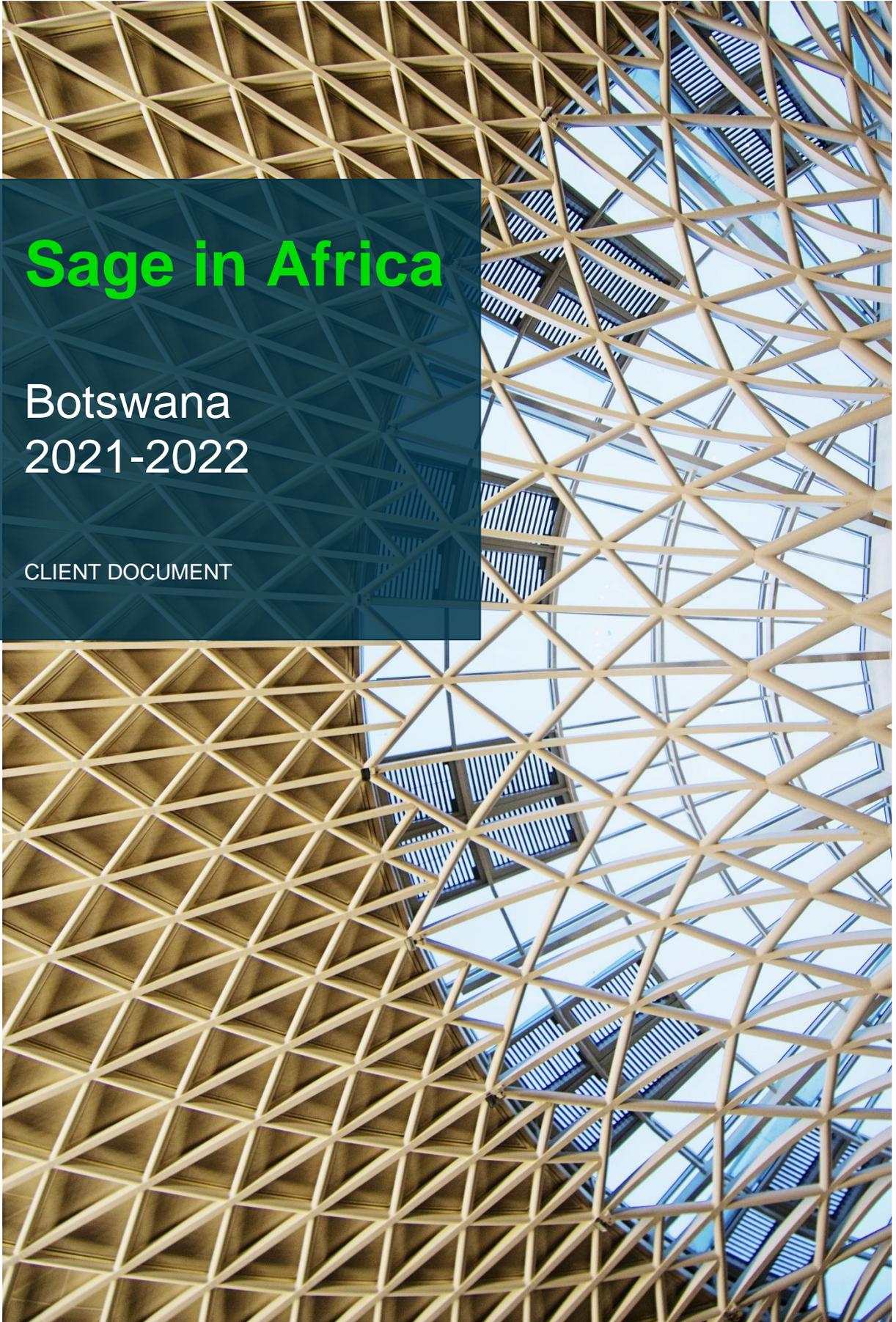


Sage in Africa

Botswana
2021-2022

CLIENT DOCUMENT



1. Terminology

All references to 'he', 'his', 'him' or 'himself' includes 'she', 'her' or 'herself' in the case of a female taxpayer, and 'it' or 'its' refers to a taxpayer other than an individual, and is not intended to be discriminatory.

The purpose of this document is to address employee's tax and includes references to the Income Tax Act where applicable.

2. Pay As you Earn (PAYE)

The employer must withhold employees' tax from all remuneration paid or payable to an employee during the tax year, and the Fifth Schedule to the Income Tax Act has been devoted to this requirement.

Remuneration and employees' tax are thus merely estimates to allow the advance collection of income tax on a regular and equitable basis.

Income tax is source-based, therefore income from a source within, or deemed to be within Botswana is taxable in Botswana.

The Fifth Schedule to the Income Tax Act requires three elements to be present before employees' tax can be withheld for payment to BURS:

- an employer
- paying remuneration
- to an employee.

