

Value Added Tax (Amendment) Bill, 2025



The Government of Botswana has issued a Value Added Tax amendment Bill (Bill No.22 of 2025), with the effective date yet to be announced. The Bill primarily seeks to:

- Expand the tax base by:
 - Introducing VAT on digital services provided by non-residents, and
 - Reverse charged supply made to a registered person, Government entity, or a large unregistered person
- Modernise the VAT system to enhance revenue collection and improve tax compliance through digital transformation by:
 - Introduction of mandatory use of electronic fiscal devices by registered traders, and
 - Introduction of fiscal invoices

Key amendment proposals include:

1

Definitions Expanded

New terms introduced include the following:

- **Remote services:** Services delivered electronically by non-residents.
- **Electronic fiscal devices:** Devices for recording and transmitting sales and issuing invoices.
- **Fiscal receipt:** A receipt or tax invoice issued by an electronic fiscal device, Government electronic payment gateway system or any other approved electronic system.
- **Government entity:** Includes Government Ministry, department, agency, parastatal, entity controlled by the Government or local authority.
- **Large unregistered person:** A person who is not registered and is not a Government entity whose annual turnover is specified in paragraph 1 of the Fifth Schedule i.e., P1 million.
- **Taxable Activity (Section 5):** Includes an activity carried on continuously or regularly by any person outside Botswana providing remote services to a resident of Botswana.
- **Electronic Marketplace:** A marketplace operated by electronic means for the supply of remote services by a supplier through a marketplace operated by a person ("operator") who does not have a place of business in Botswana and the operator authorises the charge, delivery of the supply, sets the terms and conditions of the supply to the recipient who is resident in Botswana.



2 Reverse Charge Mechanism

VAT liability shifts to the **recipient** of remote services if they are:

- A **registered person**,
- A **large unregistered person**, or
- A **Government entity**.

3 Rules for Remote Services (New Part IIIA)

- Remote services are deemed supplied in Botswana if:
 - The service is physically performed in Botswana at the time of supply.
 - Relates to immovable property in Botswana.
 - The recipient is resident in Botswana (based on billing address, IP, SIM info, banking details,).
 - The service relates to an inbound tourism product (accommodation, meals, transportation, tours or other activities), agency, or booking service.
 - It is a telecommunication service that can be used only in Botswana
 - It is telecommunication service supplied to a person resident in Botswana (based on SIM).
- **Electronic marketplaces** may be liable for VAT if they facilitate remote services. The operator of the marketplace will be deemed to have supplied the remote service. However, where the underlying supplier is registered for VAT, this provision will not apply.

4 Registration Requirements

- Non-resident suppliers of remote services must register for VAT if annual supplies exceed **P500,000**.
- Transitional rules may be prescribed.

5 Tax Periods

- **Government entities and large unregistered persons:** Every 2 months.
- **Non-resident remote service suppliers:** Quarterly.

6 Electronic Fiscal Devices

- Mandatory use for issuing fiscal receipts.
- Penalties for non-compliance:
 - **P10,000/month** for failure to use devices.
 - Up to **P100,000 fine or 2 years imprisonment** for tampering or fraud.

7 Foreign Currency Reporting

Remote service suppliers may report and pay VAT in **USD, EUR, GBP**, or other approved currencies.

8 VAT Representatives

- Non-resident suppliers may be required to appoint a **VAT representative** in Botswana.
- Representatives are **personally liable** for VAT obligations.

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

Archibald Gumede: Archibald.gumede@kpmg.bw

Cleverent Mhandu: cleverent.mhandu@kpmg.bw

Virginia Mutsago: virginia.mutsago@kpmg.bw

Onkarabile Charles: onkarabile.charles@kpmg.bw

kpmg.com/socialmedia



KPMG is a global organization of independent professional services firms providing Audit, Tax and Advisory services. KPMG is the brand under which the member firms of KPMG International Limited ("KPMG International") operate and provide professional services. "KPMG" is used to refer to individual member firms within the KPMG organization or to one or more member firms collectively.

© 2025 KPMG, a Botswana partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.