

## **VAT invoices to be valid for 12 months**

Most accountancy and business owners are aware that the current VAT Act is very strict when it comes to the validity of VAT invoices or tax invoices as they are referred to under the Value Added Tax Act. The said Act states that a tax invoice is only valid for 4 months and if the VAT on that invoice is not claimed within those 4 months, then the business loses its entitlement to the said Input Tax. This is, however, going to be fundamentally changed as the Value Added Tax Bill no.39 of 2025 recently sailed through Parliament. In this article words importing the masculine shall be deemed to include the feminine.

### **Current Arrangement**

As stated above, Value Added Tax can be claimed using a tax invoice which is not older than 4 months. As an example, if a VAT registrant is preparing a return for the May to June 2026 period, they can include Tax Invoices dated from March to June 2026 and no later than that. For a VAT registrant who files tax returns on a monthly basis they can include, if preparing a return for June 2026, tax invoices for May 2026, April 2026 and for March 2026. Invoices from February 2026 going backwards automatically become time barred and the VAT claim privilege is lost. When the VAT claim is lost, the costs may then be capitalized if the acquisition was a capital asset or it may be expensed for Income Tax purposes. Practically, the Botswana Unified Revenue Service (BURS) has disallowed so many Input Tax claims on the basis that the tax invoices were older than 4 months and more taxpayers have suffered tax penalties and interests on that basis alone.

### **The New Law**

Under the proposed new law, tax invoices will be valid for 12 months in line with regional practices. In fact, in other SADC countries' tax invoices are valid for 60 months or 5 years. This proposed change will result in VAT registrants having ample time within which to claim the VAT that they would have suffered when acquiring goods or services. It will provide relief to businesses by extending the VAT claiming period as currently some businesses are losing the VAT claims due to the strict and short tax claiming period. This move does not in any way reduce the tax collections that BURS will make but it will minimize tax losses that businesses are currently incurring on the basis that their tax invoices will be more than 4 months old. Some of the businesses suffer these Input Tax losses because their suppliers are large corporates who may not be as efficient in issuing tax invoices, which then results in them losing what is rightfully claimable.

Tax hint: If you have never had a tax audit/review conducted by a tax consultancy firm to check whether you are tax compliant, or should it be apparent that you are not certain that your tax affairs are in good order, then don't wait for the taxman to pounce on you, as that can be very costly. Contact us today so we can help you fix your tax affairs whilst you still have time.

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