



Grant Thornton

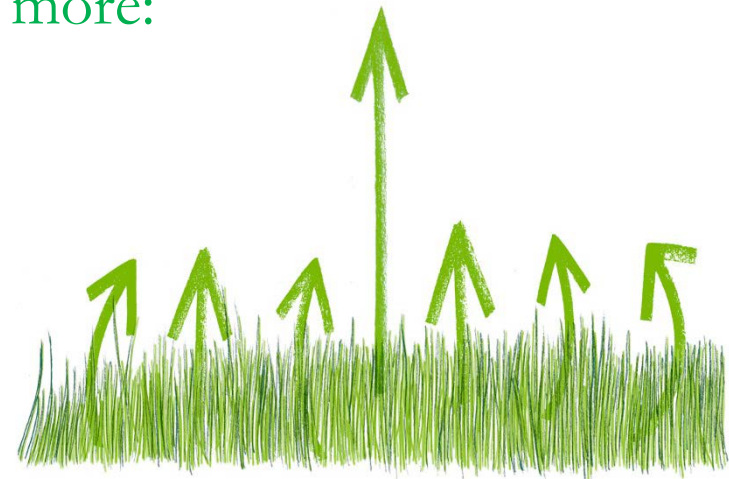
An instinct for growth™

# e-budget news

04 February 2013

On the brink of budget surplus... unlock more:

- Highlights in English & Setswana
- Budget allocations
- Tax highlights



# Highlights

2013/14 projects a surplus budget of P779 million. Surplus for 2012/2013 expected to be P835 million as against original budget proposal of P1.15 billion .

The overall deficit for 2011/2012 was P181 million as against the projected deficit of P3.76 billion.

Growth in GDP at 8% in 2011 was slightly lower than the 8.1% achieved in 2010. Positive growth achieved in non mining sector.

Transparency International has ranked Botswana at 6.5 on a scale of 0 – 10, which is an improvement from 2011.

Transparency in the exchange rate mechanism bolstered by disclosing the rate of crawl and the weights of currencies in the basket. The current rate is -0.16% and the weights of the currencies, 55% ZAR and 45% SDR.

Up to 5% of the BTC shares to be reserved for the citizen employees of the company. Botswana Privatisation Asset Holdings Limited, appointed as a market maker to facilitate citizens to trade share amongst themselves.

SADC Regional infrastructure plan completed. The plan guides implementation of trans-boundary infrastructure networks. It also identifies priority projects in six sectors of Energy, Transport, Water, ICT, Tourism and Meteorology.

Inflation as at December 2012 was at 7.4% compared to 9.2% at December 2011. Core inflation rate, excluding administrative prices persistently remained below overall CPI.

Government to empower youth through various skills development program.

Botswana Qualification Authority to be established to address relevance, quality, accreditation and articulation of skills development programmes.

Provision of decent basic shelter to be provided through low income housing programme loans repayable over 20 years with zero interest through SHHA. The fund now stands at P133 million.

Implementation of EDD through Enterprise Graduation Framework, Outward Investment, and adoption of both solicited and unsolicited bidding processes. Purchases under EDD scheme to increase to P2.5 billion.

Government to issue more treasury bills and government bonds to promote growth of capital market.

Foreign exchange reserves as at 31 December 2012 amount to P57.7 billion, equivalent to 13 months of import cover of goods and services.

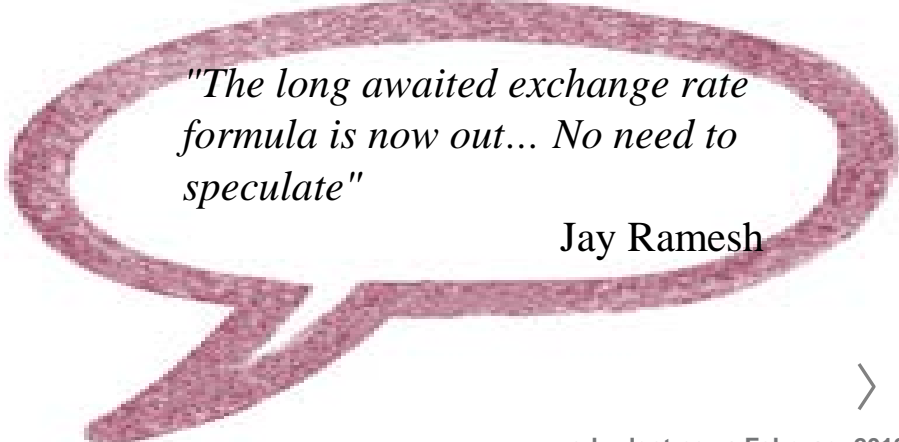
Financial development strategy has been developed to enhance effectiveness and coordination of financial sector reforms.

