

Type of Institution	Taxable	Exempt
Charitable, Educational, Religious Institutions & Public Trusts.	1. Business income and disposal gains not applied for public objectives.	1. Any other income which is not business income or disposal gains 2. Business income and disposal gains applied for public objectives within the financial year or extended period approved.
Social association and sports bodies	1. Any income not applied for public objectives.	1. Any income applied for public objectives within the financial year or extended period approved.

Withholding Tax Rates

- Payments of dividends, interest, commercial royalties, management and consultancy fees attract withholding tax at 15%. The exemption to this rate is entertainment fees which is taxed at 10%. However different tax rates are applicable for countries with double taxation avoidance treaty.
- Withholding tax is to be deducted on taxable benefits paid to employees.
- From 1st July 2001 the principal is liable to deduct tax at 3% from all payments made to construction contractors (resident and non resident contractors)

From 1st July 2006 a new tax amendment was introduced to deduct 10% withholding tax on payment of interest to residents exceeding P 6000 per annum / P 3000 per 6 months / P 500 per month.

Benefits in kind for salaried employees

Housing Benefit

Rated house
Taxable benefit - 10% of the rateable value

Non rated house
Taxable benefit - 8% of the current capital valuation

Household furniture

If the cost of the furniture provided to the employee exceeds P 15000 , the assessable benefit is 10% of the excess.

Car benefit

The employee benefit from the private use of employer-owned vehicles is as follows:

Cost of the vehicle	Employees Benefit	Fuel cost adjustment
1 - P 50 000	2500	1000
P 50 001 - P 100 000	5000	2000
P 100 001 - P 150 000	7500	3000
P 150 001 - P 200 000	10000	4000
P 200 001 and above	Benefit on the excess of P 200 000 will be 15% thereof.	
	The fuel cost adjustment is restricted to P 5 000	

Sundry Benefits

The provision of free water, electricity, garden upkeep, school fees and the provision of assets below their market values are all assessable benefits.

Interest free loans

The taxable benefit is the difference between the interest rate granted to the employee and the commercial rate currently prevailing.

Medical contributions

The employers contribution to the medical benefit fund on behalf of his employee is fully exempt and shall not become taxable in the hands of the employee.

Pension Fund Contribution

The contribution to approved Pension fund or a Super annuation fund on behalf on his employee is exempt from income.

Gratuities

Gratuity received by an employee under a contract of employment commencing on or after 1st July 1999 will be taxable as follows.

- One third of the gratuity is exempt
- Two third will be taxable subject to the conditions provided under the Income Tax Act.

Severance Benefit and Contractual Payments to a Botswana Citizen

Severance benefit received by an employee

- One third is exempt
- Remaining two-thirds is taxable as under:
 - in full in the year of accrual or
 - evenly over the lesser of 3 years and the contract period or
 - over the last year of the contract.

VAT

- Effective date of implementation: 1st July 2002
- Registration limit based on turnover: P 250 000 in the past 12 months or expected to exceed P 250 000 in the next 12 months.

Rates of VAT

Standard rate	10%
Zero-rated	0%

Prime Rate of interest

Tax year 2007	16.50%
Tax year 2008	16.00%

Capital Allowances

Residential Property	Nil
Commercial Property	2.5%
Industrial Property	2.5%
Furniture	10%
Heavy plant and machinery used for manufacturing / construction	25%
Other Plant and Machinery	15%
Office Equipment	15%
Computer Hardware	25%
Computer software-Off the shelf	100%
Aircraft	25%
Motor Vehicles	25%
Farm Buildings, improvements, water supplies	100%

Initial Allowance

- Allowed for new industrial building brought into use for the first time.
- Allowance - 25% of the cost of the industrial building.

Disclaimer

Please be advised that the information contained herein is for general guidance only. Any reader intending to base a decision on information contained in this publication is advised to consult a Grant Thornton Acumen partner before proceeding.

