



Tax Alert

May 2023

KPMG in Botswana

Amendments to the Transfer Duty Act (Cap. 53:01) and the Value Added Tax Act Cap. 50:03)

Transfer Duty

The amendments to the Transfer Duty Act which are effective from 3 May 2023 are as highlighted below:

1. New tribal or state land allocations are exempt from transfer duty.
2. Transfer duty on the acquisition of immovable property or rights in immovable property by non-citizens has been reduced from 30% to:
 - 10% on the value of property of up to P2 million; and
 - 15% on the value in excess of P2 million.
3. Local council or competent independent valuations will be accepted for the purposes of ascertaining the fair value of immovable property situated on tribal land.
4. The transfer duty exemption threshold for citizens has been increased from P1 million to P1,5 million.
5. Certain persons including heirs of deceased persons, surviving spouses, divorcees wishing to transfer property in the name of former spouses etc. are exempted from the requirement to provide valuation reports and lodging declarations with the Commissioner General. Some persons are required to obtain the Commissioner General's approval in order to enjoy the exemption from transfer duty.

Value Added Tax

The amendments to the VAT Act that take effect on 3 May 2023 are as follows:

1. The zero rating of vegetables, cooking oil, liquid petroleum gas, salt, infant formula, baby diapers, sanitary pads or tampons, condoms, agricultural implements; and
2. The exemption of private medical services.

Private medical services providers will automatically be deregistered for VAT by virtue of this exemption. No output tax will arise on capital goods and goods acquired prior to 3 May 2023 irrespective of whether or not input tax was claimed by the medical services providers. Thus the automatic VAT de-registration of medical services providers will not give rise to any additional VAT obligations or costs.

Please contact our tax team on the following email addresses if you require any assistance:

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