

# THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

# TAX AMENDMENTS - 2021

## TAX AMENDMENTS – Effective 2021

- **SALARY TAX THRESHHOLD IS INCREASED FROM P36,000 TO P48,000. EMPLOYEES EARNINGS P48,000 OR LESS WILL NOT PAY ANY TAX EFFECTIVE 1 JULY 2021.**
  - So you pay a tax of P 13,050 yearly when you earn P 13,000 per month and you no tax if you earn P 4,000 a month. But if you earn more than P 13,000, then you pay 25 thebe per Pula over and above P 13,000.
- **DIVIDEND TAX RATE IS INCREASED FROM 7.5% TO 10% EFFECTIVE 1 JULY 2021.**
  - Long and short of it is that dividends are very costly because you pay 22% tax in order to make profit and then pay 10% on the balance 78% thus increasing tax to 29.8% for withdrawing a profit of 70.2%. And... had you simply taken a salary it would only be 25% and you would have saved 4.8%.
- **DIRECTORS FEES ON NON-WORKING DIRECTORS WILL BE SUBJECTED TO FINAL TAX AT 10% FOR RESIDENT DIRECTORS AND 15% FOR NON-RESIDENT DIRECTORS.**
  - This is a good tax saving measure for non-executive directors. They would be paying tax at 25% now they clearly save 10% tax on the fee.
  - Again growing companies can have foreign non-resident directors for final withholding tax deduction of 15% and they don't have any obligation to file tax returns in Botswana.
- **OTHERS**
  - Go with your shopping bag to save P 0.15 PER plastic bag from 1 JULY 2021.
  - Consume less SUGARY DRINKS for there was a price increase from 1/4/21 because of Sugar Tax.
  - Increase by P1.00 / litre of petrol and diesel from 1/4/21
  - VAT is 14% from 1/4/21
  - Tax on second hand imported vehicles? NOT YET IMPLEMENTED!

THINKING ABOUT  
YOUR BUSINESS IS  
A BIG PART OF OURS.

# TAX AMNESTY

Where a taxpayer is required to pay interest on a principal tax debt in accordance with sections 97 and 101 of the Act, the Minister shall in accordance with these Regulations and pursuant to Section 112 (1) of the Act, grant tax amnesty from the payment of interest charged on an unpaid principal tax debt. **In short, tax amnesty means a limited-time opportunity for taxpayers to pay the principal tax debt in exchange for the forgiveness of interest and penalties.**

## SCOPE

The tax amnesty shall cover tax liabilities for all tax years prior to and including the tax year 2020/2021. That is, all prior years' tax liabilities up to 30 June 2021.

## AMNESTY PERIOD

The tax amnesty shall become available from 1st July 2021 to 31 December 2021.

## PERSONS ELIGIBLE FOR TAX AMNESTY:

A person shall be eligible for tax amnesty where the person:-

- Has an outstanding principal tax debt that has a penalty or interest liability;
- Has filed a tax return but has not paid the whole or part of the tax due under the tax return;
- Has paid the principal tax debt but has an outstanding penalty or interest;
- Only has an outstanding penalty, interest or both;
- Has not filed a tax return that is due to be filed or should have been filed;
- Is eligible or was eligible to register in accordance with section 16 of the Act;
- has filed an objection with the Commissioner General; or
- Has a pending appeal case before the Board of Adjudicators, the High Court or Court of Appeal.

## IMPORTANT NOTE

- The amnesty shall not cover any fines imposed under the Act.
- The amnesty shall only be granted where the taxpayer has paid the principal tax debt in full.
- There are categories of taxpayers who will not be eligible for tax amnesty under these Regulations.

# RSM CAPABILITIES

RSM have the knowledge and expertise to deliver the quality service that you deserve. By allowing us to handle your professional services needs, you benefit from some of our distinct advantages:

## Proven consulting process

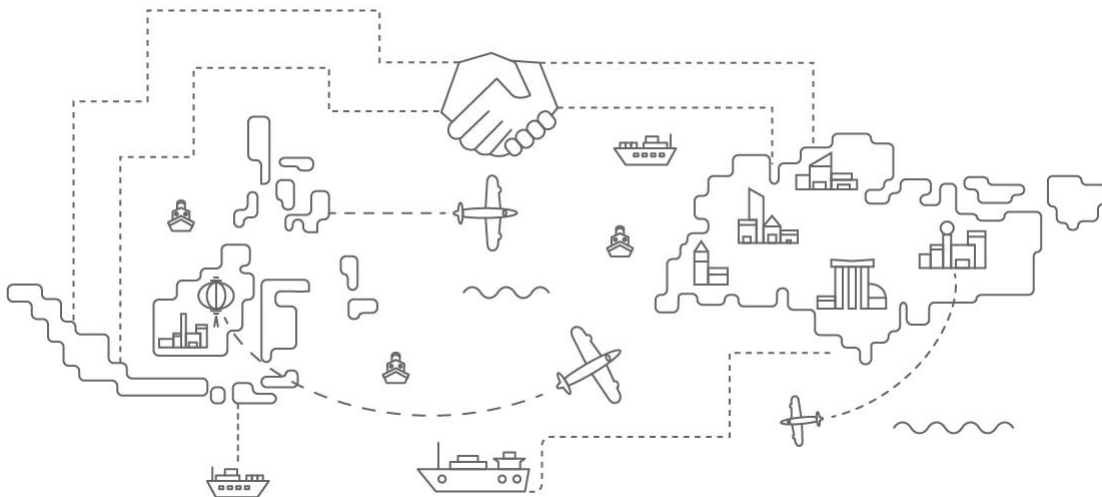
We have proven consulting processes and methodologies that are standardised across RSM member firms around the world. This allows us to share expertise and best practices to ensure that your assignment run to the highest global standards.