Tax ready reckoner

Grant Thornton Acumen 



Tax Rates - Tax Year 2007

Tax Rates

Individuals - Residents

Payments made annually

Remuneration Tax to be deducted

More than but less than (Pula)	Tax to be deducted
0 - 30 000	NIL
30 000 - 60 000	0+5% of excess over 30 000
60 000 - 90 000	1500 + 12.5% of excess over 60 000
90 000 - 120 000	5250 + 18.75% of excess over 90 000
>120 000	10 875 + 25% of excess over 120 000

Individuals-Non Residents

Payments made annually

Remuneration Tax to be deducted

More than but less than (Pula)	Tax to be deducted
0 - 60 000	5% of every Pula
60 000 - 90 000	3000 + 12.5% of excess over 60 000
90 000 - 120 000	6750 + 18.75% of excess over 90 000
>120 000	12375 + 25% of excess over 120000

Resident Individuals

Annual taxable Income	Tax liability 2007-2008	Marginal rate %	Average rate %
30,000	-	0	0.00
35,000	250	5	0.71
40,000	500	5	1.25
45,000	750	5	1.67
50,000	1,000	5	2.00
52,500	1,125	5	2.14
55,000	1,250	5	2.27
60,000	1,500	5	2.50
65,000	2,125	12.5	3.27
70,000	2,750	12.5	3.93
75,000	3,375	12.5	4.50
80,000	4,000	12.5	5.00
85,000	4,625	12.5	5.44
90,000	5,250	12.5	5.83
95,000	6,188	18.75	6.51
97,500	6,656	18.75	6.83
100,000	7,125	18.75	7.13
105,000	8,063	18.75	7.68
110,000	9,000	18.75	8.18
115,000	9,938	18.75	8.64
120,000	10,875	18.75	9.06
130,000	13,375	25	10.29
140,000	15,875	25	11.34
150,000	18,375	25	12.25
160,000	20,875	25	13.05
170,000	23,375	25	13.75
180,000	25,875	25	14.38
190,000	28,375	25	14.93
200,000	30,875	25	15.44
250,000	43,375	25	17.35
300,000	55,875	25	18.62

Capital Gains

Individuals

Up to P 15000 Nil	Tax liability
15 000 - 60 000	Nil + 5 % of the excess over 15000
60 000 - 90 000	P 2250 + 12.5% of the excess over 60 000
90 000 - 120 000	P 6000 + 18.75 % of the excess over 90 000
120 000 and over	P 11625 + 25 % of the excess over 120 000

Resident companies	25%
Non Resident companies	25%

Capital Transfer tax

Individuals

Up to P 100 000	Tax liability
100 000 - 300 000	P 2000 + 3 % of the excess over 100 000
300 000 - 500 000	P 8000 + 4 % of the excess over 300 000
500 000 and over	P 16 000 + 5 % of the excess over 500 000

Resident companies	12.50%
Non Resident companies	12.50%

Company Tax Rates

Manufacturing and IFSC companies

Basic Company Tax	5%
Additional Company Tax	10%

Non Manufacturing

Basic Company Tax	15%
Additional Company Tax	10%

Additional company tax for a particular year will lapse if it is not utilised for declaring dividend within 5 years from the end of tax year.

Self assessment taxes & Filing of returns

All companies whose tax liability is over P 50 000 in a year are required to pay quarterly instalments on financial year basis.

The income tax return together with the full payment of the tax has to be filed with in four months of the company's financial year end.

Partnership

A partnership shall not be charged to tax in its own name and all the amounts accrued shall be charged to the partners in their individual capacity in the proportion mentioned in the partnership agreement with regard to profit or loss.

Trusts

A trust is considered to be a resident in Botswana if it is either established or administered in Botswana. Any amount accrued to a trust shall be included in the gross income of the trust and be charged in the name of the trustee in his individual capacity.

Charitable, religious and educational organisations

The Income Tax Amendment Act, 2004 included Charitable, religious, educational institutions and trust established for public purposes under company definition. These amendments came into effect from 1 July 2004. No more blanket exemption will be provided to these institutions.

The following income is taxable in the hands of these institutions.

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