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VAT IMPLICATIONS OF REVERSE CHARGE SUPPLIES AND REMOTE SERVICES

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The Law

The Value Added Tax Act, 2026 together with the Value Added Tax Regulations, 2026 introduced provisions outlining the tax treatment of 'remote services' and 'reverse charged supplies'.

Remote services are services provided where there is no connection between the geographical location of where the services actually performed by a supplier and the location of the recipient of the services.

In Botswana, remote services occur when a service:

- is physically performed in Botswana by a supplier who is in Botswana;
- relates to immovable property in Botswana, whether or not performed in Botswana;
- is a remote service supplied to a person who is resident in Botswana;
- is an inbound tourism product, agency or booking service relating to a supply of an inbound tourism product;
- is a telecommunication service that can be used only in Botswana; or
- is a telecommunication service supplied to a person resident in Botswana.

Reverse charged supply occurs where a supply of services:

- is made by any person, whether registered or not who does not conduct a taxable activity from a place of business in Botswana;
- is made to a registered person, a government entity or a large, unregistered person;
- would have been a taxable supply if the supply had been made from a place of business in Botswana

What is the relationship between remote services and reverse charged supply?

Reverse charged supply occurs where the supply of services is made by a person geographically located outside Botswana to a recipient of services, being a registered person, Government entity and large unregistered person located in Botswana.Reverse charging is the responsibility of the importer of remote services. Government entities or large unregistered persons are required to register with BURS for purposes of accounting for reverse charged supply. In this case, suppliers are not required to charge output VAT as the registered person will reverse charge.

The responsibility for charging and accounting for VAT on remote services lies with the supplier of remote services. For this reason, suppliers of remote services are required to register and charge VAT on services provided to residents of Botswana.

Who is affected by this new law?

The VAT rules relating to remote services affect any person who imports services. The rules affect both consumers and suppliers of services.

Consumers are affected by an additional charge of VAT at 14% on services that they had not previously incurred.

Suppliers of remote services are required to be registered for VAT in Botswana. Recipients of services for purposes of accounting for reverse charged supplies are:

- Businesses that are registered for VAT in Botswana;
- Government entities encompassing government ministries, agencies or any entity controlled by the Government of Botswana including local authorities; and
- Large unregistered persons who are not government entities but make supplies in excess of P1million

Which types of services qualify as remote services?

Remote services include:

- online supply of e-books, music, gambling and gaming services, films and any form of digital content;
- electronic data management including website hosting and cloud storage;
- distance learning courses;
- professional services including legal accounting and consultancy services provided in or outside Botswana; and
- remote services provided through an electronic marketplace.

What are the requirements for suppliers?

Remote service suppliers are required to apply for registration. A valid application must include:

- registered name
- trade name
- address, phone and electronic contact details
- website of the remote service supplier
- contact details of the individual responsible for VAT compliance

An application for registration must be accompanied by certified copies, translated into English where necessary, of:

- company incorporation certificate or similar registration document from country of incorporation
- tax certificate from country of incorporation

- any other documentation that the Commissioner General may require

What are the requirements for consumers of remote services?

For unregistered consumers (including individuals and small unregistered persons) of remote services, there are no further requirements beyond payment of the VAT for the services consumed.

Large unregistered persons and Government entities must register for reverse charged supplies and file returns every two calendar months.

During or prior to the acquisition of remote services, all registered persons, including Government entities and large unregistered persons are required to notify the supplier that they are registered for VAT and therefore should not be charged VAT.

During registration, large unregistered persons and Government entities are required to provide the following details:

- name of the entity including business name;
- address, phone and electronic contact details
- nature of business of the person
- contact details of the individual responsible for VAT compliance

Key dates

- The Value Added Tax Act, 2026 came into operation on the 1st July 2026.
- Registration period for suppliers of remote services commenced on 1st June 2026
- Government entities and large unregistered persons must register between 1st June and 31st July 2026
- Charging of VAT by suppliers of remote services is to commence on 1st October 2026.
- Remote services suppliers first tax period is the period 1st October to 31st December 2026 and quarterly thereafter.
- Due date of first return submission by remote services suppliers is by 28th January 2027.
- Government entities and large unregistered persons commence accounting for reverse charge on 1st August 2026

What are the tax periods for remote service suppliers and reverse charged taxpayers?

The tax periods of suppliers of remote services are the 3 month periods end 31st March, 30th June, 30th September and 31st December.

Tax period of Government entities and large unregistered persons are any 2 calendar months.

Tax periods for a VAT registered persons remain the same for Categories A, B and C.

All returns are due within **28** days after the end of the tax period (previously within 25 days).

Tax invoices for reversed charged supplies

Reversed charged suppliers are required to prepare a tax invoice referred to as a ‘recipient-created tax invoice’ for the supplies they acquire. The invoice must include the following details:

- The words “Recipient-created Tax Invoice” placed in a prominent place
- name, address and TIN of the recipient
- individualised serial number and date on which the invoice was issued
- description of the services being supplied and the date of the supply
- the consideration for the supply and VAT charged

It is important to remember that all tax invoices and documentation is to be kept available for BURS inspection for a period of 8 years.

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