Tax Year	1 July – 30 June
Revenue Service	Botswana Unified Revenue Service (BURS) Website: www.burs.org.bw
Resident	<p>'Resident in Botswana' in relation to a tax year means, in the case of an individual, that:</p> <ul style="list-style-type: none">• his/her permanent place of abode is in Botswana,• he/she is physically present in Botswana for not less than 183 days in that tax year, whether or not he/she maintains a place of abode in Botswana,• he/she maintains a place of abode and is physically present in Botswana for not less than 183 days in that tax year; and for the purposes of this paragraph, he/she shall be deemed to be physically present in any part of that period notwithstanding that he/she is temporarily absent for business, recreation, or similar purposes; or <p>he/she is physically present in Botswana for any period of time in that tax year and such period is continuous with a period of physical presence in the immediately preceding or immediately succeeding tax year and provided he/she is treated as a resident for such preceding or succeeding tax year.</p> <p>(section 2)</p>
Non-resident	An individual is not treated as non-resident if he is not a resident of Botswana.

	(section 2)
Amounts deemed to have accrued in Botswana	<p>An amount accrued to any person shall be deemed to have accrued from a source situated in Botswana where it has accrued to such person in respect of –</p> <ul style="list-style-type: none"> • any service rendered or work done by such person in Botswana, whether the payment therefore is made by a resident or a non-resident and wherever payment is made, • any service rendered or work done out of Botswana- <ul style="list-style-type: none"> ○ by such person under a contract of employment with the Government; or ○ by such person, being a resident, for or on behalf of his or her employer in Botswana during his or her temporary absence from Botswana, whether the payment for such services rendered or work done is made by a resident or a non-resident and wherever the payment is made, • any pension, bonus, gratuity, or compensation granted to such person in respect of past services- <ul style="list-style-type: none"> ○ by the Government; or ○ where such past services were performed in Botswana by any other person, and wherever payment is made or the funds from which payment is made are situate: <p>Provided that where any pension, bonus, gratuity, or compensation is payable in respect of past services performed partly in Botswana and partly elsewhere, only such part of such pension, bonus, gratuity or compensation as, in the opinion of the Commissioner General, is reasonable shall be deemed to have accrued in Botswana,</p> • any business carried on by such person, being a resident, as the owner or charterer of any aircraft, wherever such aircraft may be operated, • any service rendered or work done out of Botswana by such person, being a resident, as an officer or a member of the crew of any aircraft, wherever payment is made. <p>(section 11)</p>
Effective date of accrual	<p>An amount which accrues to a person, shall be deemed to have accrued at the time it is -</p> <ul style="list-style-type: none"> • received by him, • due and payable even though not actually paid to him, or • credited in account, reinvested, accumulated, capitalized, carried to reserve or otherwise disposed of m or on his behalf. <p>(section 10)</p>
Employer	<p>Employer means any person who pays remuneration to an employee and includes a–</p> <ul style="list-style-type: none"> • representative employer, and • the trustee of an approved superannuation fund. <p>Representative employer manes –</p> <ul style="list-style-type: none"> • in the case of a company, the public officer or, in the case of a company in liquidation or under judicial agreement, the liquidator or judicial manager, as the case may be, • in the case of a partnership, the precedent partner, or the agent of the partnership,

	<ul style="list-style-type: none"> • where the employer is the Government, a local authority or other similar authority, or a body corporate or unincorporate (not being a company or partnership), the person responsible for paying remuneration on behalf of such employer, • in the case of an employer in respect of whose taxable income a representative taxpayer is chargeable to tax, the representative taxpayer, or • in the case of a non-resident employer, the agent having authority to pay remuneration on behalf of such employer, <p>but nothing in this definition that be construed as relieving any employer from any duty or liability imposed upon the Fifth Schedule.</p> <p>(paragraph 1, Fifth Schedule)</p>
Employee	<p>Employee means any person (other than a company) who, in respect of employment receives remuneration from an employer, and includes any person to whom remuneration accrues –</p> <ul style="list-style-type: none"> • A director of a company, • From a former employer or from an approved superannuation fund, or • As a dependant of a deceased person where such remuneration accrues to that dependant as a consequence of the former employment of that deceased person. <p>Employment means any employment in which the relationship of master and servant subsists, or an appointment or office, whether public or not, and whether or not that relationship subsists and the terms.</p> <p>(paragraph 1, Fifth Schedule)</p>
Remuneration	<p>Remuneration means any amount accrued to an employee by way of –</p> <ul style="list-style-type: none"> • Wages, salary, leave pay, fee, commission, bonus, gratuity, or compensation, • Commutation of moneys due under any contract of employment of service, or • Pension, lump sum payment or other benefit but does not include any amount accrued to any resident individual in respect of services rendered where such amount does not exceed the annual rate of P600, • Any cash and non-cash employee benefits. <p>(paragraph 1, Fifth Schedule)</p>
Balance of remuneration	<p>The amount of employees' tax to be withheld is calculated on balance of remuneration, which is remuneration remaining after deducting:</p> <ul style="list-style-type: none"> • The employee's current contribution to an approved superannuation fund, provided that the deduction for any such contribution shall be based on an annual rate not exceeding 15% of the employee's remuneration. This is only allowed for resident employees. <p>'Approved superannuation fund' means a permanent fund or a scheme which provides for the establishment and administration of such scheme exclusively by an insurer, and in either case bona fide established for the purpose of providing such pensions, annuities or other benefits as may be prescribed by the Minister.</p> <p>(paragraph 3(3), Fifth Schedule and section 2)</p>
Allowances	<p>Any travelling, entertainment or other allowance is included in employment income to the extent to which it does not present moneys, wholly, exclusively, and necessarily expended for the purpose of the employment.</p>

