

# e-taxline

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Grant Thornton Acumen 

**Be a prompt taxpayer and meet your tax deadlines on time...**

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## 1) 2004 Income Tax amendment bill [<Back to contents page>](#)

The 2004 Income Tax (Amendment) bill was published on the 21 June 2004 and approved by the national assembly and awaiting the assent from the President to be enacted. **These amendments comes into effect from 1 July 2004** The following are the salient features of the amendments in a nutshell:

- Business income and capital gains of **charitable institutions, sports, educational , religious institutions, trusts** will be exempt from tax only if such income is applied for charitable purposes. Consequently all these institutions are now **required to file tax returns from 2004/2005-tax year**.
- Scope of deduction of withholding tax has been extended to cover **non resident associations and companies** (previously only entertainment fees paid to non resident individuals attracted withholding tax liability)
- Valuation of housing benefits has been increased from
  - **in case rateable value is available** from 6% of rateable value of the property to **10% of the rateable value** of the property for a tax year.
  - in any other case to **"8% x square metre x 250"** , from **"5% x square metre x 250"** earlier.
- Deductions allowable in respects of premium payable on leased motor vehicle should not exceed the relevant annual allowance, i.e., 25% of the cost of vehicle.
- Farming loss can be set off against the chargeable income from other sources only to the extent of **50%** (previously 100%) for a relevant tax year.
- Commencing from tax year 2005 tax returns have to be **filed within 4 months from the end of financial year**, instead of 3 months form the end of tax year.
- Limit of annual allowances granted on motor vehicles for any tax year is **increased to P 175 000** from P 100 000 for a particular tax year.

## 2) Double Taxation Avoidance Agreement (DTAA) [<Back to contents page>](#)

We have seen that the Government of Botswana has signed 4 DTAA during the past 3 months as follows:

- Botswana-South Africa DTAA came into effect on 20 May 2004 for withholding taxes and 1 July 2004 for all other taxes.
- Botswana- France DTAA came into effect from 1 July 2004.
- Botswana- Namibia DTAA and Botswana- Zimbabwe DTAA was approved by the National Assembly of Botswana on 26 July 2004 and is awaiting ratification from the National Assembly of Namibia and Zimbabwe to come into effect.

## 3) Tax audits [<Back to contents page>](#)

Over the past 1-year we have seen increasing number of **tax audits** conducted by the Department of Taxes. These tax audits are carried out to ensure that the taxpayer maintains proper books and records. The basis of selection is random.

The primary documents which are required to be maintained and selected for scrutiny are as follows:

- General ledger
- Cash book & bank statements for all bank accounts operated by the company
- Purchases invoices, purchases register and creditors ledger
- Sales invoices, sales register and debtors ledger
- Inventory ledger
- Salaries and wages register
- Fixed assets register
- Lease agreements on rent paid and lease hires.

#### 4) Income Tax Returns for tax year 30th June 2004 [<Back to contents page>](#)

The closing date for filing of tax returns for tax year 2004 is 30<sup>th</sup> September 2004. Late submission of returns will attract penalty in addition to interest for late submission of return restricted to maximum of tax payable i.e. from 1 October 2004. If you have not yet provided us with the books and relevant records for tax year 2004, to enable us prepare the financial statements or conduct an audit of your books please ensure that you submit them to us **as soon as possible. We have planned work schedules for our staff to ensure that your work is processed expeditiously provided all the required information has been provided to us before 31 August 2004.**

#### 5) Self assessment quarterly payments for August 2004 [<Back to contents page>](#)

If your financial year end falls in **August 2004, November 2004, February 2005, May 2005** and your estimated tax for year is going to **exceed P 50 000**, the you are due to pay your SAT quarterly tax by **31 August 2004**.

Financial year end	Relevant tax year	Quarter due now
August 2004	2005	4 <sup>th</sup> Quarter
November 2004	2005	3 <sup>rd</sup> Quarter
February 2005	2005	2 <sup>nd</sup> Quarter
May 2005	2005	1 <sup>st</sup> Quarter

Should you require us to assist you in calculating your estimated tax liability or to remit the payments on your behalf please contact our office as early as possible. In case we are remitting the cheques on your behalf we would request you to forward them to our office latest by August 25 so that we can make the payment in time.

#### Tax clearance [<Back to contents page>](#)

As you are aware most of the government tender applications have made **tax clearance** as an important requirement for accepting tenders. Taxpayer has to fulfil the following criteria's' for obtaining a **tax clearance certificate**:

- **No tax and interest liability is owed to Department of Taxes**
- **Income tax returns have been filed in time**
- **Self assessment quarterly tax payments are made in time**
- **Withholding tax returns have been filed in time**
- **Withholding tax is deducted wherever applicable and paid within the time prescribed.**

Contact us to find out how we can assist you in obtaining the tax clearance certificate.

**6) Tabulated SAT quarterly due dates for the various accounting periods relevant to tax year 2005** <Back to main page>

Year end	Jul 2004	Aug 2004	Sep 2004	Oct 2004	Nov 2004	Dec 2004	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	June 2005
1 <sup>st</sup> quarter	Oct 2003	Nov 2003	Dec 2003	Jan 2004	Feb 2004	Mar 2004	Apr 2004	May 2004	June 2004	Jul 2004	Aug 2004	Sep 2004
2 <sup>nd</sup> Quarter	Jan 2003	Feb 2004	Mar 2004	April 2004	May 2004	June 2004	Jul 2004	Aug 2004	Sep 2004	Oct 2004	Nov 2004	Dec 2004
3rd quarter	April 2004	May 2004	June 2004	July 2004	Aug 2004	Sept 2004	Oct 2004	Nov 2004	Dec 2004	Jan 2004	Feb 2004	Marc 2004
4 <sup>th</sup> Quarter	Jul 2004	Aug 2004	Sep 2004	Oct 2004	Nov 2004	Dec 2004	Jan 2004	Feb 2004	Marc 2004	Apr 2004	May 2004	June 2004
Final Payment with return	Nov 2004	Dec 2004	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005

Please note that Self- Assessment installments is compulsory for companies whose annual tax on the income for **a tax year is P 50 000 or more**. If your annual tax on the income for a tax year is **less than P 50 000**, you could choose to pay it either in four installments on the specified due dates or in one sum before 30 September following the tax year.

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