

## **No PAYE on expats airflights**

In the famous play of William Shakespeare "The Merry Wives of Windsor", Pistol responds to the refusal by Falstaff not to lend him a penny with this famous phrase '*.....the world's mine oyster. Which I with sword will open.*' To adventurous individuals, the 'world is mine oyster' is widely used as an idiom to say one can do anything or go anywhere one may want in life.

For most expats, the employer finances the flight costs to and from their country of origin to Botswana. This is not subject to tax as the flight to Botswana will be for taking up employment. However, even if the employer finances the flight costs of private trips by expats, that is also not taxed if it is contractual. These costs are a benefit/advantage that is enjoyed by the expats in the sense that the employer pays for the costs which would have been paid for by the employee. Further, there is no limit to the number of such flights per year for employees, save for shareholders holding at least 5% shares in a private company.

Interestingly, the value of the passage benefit provided to the expat's spouse and dependent children pursuant to an employment contract is also not taxable in the hands of the employee. It is also true that these costs become a benefit to the employee if they are not a contractual obligation. In negotiating an employment contract, expats can sacrifice their salaries by the amount of the cost of their flights and they pay less tax whilst enjoying the same flights which they would have funded from their after-PAYE income. Employers may also use this as a staff-retention initiative.

You can read more tax articles on our website, [www.aupracontax.co.bw](http://www.aupracontax.co.bw) under the 'Tax Articles' tab. **This article is of a general nature and is not meant to address particular matters of any person. Please contact us on +267 71815836 +267 3939435 or [jhore@aupracontax.co.bw](mailto:jhore@aupracontax.co.bw) for tax consulting or to join our free Tax WhatsApp group or to know about our 9 Tax e-books**