

Botswana introduces VAT on remote services and mandatory use of electronic fiscal devices

The Value Added Tax (VAT) (Amendment) Act, 2025, was published in the Government Extraordinary Gazette on 31 October 2025. This amendment widens the VAT base to include VAT on remote services and enhances VAT compliance and revenue collection through the mandatory use of electronic fiscal devices thus aligning the VAT provisions with international standards.

The commencement date for the Act is pending announcement by the Minister.

Highlighted in this publication, are some of the key changes to the VAT Act brought about by the Amendment Act.

Remote services

The term 'remote services' is defined in Section 2 of the Act as meaning:

"services that at the time of the supply of the services, there is no necessary connection between the place where the services are physically performed by the supplier and the location of the recipient of the services but excludes an accredited degree or diploma programme."

This definition is wide and includes digital content, supplies via online platforms, software maintenance, e-books, music, games, cloud services, website

hosting, tourism products such as accommodation, tours etc. to be provided in Botswana, and professional services supplied by non-resident providers to consumers in Botswana including services physically performed in Botswana by a non-resident person who does not have a fixed place of business in Botswana but who is in Botswana at the time the services are provided.

Scope and rate of VAT

Section 7(1) which governs the imposition of VAT is amended to give it wider interpretation to accommodate remote services. It now reads:

"Subject to the provisions of this Act, there shall be levied and paid a tax, to be known as the value added tax, at the rate of 14 percent of the value of:

- a) every taxable supply by a registered person; and*
- b) every import of goods, other than an exempt import;*
- c) "(c) reverse charged supply made to a registered person, Government entity, or a large unregistered person;"*



Taxable activity

Prior to the amendment the definition of the term 'taxable activity' was restricted to activities carried on continuously or regularly by any person in Botswana or partly in Botswana. The amendment expands this definition to include an activity carried on by any person, outside Botswana, providing remote services to a 'resident of Botswana' as defined.

Taxable supply

The definition of taxable supply in Section 2 was repealed and replaced by the following wider definition which introduces a new term, 'a supply of goods or services that is made in Botswana':

- "(a) a supply of goods or services that is made in Botswana by a person in the course or furtherance of a taxable activity carried on by the person, other than an exempt supply; or*
(b) anything treated as a taxable supply under this Act".

Supply of services

The definition of the term 'supply of services' in Section 4 is amended to include a reverse charged supply.

VAT rules for remote services (Part IIIA)

The amendment introduces, in Part IIIA, rules governing the taxation of remote services including characterisation of remote services and determination of the place of supply and of time of supply of a service. The new legislation also sets the criteria and thresholds for registration of remote services suppliers, the applicable tax periods, the reporting currency and other compliance requirements.

1. Supply of services in Botswana

Section 11C stipulates that a supply of services by a non-resident, other than a reverse charged supply, occurs in Botswana if the service:

- is physically performed in Botswana by a person who is in Botswana at the time of the supply (e.g. professional services and other services that are subject to withholding tax);
- relates to immovable property in Botswana (e.g. agents fees/commission for sales of Botswana property);
- is a remote service supplied to a person who is resident in Botswana (e.g. digital content, supplies via online platforms such as software,

software maintenance, e-books, music, games, cloud services, website hosting etc.;

- is an inbound tourism product, agency, or booking services relating to a supply of an inbound tourism product (sales of and commission/agent's fees relating to Botswana accommodation, tours meals);
- is a telecommunication service that can be used only in Botswana; or
- is a telecommunication service supplied to a person resident in Botswana.

2. Resident in Botswana

The recipient of remote services is treated as resident in Botswana if at least two of the following factors support that status:

- the recipient's billing address;
- the IP address of the device used by the recipient or any other geo-location method;
- the recipient's bank account details, including the account the recipient uses for payment or the billing address held by the bank;
- the mobile country code of the International Mobile Subscriber Identity (IMSI) stored on the Subscriber Identity Module (SIM) used by the recipient;
- the location of the recipient's fixed land line through which the service is supplied to the recipient; or
- any other relevant information.