## Independence and quality service

RSM is recognised for the highest standards of professional conduct. We safeguard this reputation through continuous training, stringent internal quality assurance controls, and external monitoring by our regulators. We also have an established process to fully identify and consider ethical and independence issues.

## Industry experience

We have experience in numerous industries, including the one in which BUAN operates. This is imperative to our understanding of the unique needs of your business. However, we believe that our experience across various industry segments will also benefit BUAN in several ways. By combining the collective industry experience of our Partners and staff on a local and international level, we will ensure that we bring value to BUAN beyond compliance.



6<sup>th</sup> largest

network of audit, tax & business consulting firms globally

Over 800  
offices in 120  
countries

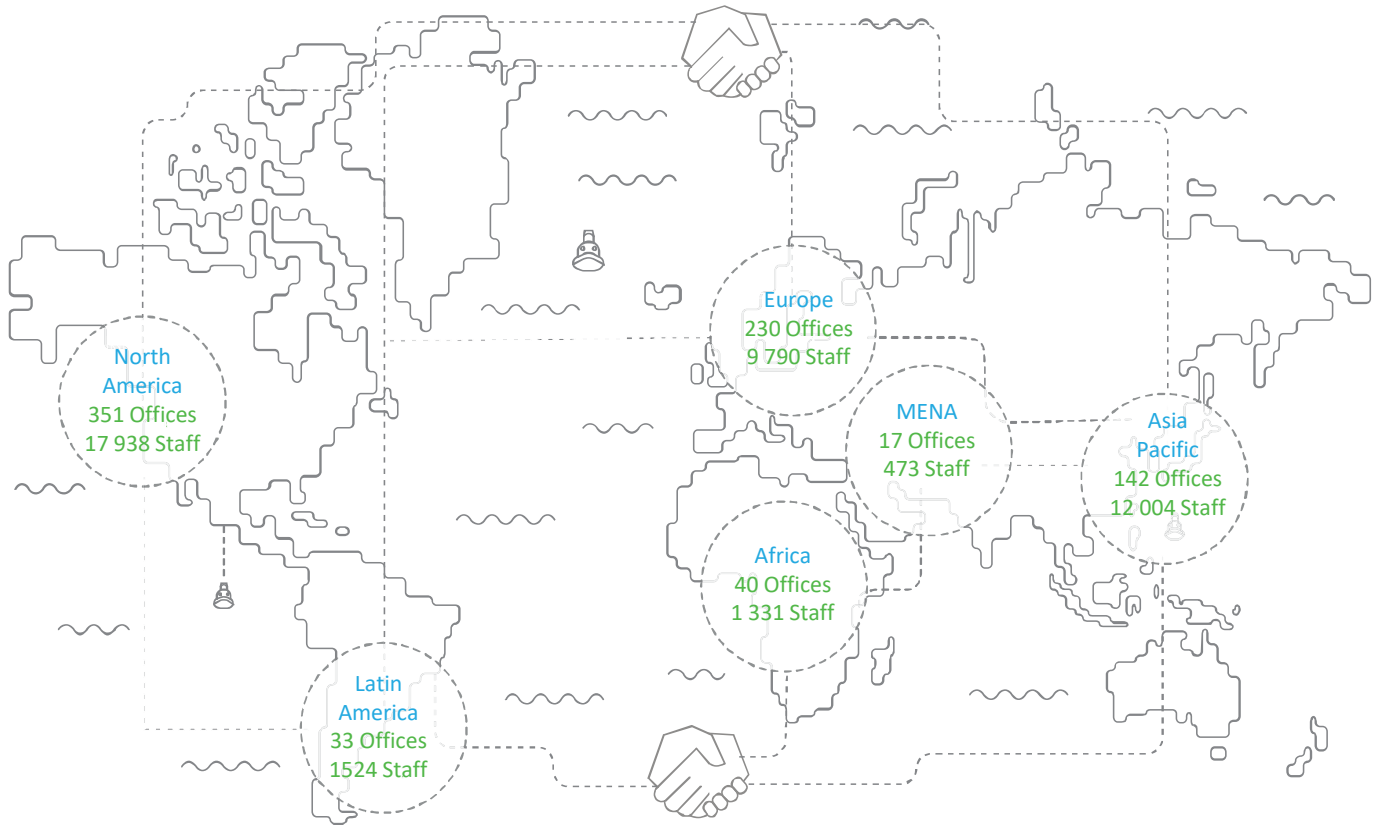
1 Botswana  
office  
Gaborone

Over  
43 000  
staff globally

Combined global fee  
income of over  
\$5 Billion

## Global reach with local perspective

With over 43 000 staff in over 800 offices in over 120 countries, we are connected to some of the top minds in the industry across the globe. Not only does this equip us to offer clients cross-border teams of professionals, it allows us access to thought leaders and experts from across the globe, putting the latest global developments at your disposal.



## A multidisciplinary service offering

We can provide the full suites of professional services to our clients, ensuring there are no gaps in client needs. These services include:

- Assurance services such as statutory audit & limited assurance reviews
- Local and international tax services
- Corporate legal services
- Outsourced accounting and payroll services
- Risk advisory services
- Management Consulting
- Corporate statutory services
- Individual taxation services
- Corporate taxation services
- Family owned and managed businesses
- Estate planning and administration
- HR and labour consulting
- Trust administration
- Valuations
- Business interruption consulting
- B-BBEE consulting
- Corporate finance & transaction support
- IT consulting & special projects
- Cybersecurity

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