

Tax Alert 6 of 2021

Tax Amnesty Scheme

The tax amnesty presents a lucrative opportunity to adhere to compliance regulations without any interest and / or penalties.

In the Botswana Budget presentation of 2021, the Honorable Minister of Finance and Economic Development announced the Tax Amnesty Scheme, and subsequently, further details were published in the Botswana Government Gazette. Key highlights of the scheme are given below.

Applicable Acts

The scheme applies to the Income Tax Act (corporate income tax, personal income tax, Pay As You Earn (PAYE) and other Withholding Tax (WHT)) and the Value Added Tax (VAT) Act.

Coverage

The tax amnesty covers tax liabilities for all tax periods prior to 1 July 2021. A taxpayer has to settle all principal tax liabilities as of 30 June 2021, by 31 December 2021. Remission under the amnesty scheme is granted only for interest and / or penalties, with the exception of:

- Penalties charged for non-submission of Transfer pricing documentation (Section 118A).
- Fines for various criminal procedures charged (Section 120 to 129 of Part XIV of Division II).

Tax amnesty does not apply to amounts deferred under COVID SAT deferral scheme, as these amounts will attract interest in January 2022.

Scheme period

The tax amnesty is available from 1 July 2021 to 31 December 2021.

Tax period covered

Income Tax Act: All tax years up to 2020-21 tax year.
VAT Act: All tax periods up to / ending not beyond 30 June 2021 based on individual category (A, B or C) of the taxpayer.

- Category A - tax periods prior to and including April / May 2021
- Category B - tax periods prior to and including May / June 2021
- Category C - tax periods prior to and including June 2021

Eligibility

Tax amnesty applies to all taxpayers who:

- have an outstanding principal tax debt that has a relevant interest and / or penalty liability
- have filed a tax return but have not paid the whole or part of the tax due under that return
- have paid the principal tax in full under any of the relevant revenue laws but have outstanding interest and / or penalties
- have outstanding interest and / or penalties only
- have not filed a tax return for a period covered by the amnesty
- are not registered for any of the relevant taxes
- have lodged an objection against any assessment with the Commissioner General (CG)
- have lodged an appeal to the Board of Adjudicators, the High Court or the Court of Appeal.

Non-eligibility

Tax amnesty scheme is not eligible for taxpayers who:

- have paid the full principal tax, interest and / or penalties as on the date of commencement of the tax amnesty scheme
- have previously been convicted of a criminal offence under any revenue laws
- have been convicted of transnational organised crime

No interest and / or penalties paid prior to 30 June 2021 will be remitted.

Action required

All eligible taxpayers, have to make full payment of principal tax liabilities under the relevant act and notify the CG through an electronic platform within 7 days of the payment, on or before 31 December 2021. Payment arrangements based on specific circumstances of taxpayers can also be made with Botswana Unified

Revenue Services (BURS) in such a way that the full payment is effected and notification is made before 31 December 2021 in order to benefit from the amnesty scheme.

Upon receipt of the electronic notification, the CG will confirm remission of interest and / or penalties within 21 days.

For taxpayers who only owe interest and / or penalties as on 1 July 2021, no notification is required to be sent

to CG. The CG will remit all outstanding amounts of interest and / or penalties outstanding as of 30 June 2021.

Companies may generate a “tax compliance summary” from the BURS web portal to see their status of tax compliance. We present a few examples of possible scenarios and what you need to do.



Scenario



What you need to do

You have corporate income tax, personal income tax, OWHT and / or PAYE liabilities and accrued penalties	Pay full tax before 31 December 2021, notify CG to get your interest and / or penalties remitted
You have unsubmitted income tax returns and unpaid tax liabilities	Submit the tax return, settle the principal tax liability before 31 December 2021, and notify CG to get interest and / or late payment penalties remitted by CG
You have VAT liabilities and penalties to be settled	Pay the principal liabilities, and notify CG to get interest and / or penalties waived
You have unsubmitted VAT returns	Submit the VAT return, pay the liability amount and notify CG. You will not get charged penalties for non-filing

The scenarios and proposed action points are indicative and intended as a guide only. Practical action points will depend on specific situations and particular circumstances. Any reader intending to base a decision on the information presented above is strongly advised to consult a Grant Thornton specialist before proceeding.

Source (Available on our website: <https://www.granthornton.co.bw/insights/local-thought-leadership/tax-alert-burs-public-notices-and-guidelines/>)

- Value Added Tax (Remission of Penalties and Interest) Amnesty Regulations, 2021
- Income Tax (Remission of Penalties and Interest) - Amnesty Regulations, 2021
- 2021 Income Tax and Value Added Tax Amnesty guidelines

Contact a specialist - we're here to help!

Should you have any queries, please do not hesitate to contact Rebecca or Dinesh.



Rebecca Sanchez

Associate Director - Tax
E rebecca.sanchez@bw.gt.com



Dinesh Mallan

Deputy Managing Partner and Head of Tax
E dinesh.mallan@bw.gt.com

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