The following is a list of examples of allowances payable to employees categorized as taxable and non-taxable, it does not include certain allowances which are due in terms of special legislation e.g., parliamentary allowances. These allowances are allowable provided they are reasonable, commensurate with the duties to be performed and are paid wholly, exclusively necessarily for the purpose of performance of the duties by the employees.

Taxable	Non-Taxable
Frontier	Subsistence
Local	Commutated subsistence
Radio operations	Meal
Extra duty	Out of pocket
Abattoir	Bicycle
Grading	Donkey
Night duty	Horse
Bonus	Car kilometreage
Overtime	Transfer
Reporters	Uniform
Interpreters	Travel concession
Supplementary	Duty travel
Responsibility	Plain clothes
Acting	Foreign service
Utilities	
Housing	
Special duty	
Education	
Car	
Contract addition	
Band	
Foot & Mouth	
Trade pay	
Police	
Medical	
M.D. in charge	
District officer	
Head master	
Assistant headmasters	
Head of department (teachers)	
Lecture	
Telex operator	
Training	
Flying	

(section 32 and BURS Guidance Notes Part IV)

**Lump sums:
Approved
service or
severance pay
gratuities paid to**

When an approved service gratuity or severance pay accrues to a citizen employee, during the course of, or on termination of employment, the entire gratuity will be excluded from gross income of such person if it is directly invested on his/her behalf in an approved pension fund or approved retirement annuity fund or scheme.

Where it is not so invested, only one third of such gratuity will be excluded and, at the option of the Commissioner General, the remaining two thirds may be deemed to have

<p>a citizen employee</p>	<p>accrued at the time it is payable, or accrued in three successive equal annual instalments, the last of such instalments being deemed to have accrued on the date on which the whole amount became payable.</p> <p>Provided that the employee is not:</p> <ul style="list-style-type: none"> • a relative of the employer where the employer is an individual, • a relative of one or more of the partners where the employer is a partnership, or • a participator, or a relative or nominee of such participator of the company where the employer is a close company, unless the Commissioner General is satisfied that it is a bona fide arm's length payment. <p>'Approved service gratuity' means a payment made to an employee in accordance with the written conditions of employment, approved by the Commissioner, which conditions will include provisions that:</p> <ul style="list-style-type: none"> • the conditions must apply to all permanent employees of the employer to whom no retirement benefit accrues under any retirement benefit scheme established either by employer, whether such scheme has been approved under the Income Tax Act or not, • the payment is to be in recognition of a period of continuous employment not less than 5 years, • a payment made in the course of employment may be made only at the end of a period of continuous employment of 5 years or multiple of 5 years, • a payment made shall not exceed 5 weeks' pay for each year of service at the rate of pay applicable to the last year of service in respect of which the payment is made, • a payment made on cessation of employment may be made in respect of any residual period of service of less than 5 years provided that the employee has served in the employment for a continuous period of not less than 5 years, • a period of service may be recognised by a payment of gratuity once only, • the total gratuity up to the time any payment is made must not exceed 2 years' pay at the current rate when payment is due, and • any changes to the conditions shall only apply on approval by the Commissioner. <p>Provided that where the Commissioner is of the opinion that there is good reason for so doing, he may approve conditions which do not comply with these requirements in all respects.</p> <p>Where a citizen employed in the service of Government is entitled to a gratuity on the same terms as for an approved service gratuity in accordance with the second to the last bullet above, the same taxation rules apply as approved service gratuities paid to citizen employees.</p> <p>Refer to The BURS Tax Tables and Guidance Notes for examples. (section 32(7) – 32(9) and BURS Guidance Notes)</p>
<p>Lump sums: Gratuities paid to citizen employees</p>	<p>Where a citizen (other than a citizen employed in the service of Government) is entitled to a gratuity under a contract of employment, one third of such gratuity shall be excluded from his gross income, and the remaining two thirds thereof shall be deemed to have accrued evenly over the duration of the contract, or over the last three years</p>

