



KEY HIGHLIGHTS OF BOTSWANA BUDGET 2019/20

“Enhancing welfare through economic transformation”

P17.03bn  2019/20 DEVELOPMENT BUDGET

P46.99bn  2019/20 RECURRENT BUDGET

P1.98bn  2019/20 DEFICIT

Fiscal legislations

- Expansion of tax base through review of tax legislation and regulation
- Amendment of ‘Income Tax Act’ - transfer pricing and thin capitalization provisions introduced
- Amendment of ‘Transfer Duty Act’ proposed to advantage citizens by increasing exemptions
- Align ‘Capital Transfer Act’ with ‘Transfer Duty Act’
- Revision in the IFSC tax regime to remove any perceptions of Botswana being a tax haven
- User fees to be reviewed in line with the policy of cost recovery

Economic consolidation

- Non-mining share of GDP - 82%
- P17.3bn (53%) purchases through EDD programme from local entrepreneurs
- 8 SEZ identified and planned to be developed in two phases
- Reaffirmation of commitment to SPEDU project
- Cluster development initiative expected to stimulate employment creation for SMMEs
- Private sector development through PPP and privatization of state owned enterprises
- Opportunity for Botswana to buy shares through SOE privatization
- Trade Act to be reviewed in 2019 as part of ‘Doing Business Reforms Roadmap’
- Integration of Online Business Registration Systems expected to facilitate ease of exchange of information between CIPA, BURS and PPADB
- Government projects planned to improve primary school student attendance
- Ongoing electricity projects expected to positively enhance security of electricity supply
- Major water projects underway, including construction of strategic reservoirs and distribution networks
- 2 major railway projects planned in order to facilitate North-South corridor connectivity

Social development

- Botswana Human Development index higher than Sub Saharan index at 0.717
- Poverty eradication policy and strategy to be developed with the assistance of UNDP
- Community health service quality at district level to be enhanced through better reforms
- Implementation of ‘National Social Protection Framework’ to improve social welfare programs
- Labour laws to be aligned with International Labour Organisation Conventions
- Labour market Information Management System expected to be implemented in 2019/20

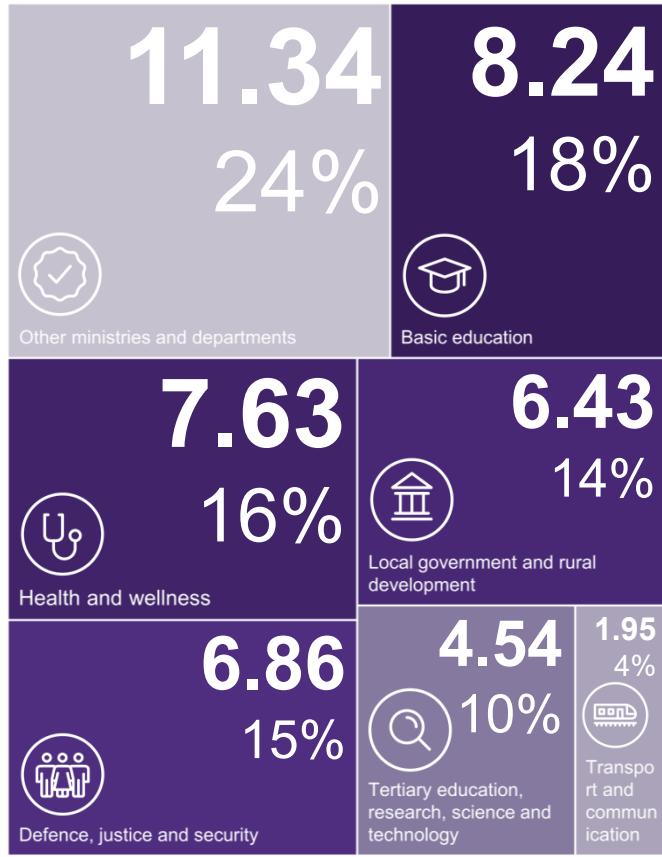
Governance and security

- Botswana ranked third best governed economy in Sub-Saharan in 2017
- Anti Human Trafficking Action Plan put in place to deal with emerging security threats
- “Safer City” capacity building project to enhance efficiency of Botswana Police Service
- New bill planned on declaration of assets and liabilities of certain categories of public employees

