

Table B

Type of income/benefit	Computation of taxable benefits	
Employer-provided vehicle value for private use	Vehicle cost	P250 000
	Less value per table	(P200 000) P50 000
	Benefit per table	P10 000
	Benefit on excess (15%)	P7 500
	TOTAL BENEFIT	P17 500
Loan granted at preferential interest rate	Loan balance	P100 000
	Commercial rate	15.25%
	Preferential rate	2%
	Difference in rates	13.25%
		Benefit P100 000* 1325% = P13250
Utilities paid on behalf of employee Telephone Quarters provided by employer	Full amount is the taxable benefit = P6300	
	Full amount is the taxable benefit = P5200	
	Ratable value of quarters	P250 000
	Benefit (P250 000* 10%)	P 25 000
	Rent paid by employee	zero
	Benefit A	P25 000
	Employment income	P195 250
	Benefit (P195 250 * 25%)	P48 812.50

BENEFIT IS THE LESSER OF HOUSING BENEFIT A and B = P25 000

CALCULATION OF CHARGEABLE INCOME

Salary, leave pay	P150 000.00
Bonus	P3 000.00
Utilities paid on behalf of employee	P6 300.00
Telephone	P5 200.00
Vehicle benefit	P17 500.00
Interest on loan benefit	
Total Employment income	P195 250.00
Add Housing benefit	P25 000.00
Total Chargeable income	P220 250.00

Therefore, the employee's total chargeable income is P220 250.00. Based on the table on the table on page 2, his tax as a resident would then be P29 112.50. Botswana's tax law provides for withholding on employment income, so the employee's employer would deduct the appropriate tax as per the tax tables and pay that amount over to the BURS in order to meet the employee's tax obligations.

Where can I get information?

Assistance and advice are available from your local BURS Office. The tax office is there to help you. Remember, the core business of the BURS is to determine the correct amount of tax payable by all persons and so they are obligated to assist you to correctly comply with the tax laws.