	<p>thereof, whichever is lesser, or over the last year of contract, at the option of the Commissioner General.</p> <p>Refer to The BURS Tax Tables and Guidance Notes for examples.</p> <p>(section 32(10) and BURS Guidance Notes)</p>
<p>Lump sums: Gratuities and bonuses paid to non-citizen employees</p>	<p>Where a non-citizen employee is entitled to a bonus or gratuity under a contract of employment, one third such bonus or gratuity shall be excluded from his gross income, and the remaining two thirds thereof shall be deemed to have accrued evenly over the duration of the contract over the last three years thereof, whichever is the lesser, or over the last year of the contract, at the option of the Commissioner General; Provided that the exercise of the option by the Commissioner General would reduce the tax liability of the employee: and provided further that one third of the bonus or gratuity mentioned herein shall only be excluded from the gross income of a non-citizen employee if in the opinion of the Commissioner General the payment is reasonable in the circumstances having regard to-</p> <ul style="list-style-type: none"> • the period of the employment, • the nature of the employment, • the salary payable to the employee; and • the measure of retirement benefits generally prevailing at that time. <p>Refer to The BURS Tax Tables and Guidance Notes for examples and DGN4 (Departmental Guidance Notes on Terminal Gratuities – Expatriate Employees) for more information.</p> <p>(section 32(11), BURS Guidance Notes and DGN4)</p>
<p>Lump sums: Severance pay</p>	<p>Severance pay is a payment, which an employer may have a statutory obligation to make to an employee under Section 27 of the Employment Act (on the termination of a contract of employment, whether by reason of the death or retirement of the employee or for any other reason).</p> <p>When severance pay accrues to a citizen employee during the course of, or on termination of employment, the entire severance pay will be excluded from gross income of such person if it is directly invested on his/her behalf in an approved pension fund or approved retirement annuity fund or scheme.</p> <p>Where an employee (citizen and non-citizen) elects to receive severance pay from his/her employer only one third of such severance pay will be excluded and, the remaining amount shall be deemed to have accrued evenly over the period of service, or over the last three years thereof, whichever is the lesser, or over the last year of the contract, at the option of the Commissioner General: Provided that the exercise of the option of the Commissioner General would reduce the tax liability of the employee.</p> <p>Section 27 of the Employment Act:</p> <p>On the termination of a contract of employment, whether by reason of the death or retirement of the employee or for any other reason, the employer shall pay to an employee who has been in continuous employment with him for 60 months or more, a severance benefit at the rate prescribed:</p> <p>Provided that –</p>

	<ul style="list-style-type: none"> the severance benefit shall be payable at the conclusion of each period of 60 months continuous service by the employee, or at the termination of employment, at the option of the employee, where, upon the date of payment of any severance benefit, the employee, or his dependent or beneficiary, is at that date or some future date entitled to the payment of a gratuity or pension or both a gratuity and pension in respect of the period of employment under the contract, no severance benefit which would otherwise be payable in terms of this section to the employee or his dependent or his beneficiary shall be payable. <p>Severance pay is calculated at the rate of one day's basic pay for each completed month worked for the first 60 months of employment, and two day's basic pay for each additional month (or portion thereof) of continuous employment.</p> <p>'Month' in relation to the first 60 months of continuous employment, means a complete month, and in relation to continuous employment thereafter, means a complete month or any fraction thereof, and</p> <p>'Basic pay' means the pay payable to the employee at the termination at the termination of the contract of employment.</p> <p>Where at the time of the termination of the contract of employment, any leave is due to the employee or he has any other right of absence under this Act, the period of that leave or other right of absence shall be deemed to be part of his period of continuous employment.</p> <p>Refer to The BURS Tax Tables and Guidance Notes for examples. (section 32(12) and BURS Guidance Notes)</p>
<p>Lump sums: Retrenchment package</p>	<p>A retrenchment package is remuneration paid to an employee on termination of his or her contract of employment for the purpose of reducing the size of the work force.</p> <p>Where an employee receives a retrenchment package, one third of the amount received in money or money's worth or equivalent of the threshold (P48 000 from 1 July 2021), whichever is greater, shall be exempt from tax and at the option of the Commissioner General, the remaining two thirds thereof may be deemed to have accrued at the time it is payable or accrued in three successive equal instalments, the last of such instalments being deemed to have accrued on the date on which the whole amount becomes payable, provided that the exercise of the option would reduce the tax liability of the employee.</p> <p>Refer to The BURS Tax Tables and Guidance Notes for examples. (section 32(14) – 32(15) and BURS Guidance Notes)</p>
<p>Lump sums: Back pay</p>	<p>Where an employee receives a lump sum payment after reinstatement following a dismissal or suspension from duty with reduced or without pay, such lump sum payment shall be spread back over the period in which such income was earned or would have been paid.</p> <p>When an employee is paid back pay (other than back pay after reinstatement following a dismissal or suspension) which relates to tax year(s) prior to the current tax year, the whole of the arrears is subject to tax withholding in the year in which they are paid.</p> <p>Refer to The BURS Tax Tables and Guidance Notes for examples. (section 32(16) and BURS Tax Tables and Guidance Notes)</p>

