

Get training on the new 2025 VAT Amendment Act in BW

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The Ministry of Finance gazetted the Value Added Tax Amendment Bill 2025 on 8 August 2025 and the said Amendment Bill was then passed by Parliament in the week ending on 16 August 2025. The said Bill was then enacted as the Value Added Tax Amendment Act Number 16 of 2025 on 17 October 2025. In this article, we seek to examine the major details of the Amendment Act, at a high level. We highly recommend that organisations obtain bespoke internal training on this new law which, as stated above, was assented to on 17 October 2025. The law is expected to commence as from either 1 March or 1 April 2026.

Reverse VAT on VAT registrants

The Amendment Act introduces a reverse VAT mechanism, requiring every VAT registrant to account for output VAT on services imported from outside the country. In practice, nearly all businesses import services with common examples including Microsoft 365 licenses, consultancy services, management fees, trademark royalties, and similar cross-border transactions. Under the proposed framework, VAT registrants will be obligated to charge output VAT on such imported services and adhere with other compliance matters. This results in notional sales which mustn't affect profits or revenue.

Reverse VAT on non-VAT registrants

Notably, even suppliers who are ordinarily exempt from VAT such as educational institutions, medical facilities, churches and NGOs (among many others) will be required to pay VAT when they procure services from non-residents as long as their annual income exceeds P1m. Such entities will also be required to first register for Reverse VAT, followed by regular VAT returns filings. Mixed suppliers, such as banks will continue to account for VAT on imported services as currently practiced, albeit under the framework of Reverse VAT.

Electronic fiscal devices

The Ministry of Finance, through various public addresses, highlighted loopholes in the VAT collection system, particularly the under-declaration of output VAT by some traders. In response, the Ministry seeks to close such tax gaps through the new legislation. The Amendment Act introduces a requirement for every VAT-registered person to procure VAT Billing machines that will interface directly with the BURS system. Once acquired, all invoicing must be conducted through these machines. As invoices are generated, the system will automatically transmit the data to BURS, thereby eliminating the manipulation of sales figures and output VAT.

VAT on tech-giants

The tax authorities have long signalled their intention to introduce VAT on digital services supplied by international tech giants that have no physical presence in Botswana who nonetheless derive substantial revenue from the local market. These include the likes of Netflix, iTunes, Google, Facebook, and similar service providers, who will now be required to register for VAT in Botswana. Offshore tourism agents will also be required to register for VAT with BURS. We are aware that the tourism industry is lobbying for amendments to this requirement.

Procure tax training!

We urge corporates and other organizations to seek bespoke in-house training which addresses the pertinent features of the new law in as far as they affect their businesses. This, unlike general training at workshops, is designed after considering the exact business of the impacted entity and it is therefore precise in as much as it is relevant. The new law introduces highly technical matters which will affect businesses' IT systems and tax records. Various penalties will be levied for non-compliance with the said laws.

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