

### **Tax due on land grants/donations**

Anyone who receives a donation of goods or services whose value exceeds P25 000 in a year is supposed to pay donations tax, including on land grants or donations received from whatever source. As an example, if a grandfather gives his grandchild a farm, the grandchild has to pay donations tax to BURS. For the avoidance of doubt, there is no donations tax to a citizen who receives residential land or a house when it is their first such property. Further, heirs generally do not pay donations tax on immovable property. However, most other donees pay the tax, as detailed below.

For clarity, donations tax is technically known as Capital Transfer Tax, which is payable by an acquirer, donee or beneficiary of gratuitously disposed goods or services. Simply put, donations tax is triggered and payable by any person who benefits or receives goods for free. In today's matter, the tax is triggered when a person receives land for free or at a price which is below the market value of that land. Accordingly, the tax is determined based on the prevailing market value of the land at the time of acquisition. If one Tiro receives a donation of a farm worth P2m from his uncle, he will pay donations tax on the P2m simply because he suddenly became richer than he was before the donation. It is imperative for all donees to establish the tax consequences of land received for free from whatever source as they may have to pay donations tax.

Technically, the donee is required to register with BURS, pay the tax and possibly deregister if they don't expect to receive further donations in the future. You can read more tax articles on our website, [www.aupracontax.co.bw](http://www.aupracontax.co.bw) under the 'Tax Articles' tab.

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