



MAY 2021 – BOTSWANA | GHANA | MALAWI | NAMIBIA LEGISLATION NEWS

It is important that employers note the following:

Botswana budget speech and tax changes

Highlights

- Global GDP growth is projected to fall from +2.8% in 2019 to -3.5% in 2020, before increasing to 5.5% in 2021.
- Overall budget deficit is expected to be reduced to P6.03 billion or -2.9% of GDP.
- Total revenues and grants: P64.58 billion.
- Total expenditure and net lending of P70.61 billion.
- The following measures are proposed to improve domestic revenue mobilisation:
 - Value-added tax (VAT) to be increased from 12% to 14%.
 - The fuel levy to be raised by P1 per litre to compensate for zero-rated fuel for VAT purposes.
 - Withholding tax rate on dividends to be increased from 7.5% to 10%.
 - Tax amnesty offered to tax payers.
 - Measures to be effective from 1 April 2021.
 - **The threshold at which income earners become liable for income tax will be raised from P36, 000 to P48,000, effective 1 July 2021.**
 - Other levies to be introduced during the year:
 - Sugar-sweetened beverages;
 - Plastic bag levy.

To read the budget speech, follow the [link](#).

Ghana national minimum daily wage increased

The National Tripartite Committee (NTC) has increased the national daily minimum wage (NDMW).

The determination of the national minimum wage is in accordance with Section 113 (1) (a) of the Labour Act, 2003 (Act 651).

The NTC agreed on the NDMW as follows:

- That the **2021 NDMW is GHS12.53**, which is 6% over the 2020 figure of GHS11.82.
 - The effective date for the implementation of the 2021 NDMW is **4 June 2021**.
- That the **2022 NDMW is GHS13.53**, which is 8% over the 2021 figure of GHS12.53.
 - The effective date for the implementation of the 2022 NDMW is **1 January 2022**.

Discussions on the minimum wage could not take place in 2020 because of the Covid-19 pandemic.

To view the publication, follow the [link](#).

Malawi budget speech and tax changes

Highlights

- A real GDP growth rate of 3.8% in 2021 and 5.4% in 2022.
- Average inflation rate of 7.4% during the fiscal year.
- Total expenditure for the 2021/2022 fiscal year is set at K1.990 trillion, representing 19.4% of GDP. This represents a drop from 25.2% of GDP during the 2020/2021 fiscal year.
- The 2021/2022 overall fiscal balance is estimated at a deficit of K718.3 billion, which is 7.0% of the rebased GDP.
- The education and skills development sector has been allocated the largest portion of the budget at K327.3 billion, which is 3.2% of GDP and represents 16.5% of the total budget.
- By December 2021 some of the transactions between MRA and taxpayers will be fully automated, thereby curbing revenue leakages and reducing administration and compliance costs for taxpayers.

Tax policy measures

- VAT, income tax and administrative measures will be effective 1 July 2021.
- To enhance management of VAT and align with VAT thresholds prevailing in countries within the SADC (Southern African Development Community) region, government has increased the VAT registration threshold from MK10 million to MK25 million.
- Government will amend Section 25 of the VAT Act to make uploading of stocks on electronic fiscal devices mandatory;
- To incorporate the informal sector and widen the tax net, government has made a number of requirements mandatory. These include:
 - Tax clearance certificate for the following services and transactions:
 - All people vying for elected public offices;
 - All regulated professionals, thereby extending coverage beyond lawyers and medical practitioners who already comply;
 - Employees in foreign missions and international organisations;
 - When issuing or renewing certificates of fitness for commercial vehicles; and
 - Before issuing or renewing business and export licences by institutions such as the city assemblies, Ministry of Trade and Ministry of Lands.
 - Introduce a requirement for all citizens to have a tax payer identification number (TPIN) when opening a bank account; and
 - Introduction of presumptive tax rates for small businesses whose turnover is less than MK12.5 million to encourage compliance.
- Government has introduced two new pay as you earn (PAYE) brackets of 25% for incomes between MK100,000 and MK1.0 million per month and of 40% for incomes of more than MK6.0 million per month;
 - The new monthly PAYE schedule will be:

MK0 – MK100,000 at 0%;
Between MK100,000 and MK1.0 million at 25%;
Between MK1.0 million and MK3.0 million at 30%;
Between MK3.0 million and MK6.0 million at 35%;
From MK6.0 million and above at 40%.

To read the budget speech, follow the [link](#).

Namibia VET levy

Government Gazette 7498 (Notice No.67) was published to amend the following regarding the VET levy:

As from 1 April 2021, remuneration means remuneration as defined in Part I of Schedule of the Income Tax Act (and no longer refers to remuneration as defined in Chapter 1 of the Labour Act).

Therefore, VET remuneration should be the same as PAYE remuneration.

The levy is imposed on the payroll of every employer with an annual payroll of N\$1 million or more at a rate of 1%.

To view the Government Gazette, follow the [link](#).

Contact our legislation team at info@crs.co.za if you require any additional information.

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