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The Botswana National Budget – 2026/27

Introduction and overall fiscal outlook

With a P26.35 billion budget deficit and declining revenue sources, the Vice President and Minister of Finance, His Honour Ndaba Nkosingithi Gaolathe, delivered the 2026/27 budget under the theme - ***“A new era of economic transformation and fiscal prudence.”***

Fiscal Outlook

- Revenue is expected to increase by about 2% despite the decline in mining revenue. This increase is attributable to SACU revenue and other sources such as increasing tax rate and broadening the tax base.
- Inflation increased from 2.5% in the previous year to 3.9% by December 2025.
- Import cover is currently at 5 months only.
- Forex reserves sat at BWP47.4 billion in December 2025.

In the last seven fiscal years, Botswana ran on budget deficits, and this trend is continuing in the current budget. The budget deficit for 2025/26 was BWP22 billion while the maiden budget for the 2026/27 financial year is in deficit by BWP26.35 billion.

BWP23.38 billion is set for the development budget.

	2025/26 Budget (BWP billion)	2026/27 Budget (BWP billion)
Revenue and grants	75.49	77.22
Expenditure and net lending	(97.61)	(103.57)
Deficit	(22.12)	(26.35)

2026/27 Budget Strategy

The strategy of the budget is to improve Botswana's economic status and quality of life by:

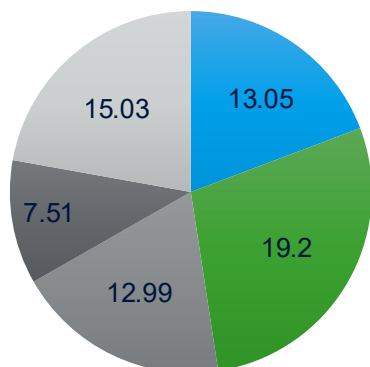
- Rehabilitating infrastructure mainly schools, health facilities, roads, government buildings, roads and wastewater treatment plants with a proposed BWP1.85 billion.
- Driving the economy towards that of a more export-led in meat products, mining products and other agricultural produce.
- Establishment of a National Fund of Funds and MSME support. BWP1.31 billion is proposed for MSME financing.
- Implementation of the Twelfth National Development Plan (NDP12) and the Botswana Economic Transformation Program (BETP) with identified 186 projects across all sectors.
- Strengthening revenue collection through a reformed tax administration regime. A comprehensive review of the tax system is underway and is expected to broaden the tax base. For example, the introduction of taxation of remote services is expected to commence in April 2026.

The following Tax bills were gazetted on the 15th December 2025 and will be tabled for deliberations in Parliament from February 2026:

- **Income Tax Bill No. 36 of 2025**
- **VAT Bill No. 38 of 2025**
- **Tax Administration Bill No. 37 of 2025**
- **Customs (Amendment) Bill No. 39 of 2025**

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Allocations in BWP billions



- Ministry of State President
- Ministry of Child Welfare and Basic Education
- Ministry of Local Government and Traditional Affairs
- Ministry of Health
- Other Ministries and Departments

TAX TYPE	CURRENT SITUATION	PROPOSED CHANGES
Value added tax	14% (Compulsory registration from BWP 1million turnover per year)	The introduction of VAT electronic invoicing systems is expected to commence in April 2026. There will also be a reduction in the list of zero-rated items to raise the VAT effective rate.
Corporate income tax	<ul style="list-style-type: none"> 22% resident 30% non-resident 15% approved manufacturing 5-10% in special economic zones 	<ul style="list-style-type: none"> An increase of 3% to resident company tax to 25% Branch tax will attract 10% withholding tax.
Personal income tax (PIT)	<ul style="list-style-type: none"> 0 to 25% on a structured basis 25% applies to those earning P13,000 or more per month 	Introduction of a Top Earners bracket at 27.5% for individuals earning P33,333.33 per month or P400,001 or more in a tax year.
Dividend tax	10%	No change
Transfer duty	<ul style="list-style-type: none"> 5% of the property value 30% on agricultural land for non-citizens 	No change

“Though the fiscal challenges are undeniable, the policies are sound and promising. The umbrella tax and increase in rates will still make Botswana an attractive destination for investment because investment in infrastructure, lack of foreign exchange controls, stable political climate, export-orientation caused by weakening Pula, and various projects that already commenced under BETP.” – Partners, RSM Botswana.