3. Reverse charged supply

The provisions further define the term 'reverse charged supply' distinguishing such supplies from other remote services. A 'reverse charged supply' is defined as:

"a supply of services where the supply:

- a) is made by a person, whether or not registered, who does not conduct a taxable activity from a place of business in Botswana;*
- b) is made to a registered person, Government entity, or a large unregistered person; and*
- c) would have been a taxable supply if the supply had been made from a place of business in Botswana."*

Intra-company supplies of services by a foreign branch to a Botswana branch of the registered person or large unregistered person constitute reverse charged supplies.

4. Reverse charge mechanism

The reverse charged supply rules require registered persons (i.e. persons registered for VAT under the general rules, government entities and large unregistered persons to account for VAT on remote services through self-invoicing and accounting for VAT on remote services supplied by non-residents.

5. Who accounts for VAT on remote services?

VAT on remote services is accounted for by the recipient of the services or the supplier of the services depending on whether the recipient is registered for VAT or not.

i. Recipient

A recipient of remote services is required to account for VAT via the reverse charge mechanism, where the recipient is registered for VAT in Botswana. There are three categories of such recipients, namely:

- a) **Registered person:** Person making taxable supplies and registered for VAT under the normal VAT rules;
- b) **Large unregistered person:** Person with no obligation to register under the normal VAT registration requirements but are specifically required to register under the VAT on remote services provisions (i.e. hospitals, educational institutions, life insurance companies etc. who make exempt supplies); and
- c) **Government entity:** e.g. a Government Ministry or department, District Council, parastatal etc.

ii. Supplier of remote services

The supplier is required to account for VAT on remote services supplied to an unregistered person (supplies of inbound tourism products, streaming services by Netflix, Spotify, Audible etc. to individuals or to an unregistered entity).

6. Registration of recipients and suppliers of remote services

a. Recipient registration

i. Recipients registered under normal VAT rules

Prior to the amendment, services imported by a registered supplier and utilised in the making of taxable supplies were treated as

non-supplies and there was no obligation to account for VAT on such supplies. On implementation of the Amendment Act the recipients will be required to account for VAT such services acquired from non-residents, i.e. remote services via the reverse charge mechanism and will be entitled to claim input tax to the extent to which the services are utilised in making taxable supplies.

ii. Large unregistered entities and government entities

Entities not required to register for VAT under the normal VAT rules but are required to as a result of the Amendment Act e.g. life insurance companies, hospitals and schools have an obligation to register for VAT on remote services where the entity's turnover, in a twelve-month period, exceeds or is expected to exceed P1 million (approximately USD74,800) and account for VAT on remote services via the reverse VAT mechanism.

b. Supplier registration

- i. The non-resident service provider is required to register and account for VAT on remote services where turnover exceeds or is expected to exceed P500,000 (approximately USD37,500) in a twelve-month period.
- ii. Where such services are supplied through an electronic marketplace (EMP) such as Airbnb, Booking.com, Expedia, Amazon, Upwork Inc. etc. the EMP operator will be deemed to be the supplier of the services and will be required to register and account for VAT.
- iii. A non-resident supplier or EMP may be required to appoint a VAT representative.

7. Due date of VAT returns

It is anticipated that the due date of the VAT returns will be stipulated in the Regulations that are still to be published.

8. Appointment and responsibilities of a VAT representative

A non-resident supplier of remote services may be required to appoint a person in Botswana who will act as a VAT representative for the non-resident. The Act provides as follows:

- a) The VAT representative shall be responsible for doing all things required of the non-resident supplier including applying for registration, the lodging of returns, and the payment of VAT,

- b) The registration of a VAT representative shall be in the name of the non-resident supplier,
- c) A person may be appointed as a VAT representative by more than one non-resident supplier, but the VAT representative shall maintain a separate registration of each non-resident supplier he or she represents, and
- d) The VAT representative shall be personally liable for the VAT liability of the non-resident supplier he or she represents.

Maintenance of records

A supplier of remote services may maintain VAT documentation outside Botswana. Such documentation shall be made available to the Commissioner General on request by notice in writing and by the date specified in the notice.

Electronic fiscal devices and fiscal invoices

To enhance VAT collections the Act has been amended to introduce mandatory use electronic fiscal devices (EFDs) by VAT registered persons. An EFD is defined as an electronic device for recording and transmitting sales and related data, and the issuing of invoices and receipts, including a virtual fiscal device. The amendment also makes it mandatory for registered persons making taxable supplies to issue

fiscal receipts using an EFD. The fiscal receipt should meet the requirements of a tax invoice.

