

TAX FAQ

FAQ - VAT

Question: WHO IS SUPPOSED TO REGISTER FOR VAT?

Answer: Any organisation who's taxable supplies exceeds P500 000 per annum must register, but if the turn over is below the threshold may apply for voluntary registration

Question: WHY DO YOU HAVE TO REGISTER FOR VAT?

Answer: Subject to the provision of the VAT ACT, every person who carries on a taxable activity must register for VAT

Question: WHAT IS THE DIFFERENCE BETWEEN CATEGORY A, B AND C

Answer: Category A and B = Turnover P500 000 up to 12 million
Category C = P12 million upwards

Question: WHEN DO I CLAIM INPUT TAX?

Answer: Input tax incurred by the business during the tax period, in acquiring goods and services may be claimed except for acquisition of passenger vehicle, entertainment and club subscription.

Question: WHAT IS OUTPUT TAX?

Answer: Output tax is VAT charged and collected by a registered person for goods and services supplied

Question: WHEN DO I CHARGE VAT?

Answer: VAT is charged on taxable supplies, either standard rated or zero-rated

Question: DO I HAVE TO PAY FOR REGISTERING FOR VAT?

Answer: There is no charge for registering for VAT

Question: CAN I OFFSET MY UNPAID VAT REFUND AGAINST OUTPUT TAX?

Answer: Unpaid VAT refund cannot be offset against output VAT

Question: HOW MUCH IS PENALTY CHARGE FOR LATE SUBMISSION?

Answer: Penalty charge is P50 per day or 12% of the amount payable for each month, but shall not exceed the vat payable

Question: HOW MUCH IS THE CHARGE FOR LATE PAYMENT OF VAT?

Answer: Interest on unpaid tax is charged at the rate of 2% per a month or part thereof a month compounded monthly. Sec 26 read with 5th schedule

Question: WHEN AM I SUPPOSED TO FILE A RETURN?

Answer: VAT returns are submitted for each tax period 25 days after the end of each tax period

Question: CAN I FILE MY RETURN AND PAY LATER?

Answer: A taxpayer may make an arrange for extension of time on writing to the Commissioner

Question: HOW DO I ACCOUNT FOR VAT WHEN THE SUPPLIERS HAVE NOT PAID ME?

Answer: A supply of goods or services is made when an invoice is raised by the supplier or payment is made which ever comes earlier therefore VAT should be paid to the Botswana Unified Revenue Service

Question: DO I STILL FILE A RETURN IF I AM NOT TRADING?

Answer: A taxpayer should notify the Commissioner on closure of the business and continue to file a return until such a time the Commissioner is satisfied that he be deregistered

Question: WHAT DO I DO IF I DON'T RECEIVE MY VAT RETURN IN TIME?

Answer: If the VAT return is not received on time, the taxpayer should go and collect it from the nearest BURS office.

Question: MAY I REQUEST FOR WAIVER OF PENALTIES?

Answer: Where the good cause is shown, the Commissioner may waive the whole or part of the penalties.

Question: CAN I REGISTER FOR VAT ON LINE?

Answer: Registration of VAT online is not yet available with BURS.

Question: CAN I PAY MY VAT ELECTRONICALLY?

Answer: Payment of VAT electronically is not yet available with BURS

Question: WHAT IS THE DIFFERENCE BETWEEN VAT AND INCOME TAX?

Answer: VAT is charged on the consumption of goods and services supplied

Question: HOW DO YOU GO ABOUT OPENING A VAT DEFERRED ACCOUNT?

Answer: A taxpayer should pay a security of 20% of the monthly imports but not less than P20 000. He should have registered with INCOME TAX, VALUE ADDED TAX and CUSTOMS. (Practice note no.6)

Question: WHEN DO YOU BLOCK A DEFFERAL ACCOUNT?

Answer: A deferral account is blocked when the importer has failed to pay tax within 25 days after the end of the month of importation

FAQ - INCOME TAX

WITHHOLDING TAX:

Question: WHAT PERIOD IS A TAX YEAR?

Answer: A tax year runs from 1st July to 30th June of the succeeding year.

Question: WHO SHOULD PAY TAX ON THEIR SALARY?