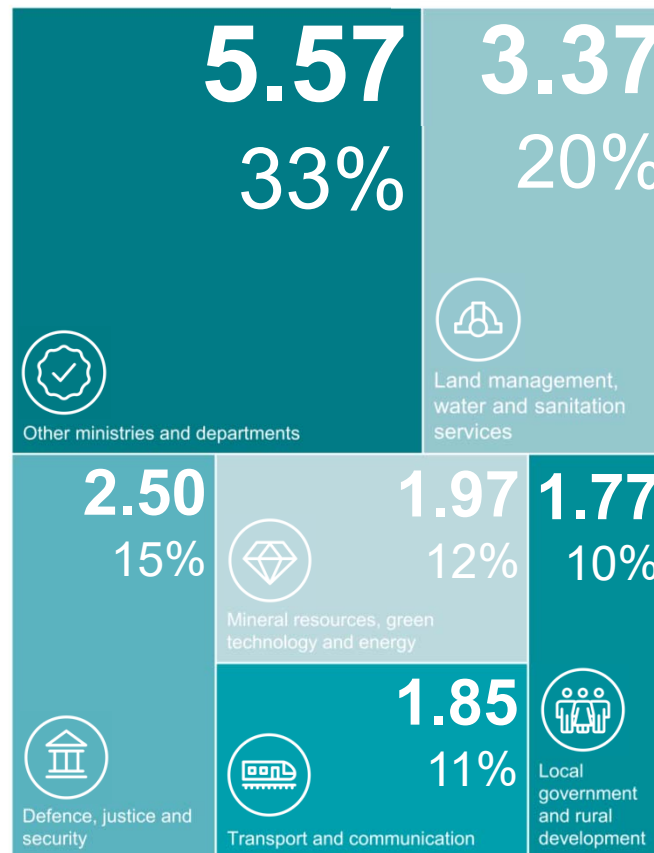


Budget allocation graph 2019/20

Recurrent (BWP billion)



Development (BWP billion)



“Implementation” is the buzz word and the key to unlocking Botswana’s economic transformation journey. By **teaming together** and effectively utilizing Government’s initiatives, the private sector can be the force of the future.



Kalyanaraman Vijay
Managing Partner
Grant Thornton Botswana

Dintlha tsa pego ya madi a sechaba ya 2019/20

Pego ya kabo ya madi a sechaba ya 2019/2020 e e rotsweng ke tona ya madi le ditogamaano Rre Kenneth Matambo, e remeletse thata mo go diragatseng maitlamo a ga Tautona Dr Mokgweetsi Eric Keabetswe Masisi, a **tsamaiso e e lolameng le go tlotla molao motheo**.

Tona o boletse fa itsholelo ya lefatshe ka kakaretso e wetse tlase ntateng ya mebaraka e e sa iketlang. Ke ka moo kabo ya madi ya monongwaga e lebaganeng thata le go dirisa dipoelo tsa gale go kabakanya itsholelo.

Mananeo a puso a e tla a dirisang go godisa itsholelo a akaretse mananeo a EDD, SPEDU, le thekiso ya diabe tsa dikgwebo tsa puso.

- 1) Mo lenanong la EDD, ka fa tlase ga Special Economic Zone (SEZ), puso e tlhophile mafelo a a latelang:
 - Sir Seretse Khama International Airport, le le tla a dirisiwang go anamisa dikgwebo di le mmalwa.
 - Gaborone Fairgrounds, le le tla dirisiwang go anamisa tsa tiriso ya madi.
 - Selebi-Phikwe, le le tla dirisiwang go anamisa madirelo a ditshipi.
 - Francistown, le le tla dirisiwang go godisa madirelo a a lebaganeng le tsa meepo.
 - Palapye, le le tla dirisiwang go godisa madirelo le tiriso ya magala.
 - Tuli Block, le le tla dirisiwang go godisa temo ya merogo.
 - Pandamatenga, le le tla dirisiwang go godisa madirelo a tsa temo.
 - Lobatse, le le tla dirisiwang go godisa madirelo a nama le matlalo.

