

e-budget news

Issue 1 2005
7 February

Grant Thornton Acumen 

Align your business moves in line with the Government strategy of “self reliant approach to development” ...



In this issue we highlight the budget proposals for the year 2005-06 presented by the Honourable Baledzi Gaolathe, Minister of Finance and Development Planning. Presently, the budget is only a draft and will have to be approved by the National Assembly.

1 Highlights

2 Budget allocation

3 Tax tables

4 Moneyliners

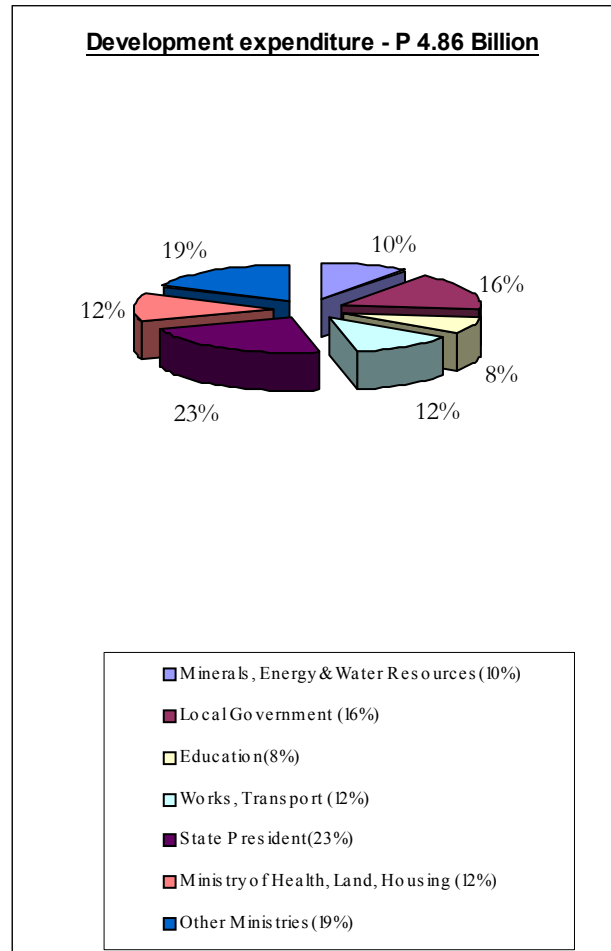
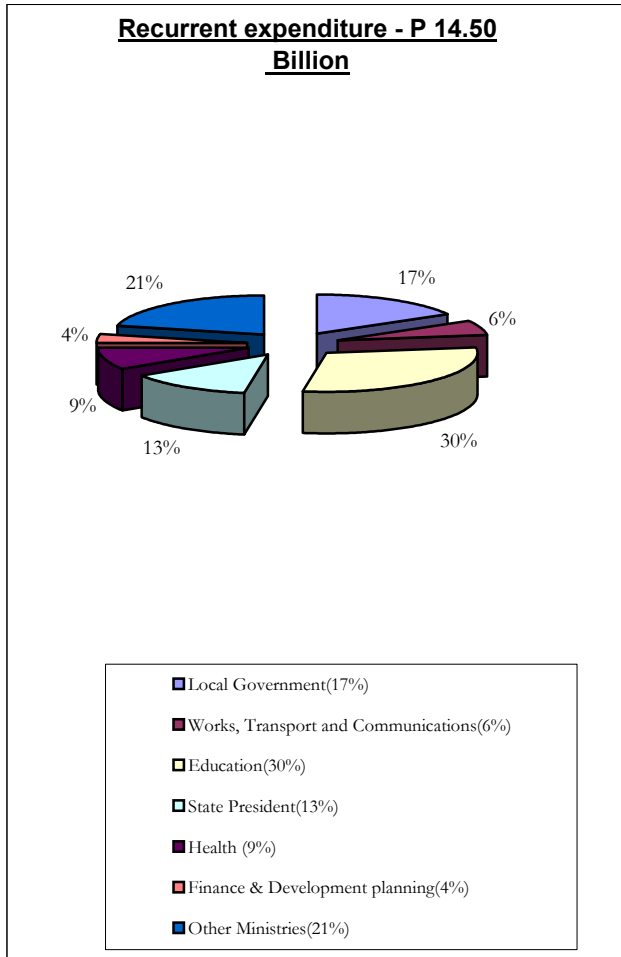
Highlights

Budget Theme- Meeting the millennium development goals and Vision 2016 through a self reliant approach to development.