Answer: Any individual who earns more than P2,500 per month or P30,000 per annum is liable to pay tax using the applicable rates from the tax tables.

Question: WHAT IS THE PERCENTAGE OF THE TAX CHARGE ON MY SALARY?

Answer: There is no one percentage charge for PAYE. The tax charge is determined using tax tables that BURS provides to your employer. There are different rates for different salary amounts.

Question: WHAT IS THE PURPOSE OF THE ITW8 CERTIFICATE?

Answer: ITW8 is a certificate of ones earnings and tax per year.

Question: IF MY ONLY SOURCE OF INCOME IS MY SALARY, DO I NEED TO REGISTER AND SUBMIT TAX RETURNS YEARLY?

Answer: No. The only time you would be required to register would be on the event that you were overtaxed by your employer and now wish to claim the overpayment form BURS. Otherwise the only individuals who are required to register with BURS are those who have other sources of income such as rental income, etc.

Question: WHAT SHOULD I DO IF I SUSPECT THAT MY EMPLOYER IS DEDUCTING TAX FROM MY SALARY BUT IS NOT PAYING IT TO BURS?

Answer: In this type of situation the employee may inform BURS of his/ her suspicions and BURS will then take appropriate action which may include recommending the employer/company for tax audit.

Question: WHICH OF MY EMPLOYEES SHOULD I FILL AN ITW8 FOR?

Answer: An ITW8 certificate should be filled out for each employee who earns a salary that is above P2500 per month or P30, 000 per annum. The employer should then give two copies to the employee without fail.

Question: WHAT IS THE DUE DATE FOR PAYE AND OWHT?

Answer: The due date for PAYE and OWHT is 15th of every month following the month of deduction. After which the deduction amount will attract an interest charge for late payment of 2% per month or part of the month thereon.

Question: IF I HAVE EMPLOYED A NON-RESIDENT PERSON FOR A PERIOD LESS THAN 183 DAYS OR 6 MONTHS, HOW SHOULD I TAX THEIR EARNINGS?

Answer: The tax tables provide tax rates for resident as well as non-resident employees. An employee would fall under the category of Resident if they have been working in Botswana for a continuous period of more than 183 days.

Question: WHAT SHOULD I DO IF I HAVE OVERTAXED SOME OR ALL OF MY EMPLOYEES?

Answer: If the overpayment has occurred during the tax year, the employer may adjust the employees tax charge for the next payment such that this amount is short by the previous overpayment. This will help to balance the employees tax charges at the end of the tax year.

If the overpayment was discovered after the end of the tax year, then the employer will indicate in the employees' ITW8 certificate the total amount of tax charged so that the employee can claim the overpayment from BURS on their own capacity.

Question: WHERE DO I GET REFUNDS ON MY SELF ASSESSED TAX OR ASSESSED TAX?

Answer: To get a refund for overpaid tax one has to fill a tax return and be assessed and gets a refund,

Question: WHAT IS THE PROCEDURE IF I HAVE AN OBJECTION ON MY ASSESSMENT?

Answer: You may object to the assessment by way of writing within 60 days after the date of issue of the assessment, all objections should be addressed to the Commissioner General.

Question: HOW LONG DOES IT TAKE FOR A TAX CLEARANCE CERTIFICATE (TCC) TO BE PROCESSED?

Answer: The normal time for a TCC to be processed and issued is 4 working days. This period can change if the taxpayer has some issues arising from processing of the TCC such as outstanding tax balances and outstanding tax returns. Anything outstanding has to be settled before a TCC can be issued to a taxpayer.

Question: WHAT INFORMATION MUST A TAXPAYER GIVE WHEN APPLYING FOR A TCC?

Answer: All that is needed of the taxpayer is for them to fill two copies of the TCC application, one to be date stamped and retained by BURS for processing and the other copy to be date stamped and given back to the taxpayer for reference.

Question: WHAT IS THE DUE DATE FOR MY INCOME TAX RETURN?

Answer: As a company, you are given four months after the end of your financial year to submit your Income Tax return. As an individual you are given three months after the end of the tax year to make your submissions, i.e. by 30th September of every year.