlama go atlolosa ditirelo tsa motlakase wa maranyane a letsatsi, mme go solofetswe gore dikompone dingwe ditlala tlhama madirelo a go nna jalo mo mafelong a latelang; Molepolole, Lobatse, Maun le Ghanzi. Ditirelo tsa go isa metsi ko metseng le kgopho ya metsi a leswe di tswelletse mo mafelong a latelang, Maun, Gaborone le Lobatse.

Kabo Ya Ditsha

Puso e ikaelela go simolodisa kabo ya ditsha tse di sa tlhabololwang, e le maikaelelo a go fefosa kabelo ya ditsha.

Maranyane

Puso e itlama go isa dithabololo tsa Maranyane ko metseng e le nthla nngwe ya go tloka fatsa ditirelo tsa puso, thuto le go atlolosa tsa temo thuo. Mo godimo ga moo, e tlare ka ngwaga wa 2024 a roga, puso e tlaa emisa go dirisiwa ga dicheke go dira dituelo gotlhelele.

Temo Thuo

Ke maikaelelo a matona a puso go tlhabolola tsa temo thuo go re itsholelo ya rona e kgone go itshetela. Puso e tla diragatsa se ka go tloka fatsa tsa motlakase, ditsela le mebaraka. Godimo ga moo, balemi barui ba rotloeditswe go ipopaganya ka dikarolo polokelo tse di tla rotloetsang tirisanyo mmogo. Tona o nankotse go re madirelo a maungo ko Selibe Phikwe a tlaa fiwa madi a kana ka di dikadike tse makgolo a matlhano go nna madirelo a popotla a tlaa oketsang ditiro mo nakong e sa fediseng pelo.

Twantsho lehuma

Go tlaa okediwa madi a bagodi le batlhoki ka kgwedi ya Moranang, madi a tlaa okediwa ka lekgolo.

Palo Batho

Puso e tsere tshwetso ya go tsweledisa lenaneo la Palo batho ka kgwedi ya Moranang e rogwa.

Tlhamo ya Botswana National Public Health Institute (BNPHI) – Komiti e tsamaisang tsa botsogo

Puso e ikaelela go tlhama komiti e tla tsamaisang tsa botsogo go leka go lwantsha digajaja ka go farologana tse dika tlhagamang mo isagong.

Tlhabololo ya ditsela

Tona o itsisitse sechaba gore go tlaa nna le tlhabololo ya ditsela tsa A1, Sehitwa-Shakawe, Francistown-Nata, Mandunyane- Mathangwane, Thalamabele-Mosu, mme ya Mogoditshane-Mankgodi e tlaa nngang mela mebedi.

Thuto Potana

Barutabana ba palo e kana ka dikete tse tlharo, makgolo a le matlhano le boferabongwe (3,509) ba e neng e le ba nakwana, ba tlaa tlhapiwa go nna barutabana ba sennela ruri.

Data Protection Act (DPA), 2018

Botswana's new data privacy law (the DPA) introduces new requirements for organisations in Botswana. Based on the European General Data Protection Regulation (GDPR), which is the toughest privacy and security law in the world, the DPA imposes obligations onto organisations if they collect and / or process personal data in Botswana.

The Act became effective on 15 October 2021, with a 12 month grace period for implementation by organisations. The DPA will levy harsh fines against those who violate its privacy and security standards, which may be up to P1,000,000 or 12 years imprisonment, or both.

We can help you comply with the act, get in touch aparna.vijay@bw.gt.com

"We continue to feel the impacts on the National economy of COVID-19 and this is to be expected. However, as we look to reset and recover, we also recognise it is the collaborative effort of both public and private sector that will ultimately see real progress made. Rebuilding our economy will necessitate prudent budgeting, strategy and decisive action. Key to this is a need to build local capacity, unlocking possibilities for SMEs and youth entrepreneurs as well as big business. Now is the time to ensure youth enterprise enhancement has sufficient support to propel us into the next phase of economic recovery and indeed growth."

Chose Modise

**Chief Executive
Stanbic Bank Botswana**



TAX AMNESTY SCHEME

The Tax Amnesty Scheme ends on 30 June 2022. We can help you utilise this golden opportunity, get in touch taxamnesty2021@bw.gt.com

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Reference tax tables

Personal tax - resident & non-resident individuals

Annual taxable income (BWP)	Resident rate of tax %	Non-resident rate of tax %
Up to 48,000	0%	5%
48,001 – 84,000	0 + 5% of excess over 48 000	5%
84,001 – 120,000	P1,800 + 12.5% of excess over P84,000	P4,200 + 12.5% of excess over P84,000
120,001 – 156,000	P6,300 + 18.75% of excess over P120 000	P8,700 + 18.75% of excess over P120 000
156,001 and above	P13,050 + 25% of excess over P156,000	P15,450 + 25% of excess over P156,000

Capital gains - resident & non-resident individuals

Annual taxable income (BWP)	Rate of tax %
Up to 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
156,001 and above	13,650 + 25% of excess over P156,000

Capital transfer tax - 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 transfer tax - resident & non-resident companies

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

Withholding tax

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

Company tax - resident & non-resident companies

Type	Rate of tax %
Resident company	22%
Resident company – approved manufacturing taxable income	15%
External / non-resident company / branch	30%
IFSC company – approved service income	15%
IFSC company – other taxable income	22%
Dividends accruing outside the country	15%
Pension and Provident Fund not approved by the Commissioner General	7.5%
SPEDU region – approved business operations	5% (first 5 years) 10% (thereafter)

Timelines

Returns	Timeline
Personal tax	Within 3 months from tax year end
Company tax	Within 4 months from end of fin year
Annual PAYE	On or before 31 st July
Annual WHT	On or before 31 st July
Monthly WHT	On or before 15 th of the following month
VAT	On or before 25 th of the month following the VAT period

Transfer pricing

Requirement – Submission of transfer pricing document along with the company's tax return.

Penalties for non-compliance - amount equal to 200% of tax payable
Penalties for non-submission - up to P500,000