<p>Lump sums: Superannuation fund withdrawal</p>	<p>Where an employee elects to withdraw his contributions to an approved superannuation fund in accordance with the rules of the fund and the Income Tax Regulations, the whole of the amount withdrawn shall be deemed to accrue to him from employment and shall be included his gross income for the ta year in which the amount was withdrawn.</p> <p>(section 32(13))</p>
<p>Tax directives: Lump sums</p>	<p>Where a payment of remuneration is to be made to an employee by way of gratuity or other lumpsums on termination of his employment or a lump sum payment by a superannuation fund on his termination, the employer shall, not less than 15 days prior to the date of such payment is to be made, apply to the Commissioner General for a tax directive as to the amount of tax (if any) which shall be deducted therefrom.</p> <p>(paragraph 4(6), Fifth Schedule)</p>
<p>Tax directives: Remuneration</p>	<p>Where in respect of any tax year, the Commissioner General is of the opinion that the amount of tax required to be deducted by an employer is accordance with the tax tables from the remuneration payable to any employee will be substantially less than the amount of tax which is likely to be charged for the tax year, the employer may apply for a tax directive which will direct the employer to deduct such greater amount tan is prescribed in the tables.</p> <p>Where in respect of any tax year, an employee is op the opinion that the amount of tax required to be deducted by his employer in accordance with the tax tables will be substantially greater than the amount of tax which is likely to be charged for the tax year, he may apply for a tax directive which will direct the employer to deduct either no tax or a lesser amount than prescribed.</p> <p>(paragraph 5, Fifth Schedule)</p>
<p>Exempt income</p>	<p>All items that are exempt from employment income are also exempt from remuneration for PAYE purposes, and include:</p> <ul style="list-style-type: none"> • the value of any free medical attention provided, or medical attention paid for by the employer (including medical fund contributions), • the value of any free passage by air, rail, road, or sea provided for an employee, his wife, or dependent children pursuant to the terms of his employment, • severance pay, retrenchment package and certain gratuities, subject to limits, please refer to section 4 (Lump sums), and • true reimbursements <p>(section 32)</p>
<p>Taxable benefits</p>	<p>Fringe benefits are taxable benefits (or perks) that the employer grants to the employee as an advantage of his/her employment, or as a reward for services rendered or to be rendered. The cash equivalent of such benefits must be included in the employee's remuneration and is therefore part of his/her taxable income. Fringe benefits granted to a relative of an employee must also be included in the employee's gross remuneration.</p>
<p>Value of quarters or residence</p>	<p>The value of any quarters or residence provided for an employee in respect of his/her employment shall be deemed to be:</p> <ul style="list-style-type: none"> • in such case were the quarters or residence is a rateable property in accordance with the provisions of the Township Act and regulations made there under, an amount equal to 10% of the rateable value shown in the

valuation roll in force in respect of such property at the commencement of the tax year,

- in the case where such quarters or residence becomes a rateable property in the course of the tax year after the completion of the current valuation roll, an amount equal to 10% of the interim valuation made of such property,
- in the case where such quarters or residence is not a rateable property or has not been valued, an amount equal to 8% of such amount as may be prescribed as being the value of the property (referred to as the 'current capital valuation') at the commencement of the tax year or the date of the completion of the construction of the property if such completion took place during the tax year, or
- where the period for which the quarters or residence is provided in a tax year is less than 12 months, such amount as bears to the amount the same ratio as that period bears to the 12 months, less any amount payable by the employee as rent for the quarters or residence on the tax year,

Provided that:

- in the case of any quarters or residence provided during the tax year for an employee whose employment income, excluding the value of the quarters or residence, for that year does not exceed the portion of the taxable income upon which no tax is leviable, the value of the quarters or residence shall be deemed to be nil,
- in any other case, the amount deemed to be the value to an employee of any quarters or residence provided for him/her in any tax year shall not be greater than,
 - where the quarters or residence is provided for the whole of the tax year, the excess of the relevant percentage of his/her employment income, excluding the value of the quarters or residence, for that year over any amount payable by him/her as rent for the quarters or residence during that year, or
 - where the quarters or residence is provided in the tax year for a period less than 12 months, the excess of the relevant percentage of his/her employment income, excluding the value of the quarters or residence, for that period over any amount payable by him/her as rent for the quarters or residence during that period.

Where the quarters or residence is provided for an employee in respect of his/her employment and the Commissioner is of the opinion that any arrangement made in relation to:

- the acquisition or lease of such quarters or residence by the employer,
- the amount or rent payable by the employee for such quarters or residence,
- the employment of the employee or any of his relatives, or
- the amount of the employment income of the employee or any of his relatives.

was made to avoid or reduce the liability to the tax of such employee then the provisions set out above shall not apply and the value to such employee of the quarters or residence shall be deemed to be such amount as the Commissioner considers reasonable having regard to all matters which appear to him to be relevant.

The current capital value is calculated by multiplying the gross floor area in square metres of the residence by P250. The floor area should be measured over all the external and internal walls at the time of construction of the property, if such completion occurred during the tax year. If the commissioner is satisfied that, due to the standard

of building, an excessive current capital valuation results, he/she may reduce the factor of P250 to a smaller factor as considered fit and reasonable, which will be no less than P170.

