

#### EXAMPLE

Ms BURS works for Botswana Government. Below find her income for the 2021/2022 tax year.

- Salary 75000 tax of P2 175 has been deducted through PAYE by the employer
- Rental Income of P30 000. The following expenses were incurred at the house that is being rented out;
  - Changed corrugated roofing to tiles P6 000.00
  - Replaced locks P300.00
- Interest from BBS Subscription Shares account =P7 000.00
- Butchery; the financial statements show a profit of P38 000
- Rates P200

#### Tax due from the income

Rental Income	30 000
Less	500
	<u>29 500</u>

\*The roofing will not be allowed as deduction before tax because it is an amount of a capital nature, thus it will be increasing the value of the house.

\*Interest from BBS account is exempt thus it is not taxable

#### Calculation of Tax for Ms BURS

Salary	75 000
Rental Income	29 500
Business (Butchery)	38 000
<b>Taxable Income</b>	<u>142 500</u>
Tax on the 1st 120 000	6 300.00
Excess of 120 000 (142 500 - 120 000)	
= P22 500 x 18.75%	4 218.75
	<u>10 518.75</u>
Less Tax Already Paid (PAYE)	(2 175.00)
<b>Tax Payable</b>	<b>P8 343.75</b>

#### INDIVIDUAL TAX RATES

TABLE I

##### RESIDENT TAX RATES

Remuneration	Tax to be deducted but Less than (PULA)	Tax
More than 0	48 000	Nil
48 000	84 000	0 + 5% of the excess over 48 000
84 000	120 000	P1 800 + 12.5% of excess over P84 000
120 000	156 000	P6 300 + 18.75% of excess over P120 000
156 001 and above		P13 050 + 25% excess over P156 000

TABLE II

##### NON RESIDENT TAX RATES

Remuneration	Tax to be deducted but Less than (PULA)	Tax
More than 0	84 000	5 % of every pula
84 000	120 000	P4 200 + 12.5% of the excess over P84 000
120 000	156 000	P8 700 + 18.75% of the excess over P120 000
Over 156 000		P15 450 + 25% of excess over 156 000

TABLE III

##### Tax table for net aggregate gains of individuals

Taxable Income	Tax
0 - 36 000	0
36 001 - 84 000	0 + 5% of excess over P36 000
84 001 - 120 000	P2 400 + 12.5% of excess over P84 000
120 001 - 156 000	P6 900 + 18.75% of excess over P120 000
156 000 and above	P13 650 + 25% of excess over P156 000

#### WHERE DO I FIND BURS OFFICES TO DEAL WITH INDIVIDUAL TAX ISSUES?

##### Gaborone Office

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

##### Francistown Office

Private Bag 38, Francistown  
Tel: 2413635  
Fax: 2413114

##### Maun Office

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

##### Selebi Phikwe Office

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

##### Palapye Office

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

##### Molepolole

Tel: 592 2501

##### Lobatse Office

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

##### Ghanzi Office

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

##### Chobe Office

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

##### Letlhakane Office

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

##### Jwaneng Office

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

##### Kasane

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

Call Centre Number

**17649**

**HOTLINE**

**16700**

[www.burs.org.bw](http://www.burs.org.bw)

**Individual Tax**  
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# INDIVIDUAL TAXATION

## INTRODUCTION

The objective of this brochure is to help you as taxpayers identify the different income that may accrue to an individual.

## TAXATION OF INDIVIDUALS

Individuals are taxed on;

1. Employment Income
2. Rental
3. Business (trade or profession)
4. Interest
5. Farming
6. Property disposals
7. Income from foreign investments
8. Royalties
9. Partnership Income

### NOTE:

All the income is added together in order to be able to get the tax bracket that the individual falls into, except disposal income which is taxed separately.

## EMPLOYMENT INCOME

(for more information refer to the Employment Chargeable Income Brochure)

For employment, tax is deducted by the employer from the employment income 'salary' through Pay As You Earn (PAYE).

### What is employment?

Any activity where;

- A relationship of master and servant subsists
- There is an appointment or office, public or not
- Whether or not that relationship is permanent

### Employment income includes

- Salaries, wages, bonus, commission, allowances, director's fees;
- Terminal and other lumpsum payments, e.g. Gratuity, Severance Payment
- Cash and non-cash benefits

## RENTAL INCOME

This is Income from renting out property. For tax purposes a person involved in renting property is considered to be in business whereby expenses can be deducted. The following are allowed as an expense before tax from the rental income; Mortgage Interest, rates, repairs to the property etc.