- The 2005/06 budget proposal estimates a substantially balanced budget with total revenue and expenditure of P 20.57 billion.
- The revised budget of 2004/05 estimates a budget deficit of P 1.43 billion.
- No new taxes or revision of tax rates proposed in the current budget
- BURS to intensify income tax audit programme with a view to improving tax compliance significantly.
- Botswana maintains "A" grade sovereign credit rating for the third year in a row, the highest rating for Africa.
- Botswana named as an overall role model for implementing the Kimberly Process Certification Scheme.
- Gross Domestic Product for Botswana in real terms represented a growth rate of 5.7% in 2003/04 as compared to the projected 4.6% of Sub-Saharan Africa region.
- Government's support initiative of PPP (Private Public Partnerships) to boost economic development to start during the first half of 2005. .
- Botswana Joint Venture Company for sorting and marketing of Debswana's diamonds to be established aiding the development of diamond manufacturing industry in Botswana.
- Draft privatisation master plan to be approved during the first quarter of 2005.
- Government keen on promoting Botswana as Information and Communication Technology (ICT) hub in the region to attract Foreign Direct Investment.
- Major dam projects planned at an estimated cost of over P 1 billion.
- Second regional immigrants' selection board established in Gaborone to speed up processing of work and residence permits.
- Comprehensive review of the Income Tax Act 1995 to be undertaken to consolidate all previous minor amendments and to avoid uncertainties and inconsistencies.
- Botswana Stock Exchange Act of 1994 will be reviewed during 2005/2006, towards creating an enabling environment for capital market growth and development.
- Finalisation of micro lending regulations expected before the end of the current financial year.
- Establishment and construction of facilities for the faculty of medicines and allied health services to start in 2005
- Study commissioned to examine the feasibility of establishing a non banking regulatory authority.
- No public service salary adjustment for the 2005/06 financial year.
- All parastatals that are presently not liable to tax, to pay dividends amounting to 25% of their profits to Botswana Government commencing in 2004/05.

[Return to contents](#)

Budget allocation



[Return to contents](#)

Tax tables

Personal income tax

Resident individuals

Annual taxable Income	Tax liability 2005-2006	Marginal rate %	Average rate %
25 000	0	0	0
30 000	250	5	0.83
35 000	500	5	1.43
40 000	750	5	1.88
43 750	938	5	2.14
45 000	1 063	10	2.36
50 000	1 563	10	3.13
55 000	2 063	10	3.75
60 000	2 563	10	4.27
62 500	2 813	10	4.50
65 000	3 188	15	4.90
70 000	3 938	15	5.63
75 000	4 688	15	6.25
80 000	5 438	15	6.80
81 250	5 625	15	6.92
85 000	6 375	20	7.50
90 000	7 375	20	8.19
95 000	8 375	20	8.82
100 000	9 375	20	9.38
110 000	11 875	25	10.80
120 000	14 375	25	11.98
130 000	16 875	25	12.98
140 000	19 375	25	13.84
150 000	21 875	25	14.58
160 000	24 375	25	15.23
170 000	26 875	25	15.81
180 000	29 375	25	16.32
190 000	31 875	25	16.78
200 000	34 375	25	17.19
250 000	46 875	25	18.75
300 000	59 375	25	19.79

Resident individuals – tax summary

Annual taxable income	Rate of tax
Up to 25 000	0%
25 001 to 43 750	0 + 5 % of excess over 25 000
43 751 to 62 500	938 + 10% of excess over 43 750
62 501 to 81 250	2 813 + 15% of excess over 62 500
81 251 to 100 000	5 625 + 20% of excess over 81 250
Over 100 000	9 375 + 25% of excess over 100 000

Non - resident individuals – tax summary

Annual taxable Income	Rate of tax
0 to 43 750	5 % of every Pula
43 751 to 62 500	2 188 + 10% of excess over 43 750
62 501 to 81 250	4 063 + 15% of excess over 62 500
81 251 to 100 000	6 875 + 20% of excess over 81 250
Over 100 000	10 625 + 25% of excess over 100 000

There has been no change in the income tax rates from the previous year.

Motor vehicle benefit - Scale of values

Cost Of vehicle	Value of benefit	Fuel cost adjustment
1 – 50 000	2 500	1 000
50 001 – 100 000	5 000	2 000
100 001 – 150 000	7 500	3 000
150 001 – 200 000	10 000	4 000
200 001 – and over	15% on excess over 200 000	5 000 maximum

There has been no change in the income tax rates from the previous year.

Companies

Categories of company	Basic company tax	Additional company tax
Resident company	15%	10%
Manufacturing company (approved by Ministry of Finance)	5%	10%
International Financial Services Centre	15%	-
Non – resident company	25%	-

There has been no change in the income tax rates from the previous year.

Capital gains tax**Individuals**

Annual taxable Income	Rate of tax
0 to 12 500	0%
12 501 to 43 750	0 + 5% of excess over 12 500
43 751 to 62 500	1 562 + 10% of excess over 43 750
62 501 to 81 250	3 437 + 15% of excess over 62 500
81 251 to 100 000	6 250 + 20% of excess over 81 250
Over 100 000	10 000 + 25% of excess over 100 000

Capital gains tax

Companies

Tax	Rate of tax
Company tax	15%
Additional company tax	10%

There has been no change in the income tax rates from the previous year.