Mo go one mananeo a, puso e itlamile go simolola ka a a latelang

- Sir Seretse Khama International Airport
- Gaborone Fairgrounds
- Lobatse
- Pandamatenga

- 2) Bagwebi ba ba welang ka fa tlase ga lenaneo la SPEDU, batla kgethisiwa ka 5% mo ngwageng tsa ntlha tse tlhano. Morago ga moo ba kgethisiwe 10%. Mananeo a SPEDU a lebagane le dikgwebo tsa bojanala, temo le madirelo.
- 3) Lenaneo le lengwe la puso, ke go rotloetsa kopano le tirisanyo mmogo magareng ga bagwebi potlana (SMMEs), tirisanyo mmogo magareng ga puso le bagwebi ba ba ikemetseng ka nosi, le go neela Batswana seabe mo tsamaisong ya dikgwebo tse e ntseng e le tsa puso jaaka Botswana Building Society, e e setse e le mo lenaneong la go ikopela tella ya go gweba e ikemetse ka nosi. National Development Bank, e santse e le mo thulaganyong ya go ikemela ka nosi.

Puso e ikaeletse go anamisa tiriso ya motlakase mo mafelo a a lateng: Maun, Toteng, Samochima le Ghanzi.

Puso e okeditse tiriso ya madi go anamisa metsi mo metseng le metsana ka lefatshe ka kakaretso.

Puso e itlamile go tsweledisa maitlamo a go tokafatsa tsa botsogo.

Amendments to the Income Tax Act (Cap 52:01)

Botswana joined the BEPS Inclusive Framework in June 2017. The Framework is a forum of more than 100 jurisdictions that collaborate on the implementation of the OECD/G20 Base Erosion and the BEPS Action Plan.

In the above light, transfer pricing has been introduced as an amendment to the Income Tax Act. The salient points of the amendments are:

- a) The Act defines transfer pricing transaction when a person engages directly or indirectly with a connected person.
- b) The Act requires that such transaction to be at arm's length and it shall be the onus of the taxpayer to prove the same.
- c) The Act further requires that the taxpayer shall maintain proper transfer pricing documentation that covers all related party transactions. The type of documentation shall be duly prescribed by the Minister.
- d) The taxpayer may also approach the Commissioner to obtain an Advance Pricing Agreement (APA) for any transaction.
- e) The Minister will prescribe regulations for APA which could specify the eligibility, time limits, procedures, conditions, etc.
- f) The net interest that may be claimed by a company has been capped at 30% of the "Tax EBITDA".
- g) The interest paid over and above the capped percentage will be disallowed. The disallowed portion of the interest can be carried forward for 3 years.
- h) All fines and penalties for non-compliance of the provision of the Act have been increased. Additional penalties, for not providing transfer pricing documentation or for non-compliance of any provisions of transfer pricing, will be 200% of the amount of tax that would have been avoided.

"Implementation of the transfer pricing regulations is the first step towards the government's commitment to BEPS 20 point action plan."

Rajesh Narasimhan, Tax Partner

Further details can be found in our "Income Tax Alert".
Please contact rajesh.narasimhan@bw.gt.com.



Companies Act

As part of the 'Doing Business Reforms Roadmap', certain legislations were amended / introduced the Parliament in June 2018. These include Companies Registration Act, Companies Amendment Act, Registration of Business Names Amendment Act, and Re-Registration of Business Names Act. Salient features include:

- All companies will be re-registered on the new Online Business Registration System (OBRS)
- All companies will be issued a Unique Identification Number (UIN) upon re-registration of company and trade name/s
- The UIN will be used as a common link for the database with other Government departments
- Company formation process will be expedited by combining the name reservation and declaration procedures
- Dormant company provision will be removed
- Trade names will be renewed every 3 years
- Filing of annual returns will be done annually during the month of incorporation

For further information contact Anju Suresh (anjana.suresh@bw.gt.com) or Aparna Vijay (aparna.vijay@bw.gt.com)

Tax table - resident individuals

Annual taxable income (BWP)	Rate of tax %
Up to 36 000	0%
36 001 – 72 000	0 + 5% of excess over 36 000
72 001 – 108 000	1 800 + 12.5% of excess over 72 000
108 001 – 144 000	6 300 + 18.75% of excess over 108 000
Over 144 001	13 050+ 25% of excess over 144 000

Tax table - capital gains (individuals)

Taxable income (BWP)	Rate of tax %
Up to 18 000	0%
18 001 – 72 000	0 + 5% of excess over 18 000
72 001 - 108 000	2 700 + 12.5% of excess over 72 000
108 001 – 144 000	7 200 + 18.75% of excess over 108 000
Over 144 001	13 950 + 25% of excess over 144 000

Get in touch with us to unlock your potential for growth



(+267) 395 2313



info@bw.gt.com



www.grantthornton.co.bw



@GrantThorntonBW



Grant Thornton Botswana



Private Business Growth Awards