Major projects undertaken in 2012 such as the Kazungula Bridge project have progressed with the loan secured from the Japanese International Cooperation Agency.

Stringent measures put in place to deal with defaulting contractors which include delisting, termination and payment of damages to Government.

P1.77 billion allocated for the maintenance and refurbishment of government buildings, equipment, roads and others.

Economy expected to recover and grow at an average rate of 5.7% over the next three years and Real GDP from non mineral and parastatal sectors targeted to reach 70% over the same period.



*"The long awaited exchange rate formula is now out... No need to speculate"*

Jay Ramesh

# Highlights in Setswana

## Ketapele

Itsholelo ya mafatshe fatshe go lebega e tla wela tlase go tswa ka pego ya IMF. Ditlamorago tsa se ke gore itsholelo ya Botswana le yone e tla amiwa ke kwelo tlase e.

## Ditirelo tsa Madi

Madi a bolokilweng ko mafatsheng as sele a ile tlase go tswa ko go P60.3billion ka Sedimonthole 2011 go ya ko go P57.7billion ka Sedimonthole 2012. Madi a a ka kgona go reka dithoto go tswa mafatsheng a sele lebaka la dikgwedi tse di lesome le boraro.

Ledi la Pula le ile tlase go rotloetsa phadisanyo le madi a mafatshe a sele. Mmuso o bone go tshwanela go itsise Batswana ka fa tlhwathawa ya ledi la Pula le tshwantshiwang le madi a mafatshe a sele ka teng. Go ntsiwa selekanyo se se kwa tlase ga 0.16% ka ngwaga gore ledi la Pula le seka la wela tlase thata ka ntlheng ya kwelo

tlase ya itsholelo. Mo lenanong le, ledi la Pula fa le tshwantshiwa le ledi la Afrika Borwa go dirisiwa 55% go bo go dirisiwa 45% a madi a mafatshe a lenaneo la IMF.

Itsholelo ya Botswana e bone dikgwetlho di le mmalwa mo ngwageng wa 2012 go akaretswa kwelo tlase ya ditswa mmung, leuba le tshenyoye ya dipula tse di feteletseng.

Go ne ga nna le ditiego mo go wetseng ga kago ya Morupule B Power Station le koketso ya motlakase lefatshe ka bophara. Tsotlhe tse di ne tsa dira gore itsholelo ya Botswana e seka ya gola ka fa go neng go solofetswe.

## Tsa Mebereko

Puso e simolotse mananeo a a tsepameng a go fedisa letlhoko la ditiro mo bananeng ka mananeo a tshwanang le Youth Development Fund, LIMID, Youth Empowerment Scheme, Diamond Hub, Innovation Hub le EDD.

## Phokotso Lehuma

Puso e tswelletse ka mananeo a go fedisa lehuma. Madi a bagodi a okeditswe go tswa P220 go ya P250 ka kgwedi, bagaka ba ntwane bone madi a bone a okeditswe go tswa P359 go ya P390 ka kgwedi. Madi a batlhoki a okeditswe go tswa P81 go ya P90 ka kgwedi. Puso e seegile fa tlhoko madi a kanang ka P133million go adingwa ba lenaneo la SHHA. Madi a a adimiwa lebaka la dingwaga tse masome mabedi go sena morokotso.

Mo lenaneong la EDD, mmuso o ikaeletse go reka dithoto tsa madi a ka tshwarang P2.5billion mo dikomponeng tsa beng-gae mo ngwageng wa 2012/13, go feta a dirisitsweng ka ngwaga wa 2011/12 a selekanyo sa P1.9billion.