Capital transfer tax

Individuals

Annual taxable income	Rate of tax
0 to 100 000	2% of every Pula
100 001 to 300 000	2 000 + 3% of excess over 100 000
300 001 to 500 000	8 000 + 4% of excess over 300 000
Over 500 000	16 000 + 5% of excess over 500 000

Companies	12.5% of every Pula
------------------	---------------------

There has been no change in the income tax rates from the previous year.

Withholding tax

Payments of / Payments To	Dividends	Interest	Royalties	Management & technical fees	Entertainment fees	Construction contract payment
Resident	15%	-	-	-	-	3%
France	12% or 5 % \$	10%	10%	7.5%	-	-
Mauritius	10% or 5 % \$	12%	12.5%	15%	-	-
South Africa	10%	10%	10%	10%	-	-
Sweden	15%	15%	15%	15%	-	-
United Kingdom	15%	15%	15%	-	-	-
Russia	10% or 5 % \$	10%	10%	10%	-	-
Non-treaty	15%	15%	15%	15%	10%	15%

\$ Dividends are withheld only 5% if the beneficial owner is a company and hold 25% or more of shares in the resident company declaring dividend.

Self assessment tax

Please note that companies with annual tax on income of more than P 50 000 for a tax year, have to pay Self-Assessment tax in quarterly installments. The first quarterly installment commence at the end of 3 months from the start of financial year, second installment is due at the end of 3 months from first SAT installment and so on. Please refer to the table below for finding out when your SAT installments are due.

If your annual tax on the income for a tax year is **less than P 50 000**, you could choose to pay it either in four installments on the specified due dates or in one lumpsum, on the due date of filing the tax return.

Tabulated SAT quarterly due dates for the various accounting periods relevant to tax year 2006

Year end	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006
1 st Qtr	Oct 2004	Nov 2004	Dec 2004	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005
2 nd Qtr	Jan 2005	Feb 2005	Mar 2005	April 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005
3 rd Qtr	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Jan 2006	Feb 2006	Mar 2006
4 th Qtr	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006
Final Payment with return	Nov 2005	Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006	Jul 2006	Aug 2006	Sep 2006	Oct 2006

[Return to contents](#)

Moneyliners...

- *Money is the sixth sense that makes it possible to enjoy the other five.*
- *I have enough money to last me the rest of my life, unless I buy something.*
- *When someone says 'it's not about money', it's about money.*
- *The quickest way to double your money is to fold it in half and put it back in your pocket.*
- *If you think nobody cares about you, try missing a couple of payments.*
- *By the time you can make ends meet, they move the ends.*
- *Bills travel through the mail at twice the speed of checks.*

Our services include...

Assurance & Advisory Services

Accounting services
Audit services
Payroll processing
Monthly management accounts
Accounting packages – installation and training
Outsourcing of personnel

Taxation and Company Secretarial services

Corporate and personal tax- Compliance and consulting
Vat audits and consulting
Statutory company secretarial-Compliance and consulting
Transfer secretaries

Business Centre

Incorporation of companies
Manufacturing license and trading licences
Work and residence permits

Specialist Financial Services

BSE listing and liaison
Capital Raising – Equity and loans
Business Brokers
Valuations
Corporate re-structuring
Transaction support services

Corporate Recovery and Reorganisation services

Turnaround and restructuring
Strategic performance review
Viability reviews
Exit strategy services
Insolvency procedures
Judicial management
Personal insolvency

Business Risk Services and Corporate Governance

Corporate governance reviews
Forensic accounting & investigations
Internal Audit
Public sector compliance consulting
Risk management
Special investigations

Specialist Industry Groups

Family business consulting
Real estate/property
Tourism, hospitality and leisure
Corporate benefits and wealth management

You are always welcome to **contact us...**

Gaborone

Acumen Park, Plot 50370
Fairgrounds, Gaborone
P O Box 1157, Gaborone
T+267-3952313
F +267-3972357
E-jramesh@grantthornton.co.bw

Selebi-Phikwe

Office No: 16, 2nd Floor, Susan Building
The Mall, Selebi-Phikwe
P.O.Box 1460, Selebi-Phikwe
T +267-2611860
F +267-2611862
E –aswin@grantthornton.co.bw

Francistown

Ground Floor, Botswana Life House
P O Box 101, Francistown
T +267-2418961
F +267-2418962
E –krsunil@grantthornton.co.bw

Disclaimer

The e-Budget news is published as a service to our clients and other interested parties. It is intended to provide practical and technical information, which is of use to you in your business. Please be advised that the information contained herein is for general guidance only. Any reader intending to base a decision on information contained in this publication is advised to consult a Grant Thornton Acumen partner before proceeding.

Grant Thornton Acumen 

Certified Public Accountants & Business Advisors
Botswana member of Grant Thornton International

Advisers to the independently minded