KPMG

Botswana Legislative Changes - July 2026

The Government of Botswana promulgated into law the repealing of the tax legislation and re-enacting the same legislation with amendments through the following Acts:

Income Tax Act, 2026 – Act No. 13 of 2026; and

Value Added Tax Act, 2026 – Act No.15 of 2026

In addition, a new Tax Administration Act, 2026 – Act No. 14 of 2026 which harmonises the administrative and procedural rules for Income Tax and VAT Act has also been promulgated into law.

A Customs (Amendment) Act, 2026 – Act No. 16 of 2026 which seeks to introduce new rules and amend some provisions of the Customs Act was also passed into law.

All the above legislative changes are with effect from 1st July 2026.

Below we summarise the pertinent issues

1 Income Tax Act , 2026

Corporate tax salient features:

- Increase in corporate tax rate from 22% to 24.5%.
- Reduction of non resident corporate tax rate from 30% to 24.5%.
- Introduction of a 10% withholding tax on repatriated profits for non-residents.
- Introduction of comprehensive Permanent Establishment concept.
- Introduction of reducing balance tax depreciation and increase in depreciation cost limit of passenger motor vehicles from P175 000 to P500 000.
- Introduction of a Domestic Minimum Top – Up Tax consistent with the terms of BEPS Pillar Two.

NOTE: BURS will issue transitional rules to guide taxpayers transition to the new legislation.

Individual tax salient features:

- Introduction of a top marginal tax rate of 27.5% for those earning above P400 000 per annum (P33 333 monthly).
- Different tax treatment for resident individuals, temporary resident individuals (not exceeding 3 years) and non – residents.
- Introduction of self withholding by employees whose employers are not required to withhold.
- Payment of capital gains tax within 28 days from date of disposal.

2 Tax Administration Act, 2026

A new Act which harmonizes the administrative and procedural provisions of the Income Tax Act and VAT Act.

Below are some of the salient features:

- Introduction of issuance of binding tax rulings.
- Harmonization of the record keeping period to 8 years for all tax types.
- Update of tax due dates as follows:

✓ VAT return and payment – 28th day of the month following end of tax period.

✓ Quarterly SAT payments – last day of each quarter of the taxpayers accounting period.

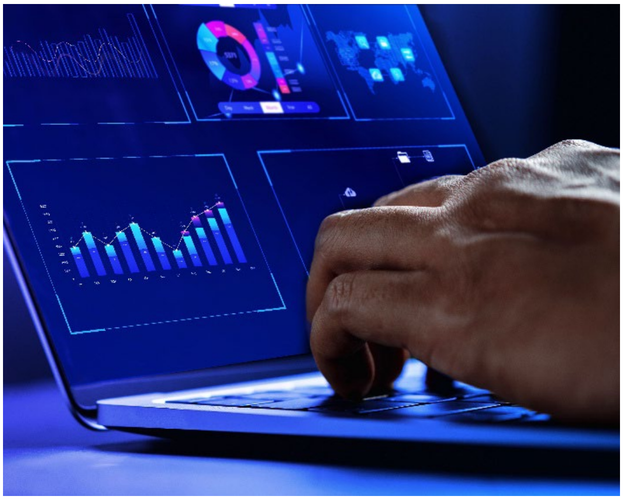
✓ Withholding taxes – 14th day following the month of withholding.

✓ Annual withholding tax returns – 28 days after the end of the tax year.

- Updating administrative penalties and interests.
- Introduction of registration of tax agents.
- Introduction of a tax tribunal.
- Introduction of voluntary disclosure provisions.

3 Value Added Tax Act, 2026

- Introduction of VAT on digital/ remote services provided by non residents and reverse charge for registered persons.
- Extension of the input VAT claim period from 4 months to 12 months.
- VAT for private medical service providers.
- Reduction of the zero rated supplies list.
- Reclassification of prescription drugs from exempt to zero-rated list.



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