

Offshore tourism agents to register for VAT in BW

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The Ministry of Finance published the Value Added Tax Amendment Bill 2025 in the Government Gazette on 8 August 2025 and the said Bill was then passed by Parliament in the week ending on 16 August 2025. The Bill seeks to, among others, compel all offshore tourism agents selling tourism facilities in Botswana to register for normal VAT. In this article, we seek to examine the finer details of this new VAT compliance requirements as well as its possible implications. Further details will then be discussed in our upcoming VAT Amendment Bill 2025 workshop scheduled for 14 November 2025 at Maun Lodge in Maun.

Loss of revenue views

The media is full of instances where authorities and analysts alike have averred that the country loses billions of Pula to tourism agents who are based outside the country. The arguments advanced by those who hold the said view is that most of the bookings for local tourism activities are made by agents based outside the country. Technically, the country's biggest portion of tourists comes from the US, UK, China, South Africa, among other nations. Practically and for ease of doing business, agents set up shop in those countries and then sell the country's tourism facilities. In return, the offshore agents are then remunerated through commission or other forms of fees, which fees are incurred by local operators of the said tourist facilities. With the above in mind, views have been expressed that the country loses so much in revenue payable to the said offshore agents. Those in the industry argue that their businesses cannot thrive without the said agents and as such, they pay for genuine services which bring business.

VAT on remote services

Based on the above analogy and the fact that the world is moving towards taxing businesses which are based outside their jurisdictions, the said VAT Bill seeks to bring the said offshore tourist agents into the VAT-net. They are classified under remote service providers, where the likes of Netflix, Google and Amazon fall. These remote service providers will therefore be required to register and comply with VAT laws in Botswana, with very special rules and restricted tax relief.

Reputational damage

We have been receiving various enquiries on whether local tourism outfits are required to ensure that they trade with VAT-registered offshore agents. The answer to that is rather simple. Any business which wants to preserve its reputation wouldn't want to deal with an agent who is not compliant with local tax laws as that may damage their reputation should the matter become public. As such, we are of the strong view that local tourism outfits have little to no choice regarding ensuring that they either inform their agents about the new law

or implement checks and balances to ensure that the said agents are VAT registered. We also believe that dealing with tax compliant agents also ensures that there are no future quarrels between the tourism outfits and the agents, especially if the taxman audits the offshore agents and then possibly place garnishee orders on the local tourist outfits. Practically, if the offshore agents do not comply with VAT laws, we believe that nothing stops the tax authorities from instructing the local entities to withhold the outstanding VAT from present or future fees or commission due to the said offshore tourism agents.

Withholding tax applies

The local tourism agents will also be required to continue deducting the withholding tax on the commission or fees due to the offshore tourism agents, after the latter register for VAT under the new passed law. The said withholding tax has been in place for over a decade and it will not be impacted by the new VAT laws.

Upcoming Tax workshop

To unpack the implications of the proposed VAT reforms, we will be hosting a full-day tax workshop at Maun Lodge on the 14th of November 2025. This session is designed for all VAT-registered persons who now have to charge Reverse VAT, local tourism outfits dealing with offshore tourism agents as well as non-VAT registrants who will also be required to register for Reverse VAT. Secure your spot by getting in touch with us today.

Contacts: You may contact us at +267 7181 5836 or +267 393 9435 or jhore@aupracontax.co.bw or www.aupracontax.co.bw. This article is general, and tax advice is recommended if decisions are to be made. If you require to join our free Tax WhatsApp groups or to know more about our 9 Tax e-books, please send us a text/whatsapp on the number above.