In other words, the housing benefit is the lower of:

- a percentage of the employee's employment income (excluding housing benefit) as determined in the housing benefit table (see **Annexure A** for the housing benefit table); and
- if rated, 10% of the rateable value,
if unrated, the gross floor area x P250 per square metre x 8%.

If the employee was not employed for the entire tax year or did not occupy the house for the entire tax year, the value must be pro-rated. The value should also be reduced by any amount contributed by the employee.

Example 1:

Employee A is provided with a residence. The property is not rated. The employee's employment income before the housing benefit is P40 000. The gross floor area of the property is 200 square metres.

The benefit on the payroll will be the lower of:

- a percentage of the employee's employment income (excluding housing benefit) as determined in the housing benefit table; and
- if rated, 10% of the rateable value,
if unrated, the gross floor area x P250 per square metre x 8%.

Therefore, the lower of:

- $P40\ 000 \times 11\% = P4\ 400$; and
- $200 \times P250 \times 8\% = R4\ 000$

The housing benefit is thus **P4 000**.

If the property is shared by other employees of the same company, the value calculated in terms of the percentage of the property (8% or 10%) should be divided by two as illustrated in the example below.

Example 2:

The house is shared by two employees. The property is rated, and the rateable value of the house is P295 000. Both the employees occupied it for the full year. The employee income of employee 1 excluding the housing benefit is P118 275, and P130 950 for employee 2.

Rateable value x 10%

$$P295\ 000 \times 10\% = P29\ 500 / 2 = P14\ 750$$

Employee 1's housing benefit will be the lower of:

- $P118\ 275 \times 25\% = P29\ 568.75$, and
- $P295\ 000 \times 10\% = P29\ 500 / 2 = P14\ 750$

The housing benefit is thus **P14 750**.

Employee 2's housing benefit will be the lower of:

- $P130\,950 \times 25\% = P32\,757.50$, and
- $P295\,000 \times 10\% = P29\,500 / 2 = P14\,750$

The housing benefit is thus **P14 750**.

(section 32 and BURS Guidance Notes)

Car benefit

The employee benefits from private use of employer owned vehicles have been revised with effect from 1 July 2001 and will be determined as:

Cost of vehicle	Employee's benefit	Fuel cost adjustment
1 - 50 000	2 500	1 000
50 001 - 100 000	5 000	2 000
100 001 - 150 000	7 500	3 000
150 001 - 200 000	10 000	4 000
200 001 and over	10 000 + 15% on the excess of P200 000	A maximum of P5 000

- Where the cost of fuel is paid for by the employee, the fuel cost adjustment is deducted from the benefit, but where the fuel cost is borne by the employer the full benefit is taxable.
- The table above refers to the annual benefit amount to use in the tax calculation. In order to convert it to a monthly value, you need to divide the benefit by 12.

Example:

The cost of the vehicle is P250 000.

P10 000 (bracket above) + 15% of P50 000 (excess of P200 000) = **P17 500**.

(BURS Guidance Notes)

Interest free or low interest-bearing loans

The difference in the amount of any preferential rate of interest granted to the employee and the normal commercial rate currently prevailing is the value of the benefit. To ensure uniformity in the application of this provision, the normal commercial rate of interest is taken to be equal to the prime rate of interest as on 1 July of the tax year as announced by the Bank of Botswana for commercial banks. In computing the benefit, the same method of charging interest by the employer on the loan is applied. For instance, if the interest is charged by the employer on monthly balances, the same method is followed. However, where the interest is not charged with reference to any fixed period equal to or less than a year, the interest is calculated on the outstanding daily balance as reflected in the employee's loan account.

Please ensure that the latest commercial rate of interest is used which can be found on the Bank of Botswana website.

(BURS Guidance Notes)

Furniture and furnishings

The benefit is based on the cost of the furniture and furnishing supplied by the employer. No benefit is assessable if the cost of furniture does not exceed P15 000 but where the cost exceeds P15 000, the assessable benefit is 10% of the excess. This is effective from July 2001.

(BURS Guidance Notes)

