

## WHERE DO I FIND BURS OFFICES TO DEAL WITH SAT ISSUES?

### WHAT IS A TAXABLE ACTIVITY

A taxable activity is a business in the broadest sense. It includes ordinary business whether profit making or not. Taxable activity includes ordinary business like manufacturers, trades, auctioneers, contractors, unincorporated bodies etc.

Disposal of business assets is also regarded as part of a taxable activity.

However, private or recreational pursuits or hobbies (unless run as a business) and the services of an employee to an employer are not regarded as a taxable activity.

At the end of a tax period, every registered person must submit a return. Returns are submitted according to the business tax period.

Category A and B – turnover less than P12 million; submits returns every 2 months.

Category C - turnover P12million and above; submits returns every month.

All returns are due by the 25<sup>th</sup> of every month following the end of a tax period.

#### Note:

Tax fraud is theft from the people of Botswana. If you know a person who is not dealing with tax or VAT matters honestly, you are requested to contact the nearest Botswana Unified Revenue Service Office.

#### Gaborone Office

Private Bag 0013  
Gaborone  
Tel: 363 8000/ 9000  
Fax: 395 3101

#### Francistown Office

Private Bag 38  
Francistown  
Tel: 2413635  
Fax: 2413114

#### Maun Office

P.O. Box 219  
Maun  
Tel: 686 1321  
Fax: 686 0194

#### Selibi Phikwe Office

P.O. Box 129  
Selibe Phikwe  
Tel: 261 3699  
Fax: 261 5367

#### Palapye Office

P.O. Box 97  
Palapye  
Tel: 492 0784  
Fax: 492 0388

#### Lobatse Office

P.O. Box 263  
Lobatse  
Tel: 533 0566  
Fax: 533 2477

#### Ghanzi Office

P/Bag 0018  
Ghanzi  
Tel: 659 6463  
Fax: 659 6456

Toll free number for Tax Enquiries

# 0800 600 649

[www.burs.org.bw](http://www.burs.org.bw)

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# VAT IN BRIEF

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This pamphlet gives a brief description of a Value Added Tax (VAT). It is not intended to be used as a legal reference but rather as a guide to assist in the general understanding of VAT.

## WHAT IS VAT?

VAT is tax charged on locally supplied and imported goods and services. A wide range of goods and services are taxed. Exemptions are kept to an absolute minimum and this, in turn, helps to keep the rate low.

## WHO MUST REGISTER FOR VAT?

### Any person:

Who makes taxable supplies with an annual turnover of P500 000 or more must register for VAT.

Who expects to exceed a turnover of P500 000 in the next 12 months.

Whose turnover is less than P500 000 but wishes to register voluntary.

## HOW AND WHERE MUST I REGISTER?

Application forms are available at your nearest BURS office. The completed application form with the necessary attachments can be submitted at your nearest BURS office.

## IS THERE ANY REGISTRATION FEE?

No

## HOW DOES VAT WORK?

VAT is charged at the rate of 12% on all goods and services that a VAT registered person supplies to other persons. A business that is registered for VAT will incur VAT on goods and services acquired known as **input tax**. VAT collected on goods and services supplied is known as **output tax**. At the end of each tax period, the

business will accrue all the output tax collected. All the input tax incurred must be added up and then deducted from the output tax. The net amount of VAT collected is then paid over to BURS.

## How to price

Any price that is displayed, advertised or quoted must include VAT. Consumers should be aware that if a price is displayed, there should be no further charge for VAT.

## Examples:

Correct Pricing	Incorrect pricing
Price inclusive of tax P112 (VAT included)	(a) Price: P100 + VAT
Price exclusive of tax Price P 100 VAT P 12 VAT inclusive P 112	(b) Price: P100 (excluding VAT)

At the end of each tax period, if output tax is more than input tax, the difference is **tax payable; therefore tax is refundable if output tax is less than input tax.**

### Note:

**A person who is not registered for VAT must not charge VAT. Consumers should be aware of abuses in this regard. If you are in doubt, contact your nearest Botswana Unified Revenue Service or request for proof of registration from the trader.**

## WHAT IS SUBJECT TO VAT?

Generally all goods and services supplied are subject to VAT at the rate of 12%.

There are very few exceptions. Some examples of goods subject to VAT are: food, household appliances,

electricity, water, thermal or electrical energy, heat gas, etc

Examples of services that are subject to VAT are:

1. Commercial services:- electrical, plumbing, construction; etc
2. Professional services: – doctors, accountants, lawyers, advertising agencies, etc
3. Intellectual property rights: - patents, trademarks, copy right, know -how etc

In order to be allowed to claim input tax, you must be registered for VAT, and be in possession of a valid tax invoice.

## WHAT IS NOT ALLOWED A CLAIM OF INPUT VAT?

All input tax that your business incurs in acquiring goods and services for the furtherance of a taxable activity may be claimed. Only three categories of input tax incurred may not be claimed:-

- Passenger vehicles
- entertainment expenses
- club subscription fees

## Zero rated supplies:-

These are goods and services charged tax at the rate of 0%.eg exports, maize meal, sugar tractor for farming etc

## Exempt supplies:-

Exempt supplies are those goods and services that are not subject to VAT at all e.g. education services, public medical services, etc

### Note:

**A business that supply exempt supplies is liable to pay VAT on its business INPUTS, but cannot claim input tax**