

## **The three new *gazetted* tax bills**

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The Minister of Finance *gazetted* three new tax bills through the government gazette on the 15<sup>th</sup> of December 2025, being the Income Tax Bill, The Value Added Tax Bill as well as the Tax Administration Bill. A fourth bill being The Customs Bill was also gazetted on the same day but we will focus our attention on the three tax bills.

Whenever these bills are published it is an open invitation by the ministry responsible, in this case the Ministry of Finance for the public to comment on any matters that they may need improvement on. Further, such bills indicate that the whole tax landscape is likely to change. These bills are expected to be presented to Parliament in the February 2026 sitting, and if passed, they may commence on the first of July 2026. We briefly narrate below the changes that are proposed by the said bills.

### **Income Tax**

The Income tax bill is set to re-enact the current Income Tax Act Cap 52:01 as the latter is now considered to be outdated. The first proposal under the Income tax bill is to increase the personal income tax or Pay As You Earn at the upper bracket. However, the bill proposes to insert a new bracket, being P 156 000 to P 400 000 (P33 333 per month) which will be taxed at 25 percent. Any amount in excess of P 400 000 (P33 333 per month) will then be taxed at 27.5%.

Secondly, the bill proposes to increase the current corporate tax rate from 22 per cent to 24.5 percent. Other rates will also increase by 2.5 percent such as for IFSC companies etc to 17.5 percent. The said bill also proposes to introduce a tax on international transportation businesses who load goods or passengers in Botswana such as aircrafts. The said businesses will despite the fact that they do not trade or have offices in Botswana be subject to 3 percent tax on the value of fees payable for loading of goods or passengers within the borders of Botswana. Further, the bill seeks to empower the Civil Aviation Authority of Botswana to deny clearance of an aircraft if the operator does not comply with the tax.

The Bill also seeks to introduce a withholding tax on insurance premiums paid by entities within Botswana to non-residents of Botswana typically on reinsurance premiums. Further, the Bill introduces an option to depreciate assets on a reducing balance method over and above the current arrangement where assets can be depreciated on a straight-line basis. Lastly, it seeks to take away the 100 percent allowances on capital expenditures incurred by mines. In our view, all these initiatives are meant to increase revenue collections and foster the ministry's drive to enhance domestic revenue mobilization in the wake of a declining mining industry. However, it is likely that mining entities may view the proposal regarding capital allowances as making mining ventures unattractive. In addition, insurance companies are likely to view the insurance premium tax as having the overall effect of eroding their profits.

## **Value Added Tax**

The bill seeks to amend the stringent Value Added Tax registration for businesses which don't meet the 1 million revenue mark. Currently, a business which hasn't commenced trading but which intends to trade cannot be registered until it makes sales of over P500 000 or P1million in any period of 12 months. This is a big concern in that some businesses cannot make such magnitude of sales until a particular time such as those in fixed property construction or mining. However, the said bill seeks to relax the 500 000-revenue requirement and get such other entities like those in manufacturing and mining to register without necessarily having made sales.

In addition, the bill has relaxed the prohibition of input VAT by removing accommodation from the definition of entertainment, meaning that going forward VAT incurred on hotel or lodge accommodation could be deductible for VAT purposes. In addition, the said bill introduces reverse VAT being VAT chargeable by VAT registrants whenever they import services from outside the country.

The Reverse VAT will also be required to be paid by entities that are currently exempt such as schools, health facilities, churches and NGOs whenever they import services from outside the country. Further, the bill also intends to require tech giants such as Google, Netflix and Facebook to account for normal VAT on revenue they earn from Botswana residents.

## **Tax Administration Bill**

The Tax Administration Bill seeks to harmonize the tax administration provisions of all the Acts administered by BURS except the Customs Act. It does not introduce any tax that it provides for the uniform application of all taxes such as time of payment of tax, assessments, objections etc. The Bill also introduces the compulsory registration by BURS of anybody who provides tax agent services which includes advising clients on any tax, representing clients at BURS etc.

## **Inhouse Tax training**

Corporates are strongly encouraged to obtain in-house and bespoke tax training on these bills as they have far reaching and material financial implications on any business. Further, tailor-made training has proven to be very relevant and useful as it addresses the pertinent tax matters of impacted entities based on the current business systems and practices of the said businesses. Contact us on the numbers below for bespoke tax training on the said bills.

**Contacts:** You may contact us at +267 7181 5836 or +267 393 9435 or [jhore@aupracontax.co.bw](mailto:jhore@aupracontax.co.bw) or [www.aupracontax.co.bw](http://www.aupracontax.co.bw). This article is general, and tax advice is recommended if decisions are to be made. If you need 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.