

e-budgetnews

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Grant Thornton Acumen 

Find out the **key to open up improved productivity for global competitiveness.**
Read our budget highlights...



In this issue we highlight the budget proposals for the year 2007 - 08 presented by the Honourable Minister of Finance and Development Planning, Mr. Baledzi Gaolathe. Presently, the budget is only a draft and will have to be approved by the National Assembly.

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Highlights in English

Budget Theme- Improved Productivity – The Key to Sustainable Economic Diversification and Global Competitiveness.

- Focus on increased productivity and service delivery to meet international standards.
- For faster implementation of projects, decentralisation of decision making proposed at ministerial level.
- On the job training to unemployed youths and training expenses for part time employment eligible for 200 % deduction.
- Allocation of 28.2% of recurrent budget, P 5 billion, for the Ministry of Education.
- Need to augment local contracting capabilities by employing highly rated international construction companies, along with skilled and experienced manpower to help implement major projects.
- Development Budget increased by 25.9% to P 7.26 billion.
- Industrial licenses registration time expected to reduce to one week from current one month with the recently approved Industrial Development Bill.
- Optimism about business conditions expressed by 78% respondents - as per Business Expectation Survey carried out by Bank of Botswana
- “Innovation hub” to be established in Gaborone to attract foreign direct investment in high technology businesses.
- GDP forecasts for the 2007/08 financial year is P 66.67 billion in current prices
- GDP measured at current prices, have increased by 15.2 % to P 57.1 billion in 2005/06 from P 49.6 billion in 2004/05
- Inflation declined to 8.5 % in December 2006
- Foreign Exchange reserves at P 48.8 billion (USD 7.90 billion) to cover 30 months import
- Per Capita Income at P 33 000 in 2005/06
- Sovereign Credit rating remains high. Rating is constrained by the “narrow economic base, with fiscal dependence on the mining sector”
- Transparency International ranked Botswana least corrupt in Africa and 37th in the world.
- Unemployment rate dropped to 17.6 %
- Privatisation activities to increase. PEEPA have been instructed to proceed with the privatisation process of National Development Bank.
- CEDA scheme is under review to assess its establishment objectives.
- CEDA Young Farmers Fund has been initiated which is designed to encourage young people wishing to venture into agricultural projects.
- Non Bank Financial Institutions Regulatory Authority expected to be in place by the end of the 2007/08 financial year.
- Review of the Botswana Stock Exchange Act expected to be completed in July 2007.
- Installation of Central Securities Depository for electronic registration of share certification to be completed in 2007
- Anti-money laundering legislation to extend its scope.
- The Companies Act regulation is expected in April 2007
- Computerisation of Registrar of Companies nearing completion.
- Implementation of rural electrification programme to be accelerated.
- Morupule Power Station expansion scheduled to start by end of 2007 and electricity generation expected in 2010. Mmamabula Export Power station expected to start operations in 2011
- Botswana International University of Science and Technology and the Medical School construction to commence in 2007/08
- HIV prevalence decreased to 32.4% in 2006, with highest reduction being among youth
- Budget estimates for 2007/08 show revenue and grants at P 27.18 billion, recurrent expenditure at P 19.82 billion and an estimated surplus of P 738 million.
- Revised estimates for 2006/07 show a surplus of P 4.39 billion as against original estimates of P 1.73 billion
- Budget outturn for 2005/06 financial year was an overall surplus of P 4.63 billion compared to anticipated budget surplus of P 1.58 billion.
- Balance of international payments on current account to show a surplus of about P 9.3 billion in 2006 compared to P 7.1 billion in 2005
- Tax Administration Bill to simplify the various tax procedures will be presented in 2007
- Public Sector Salaries increased at 6 % across the board in addition to the annual performance pay increment

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Highlights in Setswana

KABO YA MADI A SETSHABA MO NGWAGENG WA 2007/2008

Tona ya tsa madi, dotlhabololo le ditogamaano, Rre Baledzi Gaolathe, o bigele janna ka kabo ya madi mo setshabeng mo ngwageng tsa 2007/2008:

Ketapele

Ntswa itsholelo ya Botswana e nnile le go golela pele fa e sale re tsaya boipuso ka 1966, Puso e tshwentswe ke gore itsholelo ya rona e ikaegile thata mo go tsa meepo bogolo jang diteemane. Tona o ne a kgothatsa thothoetso ya dikgwetlho tse di farologanyeng le go nna dinatla mo tirong gore re tle re kgone go ntsha dithotho tse di tla kgonnang go itsetsepela le go rekesiga mo mmarakeng a mafatshe a sele, le go aga itsholelo e e tswelletseng.

Tsa Mebereko

Dipatlisiso tsa ngwaga wa 2005/2006 di supa kgolo ya babereki le gore khiri e ile godimo. Puso e ikaelela go thusa banana ba ba nang le boitseanape jwa temothuo ka lenaneo la CEDA. Mo lenaneng loe la CEDA Puso e tla adima banana madi ka morokotso o o kwa tlase, go thusa go tsweledisa kgwebo ya temothuo, maikaelelo e le go fokotsa lethoko la ditiro mo bananeng.