Share savings or share option schemes	<p>Where an employee is given the benefit of joining the share savings or share option scheme, the difference between the market value and of the share at the time the option was exercised, and the cost incurred by the employee under the scheme is the value of the benefit. Employers are requested to furnish the full details of the scheme and seek a directive from the Commissioner on the valuation of the benefits provided to the employees under such schemes.</p> <p>(BURS Guidance Notes)</p>														
Valuation of other benefits	<p>Where the cost of the benefit provided is met fully or partly by the employer, the value of the benefit will be the higher of:</p> <ul style="list-style-type: none"> • the cost to the employer of the benefit, • the cost reimbursed by the employer, or • the market value of the benefit, i.e., the cost that would have been incurred by the employee to obtain the same benefit had it not been provided by the employer, whichever is higher. <p>(BURS Guidance Notes)</p>														
Tax Deductions	<p>The only deduction allowable from remuneration to calculate balance of remuneration is the contribution made by the employee to an approved superannuation fund.</p> <p>The aggregate limit of these deductions is 15% of remuneration.</p> <p>‘Approved superannuation fund’ means a permanent fund or a scheme which provides for the establishment and administration of such scheme exclusively by an insurer, and in either case bona fide established for the purpose of providing such pensions, annuities or other benefits as may be prescribed by the Minister.</p> <p>Example:</p> <table data-bbox="392 1137 1088 1267"> <tr> <td>Employee’s taxable remuneration is</td> <td>P100 000</td> </tr> <tr> <td>Employee’s pension contribution is</td> <td>P10 000</td> </tr> <tr> <td>Employee’s retirement annuity contribution is</td> <td>P10 000</td> </tr> </table> <p>The deduction of these funds is up to 15% of taxable remuneration. Thus, the total deduction allowed is P15 000.</p> <p>Please note: No deduction for contributions to an approved superannuation fund is allowed for non-residents.</p> <p>(paragraph 3(3), Fifth Schedule and section 2)</p>	Employee’s taxable remuneration is	P100 000	Employee’s pension contribution is	P10 000	Employee’s retirement annuity contribution is	P10 000								
Employee’s taxable remuneration is	P100 000														
Employee’s pension contribution is	P10 000														
Employee’s retirement annuity contribution is	P10 000														
Rates of normal tax: Residents	<table border="1" data-bbox="392 1516 1393 1825"> <thead> <tr> <th colspan="2">Annual Table</th> </tr> <tr> <th>Taxable Income (P)</th> <th>Tax Payable (P)</th> </tr> </thead> <tbody> <tr> <td>0 - 36 000</td> <td>0</td> </tr> <tr> <td>36 001 - 72 000</td> <td>0 + 5% over 36 000</td> </tr> <tr> <td>72 001 - 108 000</td> <td>1 800 + 12.5% over 72 000</td> </tr> <tr> <td>108 001 - 144 000</td> <td>6 300 + 18.75% over 108 000</td> </tr> <tr> <td>144 001 and over</td> <td>13 050 + 25% over 144 000</td> </tr> </tbody> </table> <p>(section 59 and the Eight Schedule)</p>	Annual Table		Taxable Income (P)	Tax Payable (P)	0 - 36 000	0	36 001 - 72 000	0 + 5% over 36 000	72 001 - 108 000	1 800 + 12.5% over 72 000	108 001 - 144 000	6 300 + 18.75% over 108 000	144 001 and over	13 050 + 25% over 144 000
Annual Table															
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0 - 36 000	0														
36 001 - 72 000	0 + 5% over 36 000														
72 001 - 108 000	1 800 + 12.5% over 72 000														
108 001 - 144 000	6 300 + 18.75% over 108 000														
144 001 and over	13 050 + 25% over 144 000														

Rates of normal tax: Non-residents	Annual Table	
	Taxable Income (P)	Tax Payable (P)
	0 - 84 000	0 5% of each Pula
	84 001 - 120 000	4 200 + 12.5% over 84 000
	120 001 - 156 000	8 700 + 18.75% over 120 000
156 001 and over	15 450 + 25% over 156 000	
	(section 59 and the Eight Schedule)	
Additional tax	The employee may request the employer in writing to withhold from his remuneration an amount of tax greater than required to be deducted under the tax tables. (paragraph 5(1), Fifth Schedule)	
Administration and compliance	<p>An employer -</p> <ul style="list-style-type: none"> • who pays or becomes liable to pay remuneration to an employee must register as an employer with the Commissioner General within 30 days after the end of the month in which he became an employer, • who changes his address or ceases to be an employer shall notify the Commissioner General accordingly within 30 days of such change in address or of his ceasing to be an employer, • shall, unless the Commissioner General otherwise authorizes, deducted tax in accordance with the Fifth Schedule and according to the prescribed tax tables, • keep a record of the remuneration paid to each employee, as well as employees' tax deducted/withheld, • must deduct the correct amount of PAYE from the employees' remuneration and it shall be payable within the time specified and will be debt due to the state when it becomes due and payable, • issue tax certificates to all employees at the prescribed times. <p>(Fifth Schedule)</p>	
Monthly reconciliation and payments	<p>Remittance for monthly PAYE (Online ITW7A):</p> <p>PAYE should be declared and paid by the employer within 15 days after the end of the month during which it was deducted/withheld or within 15 days after the day on which such person ceased to be an employer.</p> <p>Late payments shall bear interest at a rate of one and a half % for each month or part of a month during which ire mains unpaid, compounded monthly.</p> <p>(section 98 and 101)</p>	
Annual reconciliations and tax certificates	<p>Annual PAYE online return and ITW8 tax certificates:</p> <p>Tax certificates must be issued within –</p> <ul style="list-style-type: none"> • 31 days after the end of the tax year, • where the employee has ceased to be an employee of the employer, within 15 days after the date the employee has ceased to be an employee, • where the employer has ceased to be an employer in relation to all employees, within 15 days after the date on which he ceased to be an employer, or • as directed by the Commissioner General. 	

