WHAT IS A TAXABLE ACTIVITY?

A taxable activity is a business in the broadest sense. It includes ordinary business whether profit making or not. Taxable activity includes ordinary businesses like manufacturers, traders, auctioneers, contractors, unincorporated bodies etc.

Disposal of business assets is also regarded as part of a taxable activity.

However, private or recreational pursuits or hobbies (unless run as a business) and the services of an employee to an employer are not regarded as a taxable activity.

HOW DO I ACCOUNT FOR VAT

At the end of a tax period, every registered person must submit a return. Returns are submitted according to the business tax period.

- Category A and B - turnover less than P12 million; submits returns every 2 months.
- Category C - turnover P12 million and above; submits returns every month.
- All returns are due by the 25th of every month following the end of a tax period.

NOTE:
Tax fraud is theft from the people of Botswana. If you know a person who is not dealing with tax or VAT matters honestly, you are requested to contact the nearest Botswana Unified Revenue Service office.

WHERE DO I FIND BURS OFFICES TO DEAL WITH VAT ISSUES?

Gaborone Office
Private Bag 0013, Gaborone
Tel: 363 8000/ 9000
Fax: 395 3101

Lobatse Office
P.O. Box 263, Lobatse
Tel: 533 0566
Fax: 533 2477

Francistown Office
Private Bag 38, Francistown
Tel: 2413635
Fax: 2413114

Ghanzi Office
Private Bag 0018, Ghanzi
Tel: 659 6463
Fax: 659 6468

Maun Office
P.O. Box 219, Maun
Tel: 686 1321
Fax: 686 0194

Chobe Office
P.O. Box 211, Kasane
Tel: 625 0865
Fax: 625 0854

Selebi Phikwe Office
P.O. Box 129, Selibe Phikwe
Tel: 261 3699
Fax: 261 5367

Letlhakane Office
P.O. Box 936, Letlhakane
Tel: 297 6116
Fax: 297 6042

Palapye Office
P.O. Box 97, Palapye
Tel: 492 0388
Fax: 492 0784

Jwaneng Office
P.O. Box 5, Jwaneng
Tel: 588 0695
Fax: 588 3438

Molepolole
Tel: 592 2501

Kasane
P.O. Box 211, Kasane
Tel: 625 0865
Fax: 625 0854

Call Centre Number

17649

HOTLINE

16700

www.burs.org.bw

burs
botswana unified revenue service

VAT in Brief

3rd Ed. VAT/2018

VAT IN BRIEF

This pamphlet gives a brief description of a Value Added Tax (VAT). It is not intended to be used as a legal reference but rather as a guide to assist in the general understanding of VAT.

WHAT IS VAT?

VAT is tax charged on locally supplied and imported goods and services. A wide range of goods and services are taxed. Exemptions are kept to an absolute minimum and this, in turn, helps to keep the rate low.

WHO MUST REGISTER FOR VAT?

Any person:

Who makes taxable supplies with an annual turnover of P1 000 000 or more must register for VAT.

Who expects to exceed a turnover of P1 000 000 in the next 12 months.

Whose turnover is less than P1 000 000, but above P500 000, and wishes to register voluntarily.

NOTE:
Any business making an annual turnover of less than P500 000 must NOT register for VAT.

HOW AND WHERE MUST I REGISTER?

Application forms are available at your nearest BURS office or online. The completed application form with the necessary attachments can be submitted at your nearest BURS office.

IS THERE ANY REGISTRATION FEE?

No

HOW DOES VAT WORK?

VAT is charged at the rate of 14% on all goods and sevices that a VAT registered person supplies to other persons. A business that is registered for VAT will incur VAT on goods and services acquired known as **input tax**. VAT collected on goods and services supplied is known as **output tax**. At the end of each tax period, the business will accrue all the output tax collected. All the input tax incurred must be added up and then deducted from the output tax. The net amount of VAT collected is then paid over to BURS.

How to price

Any price that is displayed, advertised or quoted must include VAT. Consumers should be aware that if a price is displayed, there should be no further charge for VAT.

Examples:

Correct Pricing		Incorrect pricing	
Price inclusive of tax (VAT included)	P114	(a) Price:	P100+VAT
Price exclusive of tax Price VAT VAT inclusive	 P100 P14 P114	(b) Price:	P100 (excluding VAT)

At the end of each tax period, if output tax is more than input tax, the difference is tax payable; tax is refundable if output tax is less than input tax.

NOTE:
A person who is not registered for VAT must not charge VAT. Consumers should be aware of abuses in this regard. If you are in doubt, contact your nearest Botswana Unified Revenue Service office or request for proof of registration from the trader.

WHAT IS SUBJECT TO VAT?

Generally all goods and services supplied are subject to VAT at the rate of 14%. There are very few exceptions. Some examples of goods subject to VAT are: food, household appliances, electricity, water, thermal or electrical energy, heat, gas, etc.

Examples of services that are subject to VAT are:

1. Commercial services:- electrical, plumbing, construction; etc
2. Professional services:- doctors, accountants, lawyers, advertising agencies, etc
3. Intellectual property rights:- patents, trademarks, copy right, know-how etc.

In order to be allowed to claim input tax, you must be registered for VAT, and be in possession of a valid tax invoice.

WHAT IS NOT ALLOWED A CLAIM OF INPUT VAT?

All input tax that your business incurs in acquiring goods and services for the furtherance of a taxable activity may be claimed. Only three categories of input tax incurred may not be claimed:-

- Passenger vehicles
- entertainment expenses
- club subscription fees

Zero rated supplies:-

These are goods and services charged tax at the rate of 0% e.g. exports, maize meal, sugar, flour, Brown bread, wheat grain, Supply of petrol e.t.c

Exempt supplies:-

Exempt supplies are goods and services that are not subject to VAT at all e.g. education services, public medical services, a supply of condoms, tractor for farming e.t.c

NOTE:
A business that provides exempt supplies is liable to pay VAT on its business INPUTS, but cannot claim input tax.