Lenaneo la Arable Land Development Programme le lone le tla tsweledisiwa.

Tlhabololo ya magae le phokotso ya lehuma

Puso e ikaelela go dira comiti e e tla lebaganang le phokotso ya lehuma. Puso e ikaeletse gape go seka seka madi a a abelwang bagodi.

Puso e ikaelela go thabolola dithaeletsanyo mo metsing ya magae, gore Batswana botlhe ba kgone go dirisa boranyane jo bo kwa godimo mo thaeletsanyong.

Ditirela tsa setshaba

Tona o buile gore makalana ka bontsi a ditirelo tsa setshabe a na le dipoele tse di kgotsofatsang. Lefa go ntse jalo, PEEPA e neetswe tseletso ya go tsweledisa maiteko a go tokafatsa ditirelo tsa setshaba ka go seka seka metlala ya go di dira dikgwebo tse eseng tsa Puso.

Go solofetswe go godisa madirelo a Morupule le Mmamabula go simolola ka befelo jwa 2007, maikaelelo e le go oketsa motlakatse.

Bojanala

Dipatlisiso di supa koketso ya palo ya Batswana ba ba tsenyeng mo kgwebong ya bojanala.

Temothuo

Puso o ikaelela go tsweledisa lenaneo la NAMPAADD go thusa balemi barui le balemi ba Glen Valley, le Dikabeya.

Meepo

Mo ngwageng wa 2006 go neetswe bagwebi ba le 16 teta ya go sega teemane. Kompone ya DaimondEx yone e filwe teta ya go epa teemane gaufi le motse wa Lerala, mme go solofetswe gore moepo o tla simolola ngwaga ono o fela.

Metsi

Go tokofatsa seemo sa metsi puso e tswelletse ka mananeo a go aga matamo kwa Dokgathong, Thune, Lotsane, le Moseitse.

Mme gape go tla tsweledisiwa kepo ya didiba kwa Kang/Phduhudu, Matsheng, Masama, le Bobonong.

Thuto

Puso e tswelletse ka lenaneno la go oketsa dikago tsa Unibesithi ya Botswana mo Gaborone, kago ya Unibesithi ya boranyane le boitseanape kwa Palapye, le sekolo sa ithutelo bongaka. Ditiro tse dingwe ke tsa kago sekole se segolwane sa ithutelo boranyane kwa Oodi, se se simologileng go agwa ka 2006 mme go solofetswe fa se tla fediswa ka 2008/09.

Lephata la thuto le tsweledisitse maikaelelo a mmuso a go tsaya dikole tsa ithutelo ditiro tsa diatla (dibrigade).

Dikago

Puso o tla seka seka lenaneo la SHHA ka maikaelelo a go baakanya tsamaiso.

Botsogo le HIV/AIDS

Puso o tswelletse ka metlhale e e gateletseng pele ya go lwantsha HIV/AIDS, mme go lebelega palo tsa ba ba tsenwang ke mogare di a fokotsega. Botswana ba kopiwa go tswelolele ka go lwantsha mogare o, ka bonatla jo be rileng

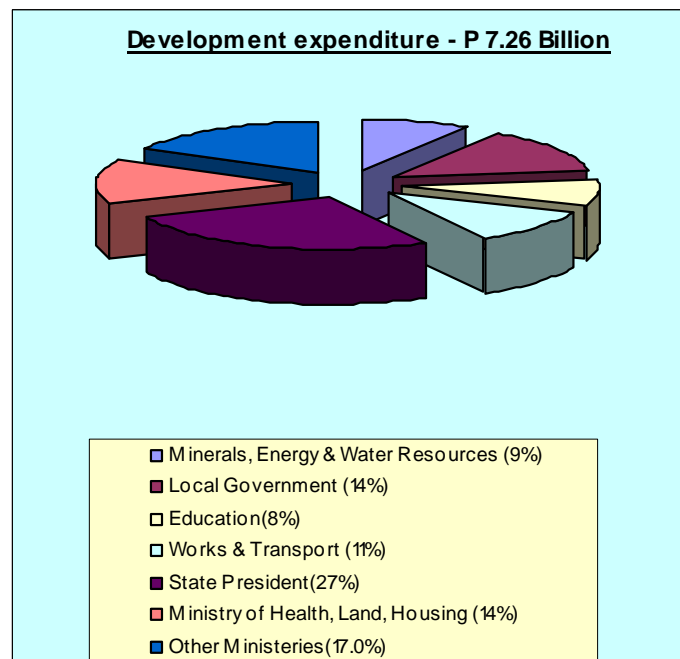
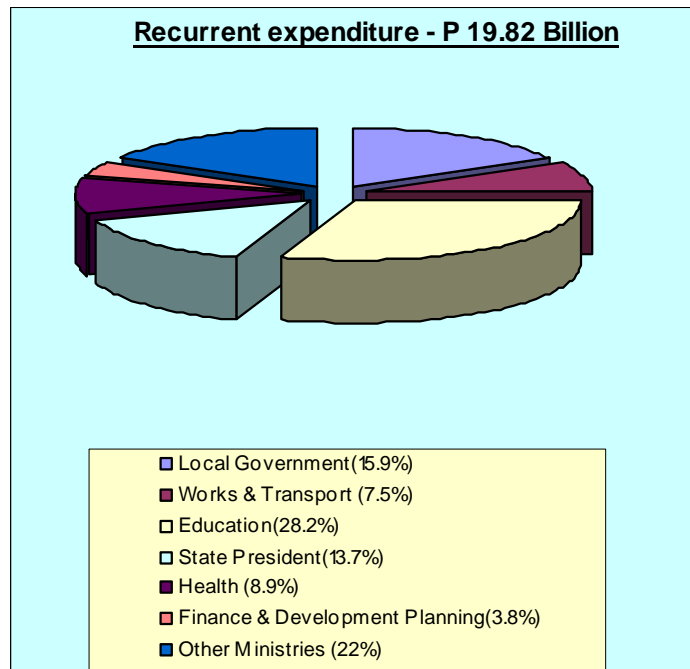
Dituelo tsa badirelapuso