	<p>The monthly online ITW7A submissions for the entire tax year will automatically populate the annual online return.</p> <p>Only if the employer did not submit online for the entire year are the employer required to submit the ITW10.</p> <p>Once the employer submits the online annual return, the tax certificates (ITW8's) will be verified in the employee's individual online accounts and the employer should then be able to print the ITW8 certificates from e-service to hand to the employees.</p> <p>(Schedule 2)</p>
Sources	<ul style="list-style-type: none"> • Income Tax Act • Botswana Employment Act, 1982 • BURS website: burs.org.bw • DGN4: Departmental Guidance Note on Terminal Gratuities – Expatriate Employees • BURS Tax Tables and Guidance Notes (For Employee's Remuneration) ITW99/2011 • Income Tax Amendment Act 2021 and Commencement Order

Annexure A:
Housing benefit
table

HOUSING BENEFIT TABLE (Tax Year 2011 – 12 onwards)

FROM PULA 36 100 TO PULA 45 600

Income	Relevant Percent	Housing Benefit	Income	Relevant Percent	Housing Benefit	Income	Relevant Percent	Housing Benefit
36100	1.25%	451.25	40100	11.25%	4,511.25	44100	21.25%	9,371.25
36200	1.50%	543.00	40200	11.50%	4,623.00	44200	21.50%	9,503.00
36300	1.75%	635.25	40300	11.75%	4,735.25	44300	21.75%	9,635.25
36400	2.00%	728.00	40400	12.00%	4,848.00	44400	22.00%	9,768.00
36500	2.25%	821.25	40500	12.25%	4,961.25	44500	22.25%	9,901.25
36600	2.50%	915.00	40600	12.50%	5,075.00	44600	22.50%	10,035.00
36700	2.75%	1,009.25	40700	12.75%	5,189.25	44700	22.75%	10,169.25
36800	3.00%	1,104.00	40800	13.00%	5,304.00	44800	23.00%	10,304.00
36900	3.25%	1,199.25	40900	13.25%	5,419.25	44900	23.25%	10,439.25
37000	3.50%	1,295.00	41000	13.50%	5,535.00	45000	23.50%	10,575.00
37100	3.75%	1,391.25	41100	13.75%	5,651.25	45100	23.75%	10,711.25
37200	4.00%	1,488.00	41200	14.00%	5,768.00	45200	24.00%	10,848.00
37300	4.25%	1,585.25	41300	14.25%	5,885.25	45300	24.25%	10,985.25
37400	4.50%	1,683.00	41400	14.50%	6,003.00	45400	24.50%	11,123.00
37500	4.75%	1,781.25	41500	14.75%	6,121.25	45500	24.75%	11,261.25
37600	5.00%	1,880.00	41600	15.00%	6,240.00	45600	25.00%	11,400.00
37700	5.25%	1,979.25	41700	15.25%	6,359.25			
37800	5.50%	2,079.00	41800	15.50%	6,479.00			
37900	5.75%	2,179.25	41900	15.75%	6,599.25			
38000	6.00%	2,280.00	42000	16.00%	6,720.00			
38100	6.25%	2,381.25	42100	16.25%	6,841.25			
38200	6.50%	2,483.00	42200	16.50%	6,963.00			
38300	6.75%	2,585.25	42300	16.75%	7,085.25			
38400	7.00%	2,688.00	42400	17.00%	7,208.00			
38500	7.25%	2,791.25	42500	17.25%	7,331.25			
38600	7.50%	2,895.00	42600	17.50%	7,455.00			
38700	7.75%	2,999.25	42700	17.75%	7,579.25			
38800	8.00%	3,104.00	42800	18.00%	7,704.00			
38900	8.25%	3,209.25	42900	18.25%	7,829.25			
39000	8.50%	3,315.00	43000	18.50%	7,955.00			
39100	8.75%	3,421.25	43100	18.75%	8,081.25			
39200	9.00%	3,528.00	43200	19.00%	8,208.00			
39300	9.25%	3,635.25	43300	19.25%	8,335.25			
39400	9.50%	3,743.00	43400	19.50%	8,463.00			
39500	9.75%	3,851.25	43500	19.75%	8,591.25			
39600	10.00%	3,960.00	43600	20.00%	8,720.00			
39700	10.25%	4,069.25	43700	20.25%	8,849.25			
39800	10.50%	4,179.00	43800	20.50%	8,979.00			
39900	10.75%	4,289.25	43900	20.75%	9,109.25			
40000	11.00%	4,400.00	44000	21.00%	9,240.00			

Where employment income excluding the housing benefit is in excess of P45 600 the housing benefit for the purposes of the proviso to (ii) to section 32(3) is 25% of such income.

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