

Fix Your Tax Mess This Year

Most of us start new years with a list of resolutions and we celebrate when we bring them to fruition. I am certain that you probably have your 2021 resolutions but let me suggest one more to that list you may already have and that has to do with tax. Most taxpayers ignore tax when they still have a chance to remedy the situation and by the time they realise their errors, their tax record will be a mess. Allow me to urge you to clean any tax mess that you may have in more detail below. In this article, words importing the masculine shall be deemed to include the feminine.

Tax mess brief

Most people believe that the taxman will never catch them as he collects taxes from the whole nation. That notion makes them feel comfortable with piling tax obligations, with this false impression that they are a drop in an ocean of innumerable taxpayers. Ignoring tax matters in such fashion can come at a heavy cost and below are some of the things you may have to grapple with in the future:

- **Onerous tax penalties:** There are a number of taxpayers who have been slapped with heavy tax penalties which have left them stuck with no clue of how to extinguish them. Let me highlight to you that the taxman can levy penalties of up to 200% of tax due, especially if he unearths underpaid tax through an audit. Sometimes he may not charge the penalties but the tax interest may also weigh in heavily on you. Therefore, ensure that all your taxes are correctly paid and that all tax returns are submitted, to minimize on penalties. To be frank, tax penalties are non-productive and you will never get any utility from paying them.
- **Tax interest can vex:** I have encountered a couple of instances where tax interest drove taxpayers into insolvency or bankruptcy. If you have previously paid a few thousands in tax interest, this won't make much sense to you. Note however that if principal tax is ignored for years, the result may be financially disastrous. And by the way, BURS' interest is not limited to the principal tax as the common law *in duplum rule* does not apply to taxes. The taxman is empowered to keep charging interest until both the principal tax and interest are cleared. Further, the annualised compound tax interest is around 20% and as such, it grows phenomenally if it runs for years.
- **Tax clearances may bite:** One may run away from the taxman for some time but instances may come when you are humbled and regret why you ignored taxes. One such instance is when taxpayers fail to win a tender on the basis that they cannot obtain a tax clearance certificate from BURS. That may cost you some millions for something you could fix when you had time.

Before I quit

I hope I have motivated you to make good your taxes this year. Don't mistake me for the taxman; I am a tax consultant. I can only urge you to do what the law requires and that is to comply with your taxes whilst you still can. You certainly can wipe your tax slate this year.

Well folks, I hope that was insightful. As Yours Truly says goodbye, remember to pay to Caesar what belongs to him. If you want to join our Tax Whatsapp group or to know more about our 9 Tax ebooks, send me a text on the cell number below.

This article is of a general nature and is not meant to address particular matters of any person. Tax consulting is advised if decisions are to be made. Jonathan Hore is a Managing Tax Consultant at Aupracon Tax Specialists and feedback may be relayed to jhore@aupracontax.co.bw or 71 81 58 36.