Tona o tlhalositse fa mmuso o tsere tshwetso ya go okeletsa badirelapuso di tla ka 6%.

Melawana ya Lekgetho

Phetolo ya dintha dingwe tsa lekgetho la Income Tax (Training) Regulations tse di neng di santse di seegetswe fa thoko jannong di tla diragadiwa ka go sa kgethisi bahiri ba ba rutelang babereki ba bone ditiro.

Budget allocation



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Tax tables

Personal income tax

Resident individuals

| Annual taxable income | Tax liability 2007-2008 | Marginal rate % | Average rate % |
|-----------------------|-------------------------|-----------------|----------------|
| 30,000 | - | 0 | - |
| 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 |
| 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 |
| 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 | 18.63 |

Resident individuals – Tax summary

| Annual taxable income | Rate of tax |
|-----------------------|--------------------------------------|
| Up to 30 000 | 0% |
| 30 001 to 60 000 | 0 + 5 % of excess over 30 000 |
| 60 001 to 90 000 | 1 500 + 12.5% of excess over 60 000 |
| 90 001 to 120 000 | 5 250 + 18.75% of excess over 90 000 |
| Over 120 000 | 10 875 + 25% of excess over 120 000 |

Motor vehicle benefit - Scale of values

| Cost Of vehicle | Value of benefit | Fuel cost adjustment |
|--------------------|----------------------------|----------------------|
| 1 – 50 000 | 2 500 | 1 000 |
| 50 001 – 100 000 | 5 000 | 2 000 |
| 100 001 – 150 000 | 7 500 | 3 000 |
| 150 001 – 200 000 | 10 000 | 4 000 |
| 200 001 – and over | 15% on excess over 200 000 | 5 000 maximum |

Capital transfer tax

Individuals

| Annual taxable income | Rate of tax |
|-----------------------|------------------------------------|
| 0 to 100 000 | 2% of every Pula |
| 100 001 to 300 000 | 2000 + 3% of excess over 100 000 |
| 300 001 to 500 000 | 8 000+ 4% of excess over 300 000 |
| Over 500 000 | 16 000 + 5% of excess over 500 000 |

Companies

12.5% of every Pula

Withholding tax

| Payments of / Payments to | Dividends | Interest | Royalties | Management & technical fees | Entertainment fees | Construction contract payment |
|---------------------------|------------------|----------|-----------|-----------------------------|--------------------|-------------------------------|
| Resident | 15% | 10% | - | - | - | 3% |
| France | 12% or 5 % \$ | 10% | 10% | 7.5% | - | - |
| Mauritius | 10% or 5 % \$ | 12% | 12.5% | 15% | - | - |
| South Africa | 10% | 10% | 10% | 10% | - | - |
| Sweden | 15% | 15% | 15% | 15% | - | - |
| United Kingdom | 15% | 15% | 15% | 7.5% | - | - |
| Russia | 10% or 5 % \$ | 10% | 10% | 10% | - | - |
| Barbados | 10% or 5 % \$ | 10% | 10% | 10% | - | - |
| Seychelles | 10% or 5 % \$ | 7.5% | 10% | 10% | - | - |
| Namibia | 10% | 10% | 10% | 15% | | |
| Zimbabwe | 10% or 5 % \$ | 10% | 10% | 10% | - | - |
| Non-treaty | 15% | 15% | 15% | 15% | 10% | 15% |

\$ Dividends are withheld at the rate of 5% if the beneficial owner is a company holding 25% or more of shares in the resident company declaring dividend.

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