Commencement date and regulations

The commencement date of the VAT (Amendment) Act has not been announced, and the relevant regulations have not been published yet.

What your business needs to do

The introduction of VAT on remote services marks a significant step in modernising the country's indirect tax regime. Whilst the changes are to improve compliance, transparency, and fairness between domestic and foreign suppliers they will also impose new administrative and technological obligations on businesses across all sectors. Businesses should proactively assess their exposure, system readiness for fiscal invoicing and reverse charge obligations to ensure timely compliance once the amendments take effect.

- a) Review all purchases of remote, including digital services from outside Botswana and identify the party that should account for VAT
- b) Configure accounting systems to record reverse charged VAT
- c) Update contracts with foreign suppliers to specify VAT treatment
- d) Prepare documentation for audit readiness

VAT on remote services - salient features

	Recipient category		
	Botswana registered business making taxable supplies	Large unregistered person or Government entity	Botswana recipients who are not registered for VAT
Description of service recipient	1. Registered Botswana businesses making or expected to make taxable supplies in excess of P1 million in a 12-month period.	1. Persons making exempt supplies registered for VAT as a result of the amendment and referred to in the legislation as large unregistered entities e.g. hospitals, educational institutions, life insurance companies etc. whose turnover exceeds or is expected to exceed P1 million in a 12-month period.;	1. Botswana businesses, not registered for VAT, with a turnover from taxable supplies <P1 million in a 12-month period.
	2. Registered Botswana business making taxable supplies of more than P500,000 but less than P1 million in a 12-month period and voluntarily registered for VAT.	2. Government entities - Government departments, parastatals local authority etc.	2. Botswana businesses making exempt supplies and whose turnover is <P1 million in a 12-month period. 3. Non-business recipients of remote services e.g. Individuals and other final consumers.
Who accounts for VAT?	The recipient of services has the obligation to account for VAT via the reverse charge mechanism.	The recipient of services has the obligation to account for VAT via the reverse charge mechanism.	The non-resident supplier has the obligation to charge and account for VAT on remote services
Key VAT obligations	1. The recipient of services is required to register for VAT, self-invoice, account for VAT on remote services and comply with the filing requirements	1. The recipient of services is required to register for VAT, self-invoice, account for VAT on remote services and comply with the filing requirements	1. The non-resident supplier is required to register for VAT, charge and account for VAT on remote services and comply with the filing requirements.
	2. The recipient is required to inform and provide their VAT registration details to the non-resident supplier before or at the time of supply.	2. The recipient is required to inform and provide their VAT registration details to the non-resident supplier before or at the time of supply.	2. The electronic marketplace through which supplies of remote services are made in Botswana is required to register and account for VAT on remote services and comply with the filing requirements.
	3. Non-resident supplier has no Botswana VAT obligations in relation to supplies to this category of recipients.	3. Non-resident supplier has no Botswana VAT obligations in relation to supplies to this category of recipients.	3. Non-resident supplier may be required to appoint a fiscal representative. 4. Botswana recipient of remote services has no obligation to account for VAT.

How can Grant Thornton assist?

Early preparation, system upgrades, and stakeholder engagement are key to navigating the transition successfully. We can provide support to businesses in a number of ways:

- Gap analysis - Assessment transactions and review of service contracts to identify affected transactions and advise on obligations (registration, reverse charge VAT and accounting for VAT etc.)
- Assistance with VAT registration
- Advice on appointment of VAT representative in Botswana and assistance with registration
- On-going VAT compliance and filing services
- Bespoke training for internal finance and tax teams:
 - Overview of Botswana VAT on remote services
 - Reverse charge process implementation
 - Tax nexus evaluation
 - Practical examples tailored to your business.

Our full range of tax services

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- Corporate tax advisory
- International tax
- Personal tax compliance and advisory
- Global mobility services

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- VAT audit

Transfer pricing compliance and advisory

Transaction tax

- Corporate restructuring and amalgamation
- Transaction deals advisory (mergers and acquisitions)

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- SEZA certification
- SPEDU certification
- Manufacturing development approval order
- BQA training accreditation

Other services

- Tax health check
- Capital transfer tax compliance and advisory
- Estate tax services
- BQA / HRDC training claims compliance and advisory
- Assistance during tax audit and investigation

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