

FIX INCOME TAX ERRORS WITHIN 1 YEAR IN BOTSWANA

Generally, mistakes are common in everyone's everyday dealings. It is therefore crucial that the taxpayers are equipped with the fundamentals of the tax laws that regulates the same instances. In this regard, it is imperative to note that a tax mistake made by a taxpayer can only be rectified within one year after submission of the respective income tax return. In this article, words importing the masculine shall be deemed to include the feminine.

The error

As alluded to above, a mistake may actually result in taxpayers inadvertently submitting tax returns that inflate the tax payable or understate a tax loss. Basically, most common mistakes or errors may emerge from unintended omission of key information that may result in applying a different tax treatment to a certain transaction. In the same vein, some tax errors may result from erroneously trans-positioning figures such as revenue or expenses which result in a higher or lower tax. As an example, Tiro may wrongly declare revenue as P96m instead of P69m. Consequently, the error results in a significantly higher tax liability than what would be due. Such errors may be discovered through reconciliation of past financial records or even through an audit. It is therefore key to ensure that the same is rectified within the timeframe stipulated by the law to avoid unnecessary penalties or additional taxes. Let us now have a look at what the law says.

The law

The Income Tax Act takes cognisance of the fact that no one is perfect and generally every taxpayer is prone to make a mistake or error at some point in their tax life. Accordingly, the Act permits a taxpayer to go back in time and amend a tax return submitted in error within one year after date of issuance of the respective notice of assessment. The said law states that where any person 'notifies the Commissioner General in writing within one year after the date of the notice of assessment that by reason of some error or mistake of fact in such return the assessment was excessive, the Commissioner General, after taking into account all relevant circumstances, may reduce the assessment to provide such relief as is fair and reasonable.' This provision only applies to instances where a taxpayer overstates tax and they later intend to reduce the tax burden. In other words, a taxpayer may state their tax liability as P1.5m instead of P1m. Alternatively, this may also apply where a tax loss is understated such as P2m instead of P2.5m.

Request and correct

As prescribed by the law above, it is imperative to note that after an assessment has been made by BURS, a taxpayer may seek recourse in writing to correct any errors or mistakes that resulted in additional tax. In other words, the taxpayer should write to BURS within one year after the date of notice of assessment from BURS. Technically, this implies that if the tax is discovered after the lapse of the one-year prescription period, any taxes incorrectly declared

are final, including the overstated taxes. Therefore, BURS is legally compelled to collect the same tax. Essentially, the one-year time frame applies to a situation where the taxpayer unintentionally made the error or mistake and later discovers it.

Well, folks, we hope that was insightful. As we say goodbye, remember to pay Caesar what belongs to him. If you want to consult, join our free Tax WhatsApp group or to know about our 9 Tax e-books, send a text to +267 7181 5836 or email us at jhore@aupracontax.co.bw. You can read more tax articles on our website, www.aupracontax.co.bw under the 'Tax articles' tab.