## Ditirelo tsa Sechaba

Lenaneo la kago ya borogo jwa Kazungula le tswelletse sentle. Mmuso o kgonne go bona madi a go aga borogo bo go tsweng Japanese International Cooperation Agency.

Tendera ya paakanyo ya tsela ya Tonota-Francistown e setse e abilwe.

Dikago tsa matamo a Dikgathong le Lotsane di feditswe ka Tlhakole le Mopitlwe 2012 ka go latelana.

Go rotloetsa tiriso sentle ya madi a puso, lephata la PPADB le tla dirisa mananeo a 'Integrated Procurement Management System' le 'Quality Management System'. Go solofetswe gore mananeo a a tla tokafatsa boleng le tsamaiso ya theko le go fokotsa ditatlhegelo. PPADB e tla tsewedisa go kwadisa di-kompone tse di dirisanyang le mmuso maikaelelo e le go thusa mmuso go dirisanya le di-kontraka tse di popotla.

## Lekgetho

Go rotloetsa Batswana go boloka madi, dibanka di filwe tshwanelo ya go kgethisa morokotso o fetang P7,800 ka ngwaga ka selekanyo sa 10%.

Mmuso o tsere tshwetso ya go sa-kgethise tiriso ya metsi mo malwapeng a dirisang metsi a selekanyo sa 5000litres go ya ko tlase.

## Paakanyo ya dikago, ditsela le didirisiwa tsa puso

Puso e tla seegela fa tlhoko madi a kanang ka P1.77billion go dirisiwa mo paakanyong ya dikago (P798million), didirisiwa (P548million), ditsela (P388million) le tse dingwe jalo (P32million).

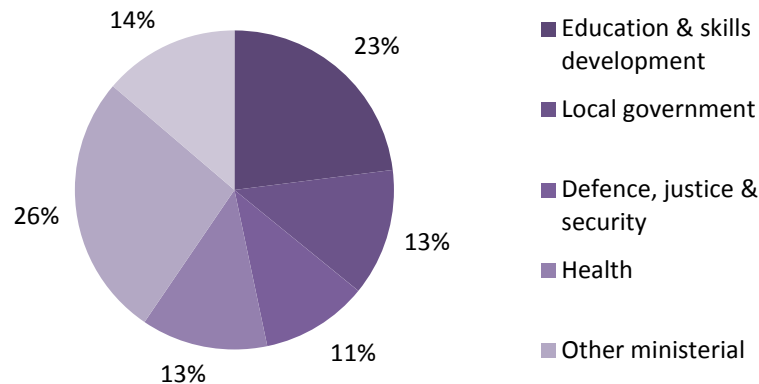
## Bokhutlo

Le fa itsholelo e ile tlase, Batswana ba rotloetswa go dirisa ditsompelo tsa lefatshe ka matsetseleko.



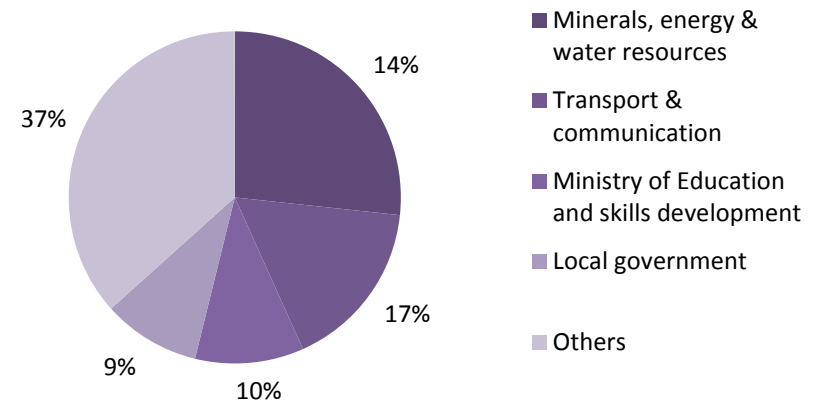
# Budget Allocations

## Recurrent expenditure



	BWP bn
Education & skills development	7.930
Local government	4.440
Defence, justice & security	3.730
Health	4.420
Other ministerial	9.220
Statutory expenditure	4.740
<b>Total</b>	<b>34.480</b>

## Development expenditure



	BWP bn
Minerals, energy & water resources	2.98
Transport & communication	1.85
Ministry of Education and skills development	1.18
Local government	1.06
Others	4.03
<b>Total</b>	<b>11.10</b>

# Tax Highlights

The following amendments have been made to the **Income Tax Act**. These amendments are effective from 01 July 2012.

