

Enter the new Withholding Tax on natural resources amount

The Income Tax Bill No. 36 of 2025 which was gazetted on the 15th of December 2025 will, on commencement, introduce a new Withholding Tax (WHT) on what it calls natural resource amount. The said Bill was passed by Parliament in the week ending 18 April 2026 and it is expected to commence as from the 1st of July 2026. Currently the country does not have a withholding tax on natural resources amount. In this article words importing the masculine shall be deemed to include the feminine.

The New Tax

The tax to be introduced by the new law will basically be referred to as Withholding Tax on natural resource amount. According to the Act, these are amounts which are payable or paid to a non-resident person in respect of the rights to exploit natural resources (whether living or non-living) which are based in Botswana. Withholding taxes are a form of taxation where income is taxed at source before payments are made to a payee. As an example, if a company is making a payment of P 1 000 000 to a non-resident of Botswana and it has to deduct WHT at 15%, it will then deduct P150 000 from the payment and remit the balance being the P 850 000 to the payee. Going back to the WHT under discussion, the tax rate shall be 15% and it will only apply in instances where payments are made to a non-resident of Botswana.

The Act basically refers to the natural resource amount as any fee which is paid by a resident of Botswana in respect of the rights to exploit a natural resource which is based in Botswana. Natural resources include minerals, trees, forests, plants and insects, among others. It is our view that this WHT is meant to apply on royalties that are paid to non-residents of Botswana who own, for example, prospecting and/or mining licenses but who don't intend to mine the resources. Further, we opine that this WHT will apply on non-residents who allow residents of Botswana to exploit resources such as sand, water, and stones for a fee.

The application

Any payer of a natural resource amount shall be required to deduct 15% tax and remit the amount to BURS. The 15% WHT rate cannot be reduced by a Double Taxation Avoidance Agreement as there is no article which speaks to such fees. The closest article which speaks of such fees will be the WHT on commercial royalties but it will not apply as this relates to natural resources.

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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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.