WHERE DO I FIND BURS OFFICES TO DEAL WITH CHARGEABLE INCOME 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

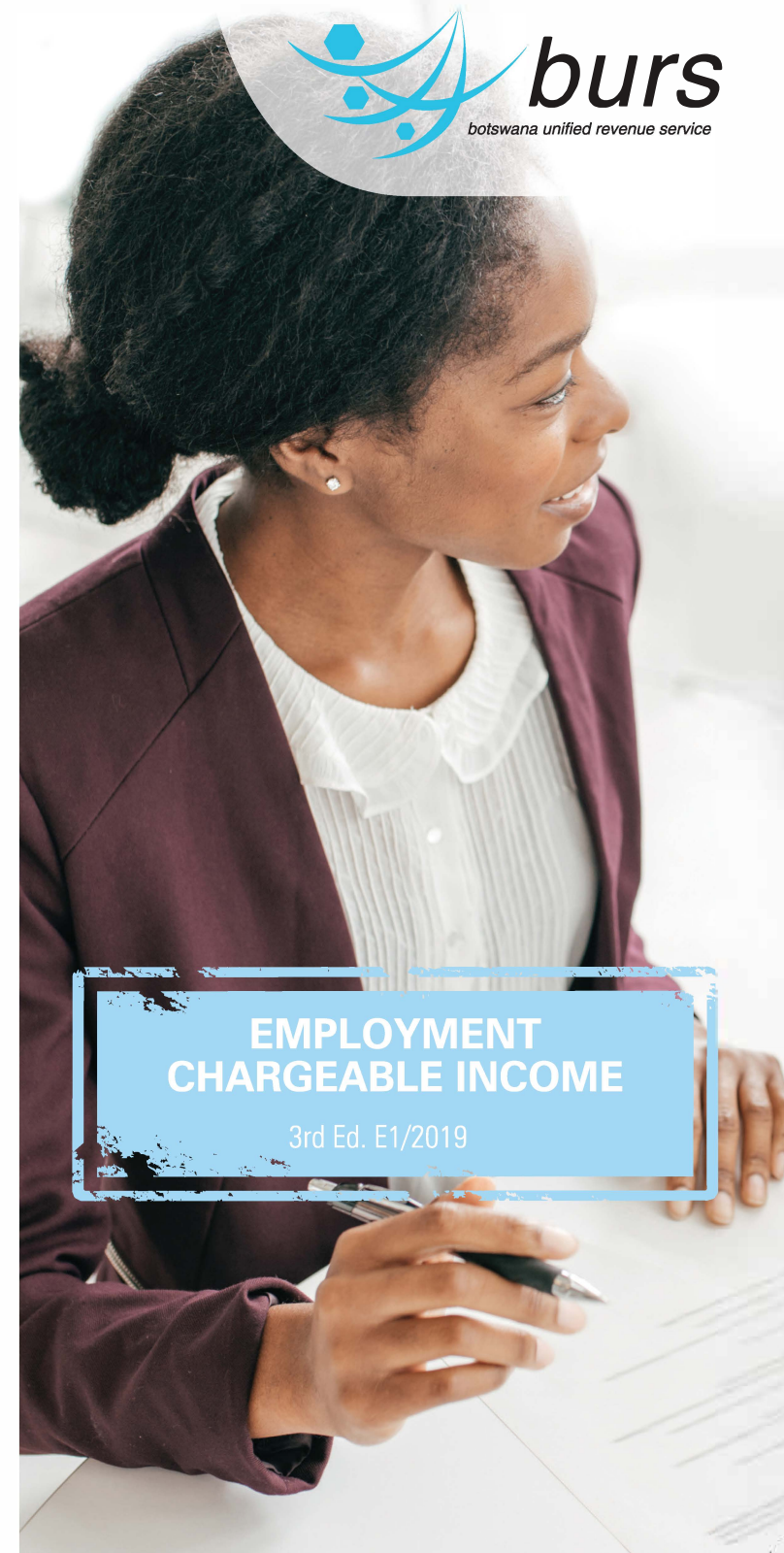
Call Centre Number

17649

HOTLINE

16700

www.burs.org.bw



**EMPLOYMENT
CHARGEABLE INCOME**

3rd Ed. E1/2019

EMPLOYMENT CHARGEABLE INCOME

Introduction:

The objective of this brochure is to help you at a taxpayer identify your employment income and to compute your chargeable income accurately.

Employment income

"Employment income" is the gross amount, whether in cash or otherwise, accrued or deemed to have accrued to an individual from employment.

Please note: Section 10 of the income Tax Act provides that employment income is deemed to have accrued when:

- It is actually received;
- It is due and payable to a person, even if they have not actually received it, or
- It is credited to an account or reinvested on behalf of that person

Employment income includes:

- Salary, wages, commissions, bonuses, gratuities, leave pay, allowances
- Value of quarters where a residence is provided for an employee by an employer
- Value of any benefit or advantage granted to an employee including preferential interest rate granted to an employee and the value of travel and entertainment provided by an employer, where these items are not wholly and directly related to the work
- Retrenchment package
- Communication of pension
- Pension withdrawal
- Pension and annuities

TAX TABLES

Table 1 – Resident Individuals

Remuneration		Tax
More than (Pula)	But not more than	
0	48000	Nil
48000	84000	0 + 5% of the excess 48000
84000	120000	1800 + 12.5% of the excess over 84000
120000	156000	6300 + 18.75% of the excess over 120000
156000 and above		13050 + 25% of the excess over 156000

DETERMINING EMPLOYMENT INCOME

Employment income

Amounts included in employment income are calculated in different ways, depending on the category of employment income. Salaries and wages are included in their gross amounts. Certain benefits are calculated after subtraction of exempt amounts. Others have procedures for each employment income category.

1. Salaries, wages, leave pay, fees, commissions, and bonuses

All of these employment incomes are included in their gross amounts

2. Gratuities and severance pay

Approved service gratuities are amounts paid out to employees leaving the service of the employer. Severance pay is an amount available to employees of certain industries every five years as a type of in-service gratuity. If these amounts are directly invested in full, in an approved pension fund or retirement fund or scheme, then they are excludable from income at the time of distribution. If these amounts are not invested, then one third of the amount will be exempt from tax and the remaining two-thirds will be included in employment income

3. Furniture and Fittings

This benefit is based on the cost of the furniture or fittings provided by the employer. There is a P15000 exemption. The taxable benefit is 10% of any amount in excess of P15000.

4. Loans granted by the employer to the employee at a rate below the market rate or prime rate

The difference between the preferential rate and the prime rate will be fully taxable as a benefit.

5. Utilities and other costs paid on behalf of the employee by the employer

Amounts for electricity, water, telephone and other utility costs paid by the employer on behalf of the employee are taxable to the employee in full as employment income.

6. Vehicle provided by the employer

The taxable benefit for private use of the employer-provided vehicle is based on the following chart. Where the employee pays for the fuel, the fuel cost adjustment is deducted from the benefit.

Cost of Vehicle (Pula) (More than but not exceeding)	Annual Employee's Benefit	Annual Fuel Cost Adjustment
1 – 50 000	2500	1000
50 000 – 100 000	5000	2000
100 000 – 150 000	7500	3000
150 000 – 200 000	10000	4000
Over 200 000	10000 + 15% of the amount over 200000	5000

7. Retrenchment packages

A retrenchment package is generally paid to the employee when he is laid off due to restructuring or downsizing by the employer. Retrenchment packages are allowed an exempt amount of either one-third of the total amount of the package or the applicable threshold amount, whichever is greater. At present the threshold amount is P48 000.00

8. Housing provided by the employer

When housing is provided by the employer, the taxable benefit is based on the ratable value of the house. The benefit is generally the lesser of 10% of the ratable value or 25% of the employee's total employment income, minus any rent paid by the employee. So, employees should calculate all of their other employment income before calculating their housing benefit.

Where quarters or residence is not a ratable property or has not been valued for purposes of the valuation roll, the housing benefit will be an amount equal to 8% of the current capital valuation of the property at the commencement of the tax year, less any rent paid by the employee.

The current capital valuation shall be calculated by multiplying P250 by the gross floor area in square meters of the quarters or residence concerned.

Example of calculation of value of benefits

The following is an example of a resident employee who was paid the following amounts and received the following benefits from his employer during the year. Table A shows the income paid and benefits from his employer during the year. Table B shows the computation of the value of the benefits for income tax purposes.

Table A

Type of income/benefit	Amount
Salary and leave pay	150000
Bonus	3000
Utilities paid on behalf of employee	6300
Telephone	5200
Employer-provided vehicle value for private use	250000
Rateable value of quarters provided by employer	250000
Loan granted at preferential interest rate	P100000 at 2%