- Withholding tax deducted to **resident individuals** from banks and financial institutions shall be the **final tax** and the **interest shall not** form part of the income of the resident individual
- The sections relating to double taxation agreements have been amended to give powers to the Commissioner General to obtain and provide information from or to the competent authority of a foreign government.

- The sunset clause of 31 December 2020 on IFSC Companies has been revoked and is valid indefinitely.

The interest for non payment of tax and payment of inadequate SAT will now attract tax at 1.5% compounded monthly instead of at 2% simple interest per month.





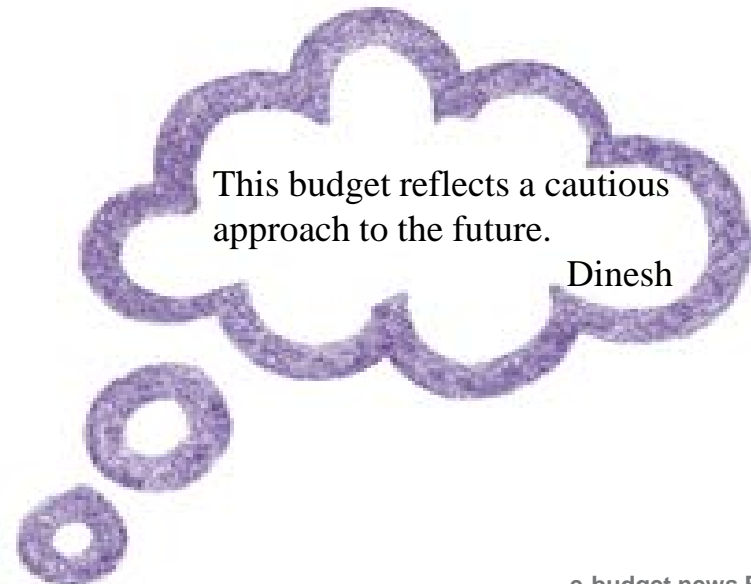
# Tax Tables

## Resident individuals tax summary

Annual taxable income (in Pula)	Rate of tax %
Up to 36 000	0%
36 001 – 72 000	0 + 5% of excess over 36 000
72 001 – 108 000	1 800 + 12.5% of excess over 72 000
108 001 – 144 000	6 300 + 18.75% of excess over 108 000
144 001 and above	13 050+ 25% of excess over 144 000

## Capital gains tax rates

Taxable income (in Pula)	Rate of tax %
0 – 18 000	0
18 001 – 72 000	0 + 5% of excess over 18 000
72 001 - 108 000	2 700 + 12.5% of excess over 72 000
108 001 – 144 000	7 200 + 18.75% of excess over 108 000
Over 144 001	13 950 + 25% of excess over 144 000



# Contact us

## Gaborone Office

### Jay Ramesh

Managing Partner

T: +267 3952313

E : info@bw.gt.com

## Taxation

### Rajesh Narasimhan

Partner

T:+267 3952313

E: rajesh.narasimhan@bw.gt.com

## Advisory Services

### Vijay Kalyanaraman

Partner

T::+267 3952313

E :vijay.kalyanaraman@bw.gt.com

## Audit Assurance

### Dinesh Mallan

Partner

T+267 3952313

E: dinesh.mallan@bw.gt.com

### Aswin Vaidyanathan

Partner

T+267 3952313

E: aswin.vaidyanathan@bw.gt.com

### Madhavan Venkatachary

Partner

T+267 3952313

E:

madhavan.venkatachary@bw.gt.com

## Corporate Services

### Anjana Suresh

Partner

T+267 3952313

E anjana.suresh@bw.gt.com

## Outsourcing

### Anthony Quashie

Director

T+267 3952313

E: anthony.quashie@bw.gt.com

## Francistown Office

### Sydney Muzadzi

Manager

T: +267 2418961

E: sydney.muzadzi@bw.gt.com

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