

### **Kombi, taxi and all dealers pay tax**

Taxation of individuals and corporates applies uniformly and equally on both formal and informal traders. In fact, every person is liable to tax on his or her earnings from trade activities unless specifically exempted by the Tax Acts. Accordingly, this also brings to tax income generated by omni-bus operators (kombi businesses), taxis and any other dealers ('dealers').

Basically, the Income Tax laws require every person who operates a business in Botswana to declare such income for income tax, whether they be individuals or companies. Consequently, every business that generates profits is potentially liable to tax on those profits. In this regard, any dealer obviously generates income in the country as well as incurring trade expenses. Such an enterprise is therefore subject to tax on any arising profits. The fact that the enterprise might be operating under an individual's name or as a side hustle is inconsequential for tax purposes. It is key to note that the general underlying principle is that income generating activities in the country attract tax. However, if the concerned business operations are conducted by an individual, tax applies where the total amount of the individual's salary and business profits exceed P48 000 per year. In other words, the salary and profits are aggregated in determining an individual's taxable income. On the other hand, where the business is being conducted through a company, Income Tax is charged from the first thebe of profits generated.

Consequently, all business operators are required to comply with the provisions of tax laws including, but not limited to, filing income tax returns and paying any arising tax on time, keeping of business records etc. It is prudent for such business operators to formalise their operations and correctly account for any arising tax to avoid any surprises when the taxman knocks on their door.

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