



## BOTSWANA TAX COMPLIANCE GUIDE

DSS offers a comprehensive tax compliance service, supporting clients to comply with their statutory tax declaration requirements in line with the tax regulations, as well as the frequent changes and updates in legislation and procedures. DSS interfaces between the client and Botswana Unified Revenue Service (BURS). We liaise with our client's operational management to compile and submit the required returns, calculate the tax that must be settled and facilitate payment through our trust account.

### INCOME TAX – COMPANIES

- Statutory fiscal tax year end is 30<sup>th</sup>. June.
- Companies may choose a different 12-month period (to align with their financial year) as their tax year. Such changes in financial year end must be notified to BURS.
- Registration with BURS for Income Tax requires provision of evidence of a commercial bank account in Botswana. DSS can assist in opening a bank account for clients to facilitate such registration.
- Due date for submission of Income Tax return (ITA22) is 4 months from the Company's financial year end.
- Extensions for the submission of an annual return must be made prior to the initial submission deadline and can be granted for a period of up to 3 months.
- Advance income tax payments, calculated to settle the estimated income tax that will be payable for that year must be remitted to BURS in equal sums on a quarterly basis (based on the Company's financial year – the first quarter payment being due three months from the beginning of the Company's financial year).
- A final, "fifth quarter", payment can be made at time of submission of the income tax return (in the 4 months post the financial year end) to top up for any shortfalls in the estimated income tax already paid in the quarterly payments. Interest will be charged if the *estimated* income tax paid through these advance payments is less than 80% of the *actual* income tax payable as per the Income Tax return.
- If the total estimated income tax payable is P50,000 or less, then a single payment of such tax can be made when the client files their income tax return (i.e. up to 4 months after the financial year end).

### VAT AND TRAINING LEVY

- Registration for VAT is mandatory where vatable turnover exceeds a threshold of P1,000,000 per annum. A person may however volunteer to register for VAT and the threshold for voluntary registration is P500 000. Voluntary registration

is subject to the Commissioner General's discretion. For new entities submission of evidence of this vatable income can be achieved through formal contracts between the Company and their customer/s or similar evidence that the Company will exceed the threshold. The Commissioner General may require further evidence and/or documentation, especially in the case of voluntary registration.

- Returns and remittance of VAT to BURS is required by the 25<sup>th</sup> of every month (large taxpayers, as determined by BURS) or every other month ("bi-monthly").
- VAT registered companies on the monthly return cycle may claim Input VAT deductions for the following three returns (i.e. up to 3 months)
- VAT registered companies on the bi-monthly return cycle may claim Input VAT for the following return (i.e. up to 4 months).
- NIL returns are required in cases where the Company is dormant following registration for VAT.
- Clients must provide DSS with all the transactional information to support the calculation of VAT and Training Levy by the 20<sup>th</sup> of the month in which the return is due. This will enable further engagement with the client should the need arise and still provide sufficient time for filing on time.
- Clients must retain and file the original source records in a methodical and consistent manner that will facilitate compliance with VAT audits that are often required when VAT refunds arise or on may take place on a random basis.
- Clients must diligently ensure that Output and Input VAT invoices comply with the requirements of the VAT Act.
- Training levy is calculated as a percentage of both zero rated and standard rated sales and has the same payment and return due dates apply as those for VAT.

## **PAYE**

- Monthly submission of returns and settlement of PAYE deducted is required by the 15<sup>th</sup> of the month following the deduction.
- Payroll information must be provided to DSS by the 10<sup>th</sup> of every month This will enable further engagement with the client should the need arise and still provide sufficient time for filing on time.
- Submission of annual returns (ITW10) is due by the 31<sup>st</sup> of July
- Any underpayment of PAYE by the Company must be settled to BURS with the annual return.



## **OTHER WITHHOLDING TAXES - OWHT**

- Submissions of returns and payment to BURS is required by the 15<sup>th</sup> of the month following payment (typical payments requiring deduction of OWHT include, interest, rent, construction contracts, commissions and royalties and management and consultancy services provided by non-residents) – NIL returns are not required
- Supporting details for determination of OWHT must be provided to DSS latest the 10<sup>th</sup> of the month in which the return is due. This will enable further engagement with the client should the need arise and still provide sufficient time for filing on time.
- An annual return (ITW10(O)) is due date by the 31<sup>st</sup> of July

## **OTHERS COMPLIANCE MATTERS**

- A tax clearance certificate (valid for 12 months) will be issued by BURS if the Company is compliant in all of its taxes.
- VAT refunds will be automatically applied to any other tax liabilities due by the taxpayer.
- Interest and penalties will be automatically charged by BURS on late submission of returns and payments received by BURS after the due date.
- Interest and penalties will be deducted from the next payment made to BURS resulting in potential shortfalls if such amounts are not included in the remittance to BURS following such charges
- Accounting records must be retained in Botswana for 8 years

## **CONTACT US**

Directors: Kopanang Thekiso (kopanang@dss.co.bw)

Stephen Pezarro (stephen@dss.co.bw)

Consultant: Tutu Bakwena (bakwena@dss.co.bw)

Team: tax@dss.co.bw

Website: www.dss.co.bw

Phone: +267 3952474