### NOTE:

Mortgage Loan repayment is not allowed as a deduction because it is considered to be capital in nature.

Improvements are not allowed as an expense as they are considered to be capital expenditure; thus, they increase the value of the property. Example; changing the roof, erecting screen wall etc.

## BUSINESS INCOME

This is income from business that is run by an individual. Expenses that have been incurred for running the business are allowed as a deduction before tax. The following are some of the expenses that are allowed for deduction;

- Salaries and Wages
- Rent
- Motor Vehicle Expenses
- Repairs and Maintenance etc.

## INTEREST INCOME

This is income that is earned from cash held on savings accounts, certificate of deposits, bonds or other investments. Interest can also be earned from loans to companies by directors and shareholders.

- Interest from shareholders's loan wholly taxable.
- Interest that is taxable is interest from any banking institution or building society in excess of P7 800.00 per annum, Non- Resident taxpayers do not get the P7 800 exemption
- There is withholding tax on Interest; Residents 10% and Non Residents 15% as final tax.
- Interest from Botswana Savings Bank is not taxable.
- Interest on any subscription share issued by any building society in Botswana is not taxable

## FARMING INCOME

(For more information refer to the Farming brochure) This is income from farming operations. Any individual who has;

- More than 300 heads of cattle or 1800 sheep or goats
- More than 100 hectares of dry land farming is considered to be in the business of farming and as such is required by the law to pay tax.

### NOTE:

The above limitations are not applicable to other farming activities such as dairy farming, poultry, stud farming, horticulture, irrigation etc.

## PROPERTY DISPOSAL

Income from any disposal of property is subject to tax. This property includes

- Immovable Property e.g. buildings
- Movable Property e.g. shares

The following computations are used when calculating disposal income;

### Immovable Property

When computing the gain an allowance is given to cater for the effect of inflation.

- For properties bought before 1st July 1982, the allowance is applied using a compounding Factor of 10%.
- For properties after 1 July 1982, the allowance is given through the application of National Cost of Living Index (NCOLI)/ Indexation.

$$\text{*NCOLI Date of Sale} - \text{NCOLI Date of Purchase} \times \text{Purchase Price} \\ \text{NCOLI Date of Purchase}$$

### EXAMPLE

Mr X bought a house for P105 000 in March 2015. He sold it for P350,000 in November 2021. Expenses relating to the sale amounted to P6,500.

NCOLI is as follows; March 2015 1669.80: November 2021 2131.60

Disposal / Capital gain	P
Sale Proceeds	350 000
Less Selling Expenses e.g. Legal Fees	6 500
	343 500
Less Purchase Price	105 000
	238 500.00
Less Indexation	2131.60 - 1669.80 x 105 000 1669.80
	29 038.80
Disposal Gain	209 461.20

Tax due on P209 461.20 will be calculated as:

Use Table III Rates below

First 156 000	13 650.00
Excess @ 25% (25%* (209 461.20 -156 000)	13 365.30
	27 015.30

### Movable property (e.g. Shares)

Sales Proceeds	30 000
Less: Cost of acquisition	5 000
	25 000
Less: 25% x 25 000	6 250
<b>Chargeable disposal gain</b>	<b>18 750</b>

## INCOME FROM FOREIGN INVESTMENTS

This is income from investments outside Botswana. Therefore the income is deemed to be income from Botswana. Any citizen of Botswana investing outside has to declare income from foreign investments through an individual return.

## ROYALTIES

- This is earnings from intellectual rights either to a property or a service e.g. earnings from book writing, songs, poems, software development etc.
- Royalties earned by a resident person should be included in his return
- Non- Resident persons receiving royalties is subjected to a 15% withholding tax.

## HOW DO I PAY TAX?

- Register with BURS for tax purposes
- BURS will send or avail tax returns at the end of the tax year for you to complete, where returns are not availed to you in any tax year, you are requested to ask for them from BURS inland offices as it is your obligation to submit tax returns.
- Submit the return annually to BURS by 30th September of every year.
- Pay the taxable amount to BURS.

### NOTE:

You can submit tax returns and pay tax online ONLY when you have registered for E-services through BURS website: [www.burs.org.bw](http://www.burs.org.bw)

## HOW DO I KNOW THAT I HAVE BEEN OVER OR UNDER TAXED?

The employer will give you a form ITW8 Tax Certificate, which shows the total remuneration received and tax deducted during the year. Individuals can call BURS, or use the BURS website to confirm tax charged.

