

Botswana

Southern Africa Government Grants and Tax Incentives

Special Economic Zones entities

Special Economic Zones (SEZ) are designated areas governed by special administrative, regulatory and fiscal regimes that are different from the rest of the domestic economy. It is available to export-oriented businesses.

Benefits

Those operating in an SEZ qualify for the following incentives:

- 5% corporate tax rate for the first five years of operation in a SEZ zone, 10% thereafter
- Value added tax at a rate of 0% on purchases of raw materials for use in manufacturing of goods for export
- No exchange controls
- Full repatriation of profits and capital
- Waiver on transfer duty on land and property
- Duty-free imports of specialist plant and machinery for manufacturing purposes

Qualifying Criteria

Currently, there are eight SEZs in Botswana, namely Sir Seretse Khama International Airport (SSKIA), Tuli Block, Lobatse, Fairgrounds, Pandamatenga, Greater Palapye, Francistown and Selebi Phikwe.

To qualify for the SEZ incentives, you need to be a SEZ licensed investor engaged in:

- Manufacturing
- Agrobusiness
- Warehousing
- Distribution or Logistics
- Internationally Traded Services

Entities operating in the SPEDU region

This is an incentive to encourage investors to invest in the SPEDU region.

Benefits

Entities operating in the SPEDU region enjoy the following benefits:

- 5% corporate tax on business taxable income for the first five years and 10% thereafter

- Zero customs duty on imported raw material
- Rebate of certain customs duties and Value Added Tax
- Direct Government off-take on procurement of at least 30%
- Provision of Land by way of minimum 50 year land leases
- Region will provide internet connectivity and preferential telecommunications, data and voice rates
- Beneficial regional labour laws
- One Stop Service Centre that is dedicated and empowered to streamline processes

Qualifying Criteria

- The incentive applies only to companies that carry out an approved manufacturing business in designated priority sectors or products
- Submit an application form/letter for investment registration with the SPEDU Investment Promotion Business Unit
- Meet the following minimum investment thresholds:
 - Domestic Investment (Citizens) Pula 250 000 and above
 - Foreign Investment (Non-Citizens) Pula 500 000 and above
- Other Eligibility Criteria:
 - Number and quality/level of employment created
 - Potential for skills and technology transfer
 - Utilization of local raw materials in the production process
 - Potential for export and import substitution
 - Potential to create backward and forward linkages
 - Innovation and creativity
 - Priority sector under the Economic diversification drive (EDD).

For any assistance regarding Botswana incentives, please contact Onkarabile Charles at Onkarabile.Charles@kpmg.bw