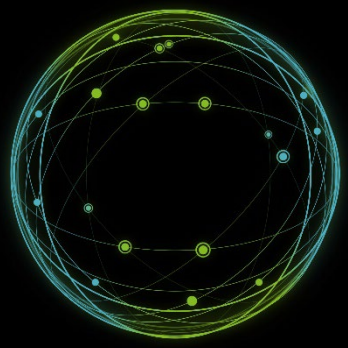
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International Tax

Botswana Highlights 2026

Updated January 2026



Recent developments

For the latest tax developments relating to Botswana, see Deloitte tax@hand.

Investment basics

Currency: Botswana Pula (BWP)

Foreign exchange control: There are no foreign exchange controls.

Accounting principles/financial statements: IFRS generally applies. Companies must prepare financial statements annually. All companies are required to have their financial statements audited, other than exempt private companies, which must have an independent review. An exempt private company is a private company with (i) total assets of less than BWP 5 million, (ii) annual turnover of less than BWP 10 million, and (iii) no corporate shareholders registered in Botswana.

Principal business entities: These are the private and public limited liability company, body corporate, collective investment undertaking, and any specified corporation. A branch of a foreign company is required to register as an external company. The most adopted forms of doing business by foreign investors are private companies and branches. For income tax purposes, a company includes any association or society (whether or not incorporated or registered) but excludes a partnership.

Corporate taxation

Rates	
Corporate income tax rate	22% (in general)
Branch tax rate	30%
Capital gains tax rate	22% (in general)

Residence: A company is resident in Botswana if it is incorporated in Botswana or managed and controlled in Botswana.

Basis: Botswana operates a source-based system of taxation. Corporate tax is imposed on the Botswana-source taxable income of all companies, other than tax-exempt bodies and small companies that elect to be treated as partnerships or sole proprietorships. Foreign-source dividends and interest are deemed to be from a Botswanan source and taxed on an accrual basis, while foreign business profits are taxable only when remitted to Botswana.

Taxable income: Taxable income comprises gross income, including capital gains, less exempt income and allowable deductions. Where capital gains are derived from the sale of shares, only 75% of the net aggregate gain is taxable. Gains from the disposal of shares that are listed on the Botswana stock exchange (BSE) are tax-exempt if the seller holds at least 49% of

the shares for at least one year before the disposal. Gains from the disposal of International Financial Services Company (IFSC) shares are exempt from tax. All expenditure incurred wholly, exclusively, and necessarily in the production of assessable income is allowed as a deduction from that income. No deduction is allowed in respect of domestic or private expenses, capital withdrawn, expenditure or losses of a capital nature, taxes imposed under the Income Tax Act, etc.

Rate

General

The corporate tax rate for resident companies is 22%. A 15% rate applies to approved manufacturing income (see "Incentives," below) and approved services income of IFSCs. Nonresident companies are taxed at 30% on their Botswana-source income.

Surtax

There is no surtax.

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

Botswana is in the process of implementing rules that generally are in line with the global anti-base erosion (GloBE) or "Pillar Two" model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise groups with annual consolidated revenue of at least EUR 750 million.

Taxation of dividends: Dividends received from a Botswanan resident company constitute exempt income for corporate tax purposes. Dividends received from sources outside Botswana are subject to tax at 10%.

Capital gains: Capital gains are included in taxable income.

Losses: Losses may be carried forward for five years. Mining enterprises may carry forward their losses indefinitely. The carryback of losses is not permitted.

Foreign tax relief: Relief from double taxation is provided in the form of a credit against Botswanan tax for foreign tax paid on the foreign income. The credit is granted under Botswanan domestic law or may be available under an applicable tax treaty. In the former case, the credit is limited to the amount of Botswanan tax applicable to the foreign income.

Participation exemption: There is no participation exemption.

Holding company regime: There is no holding company regime.

Incentives: Under the Development Approval Order regime, companies that carry out an approved manufacturing business and undertake certain types of manufacturing process qualify for a reduced corporate tax rate of 15%. Any project that will benefit the economic development of Botswana may qualify, particularly projects in the mining industry, but any project that will generate employment will be considered.

Approved business operations located in special economic zones are subject to corporate tax at a reduced rate of 5% for the first 10 years of operation and 10% thereafter.

Mining and farming companies are entitled to deductions for certain capital expenditure in calculating their chargeable business income.

Compliance for corporations

Tax year: The tax year generally runs from 1 July to 30 June, although a company may choose any period as its fiscal year.

Consolidated returns: Each company within a group is treated as a separate and independent taxpayer. It is not possible for group companies to file a consolidated tax return.

Filing and payment: A self-assessment tax (SAT) system applies. Under self-assessment, a company whose annual corporate tax liability is at least BWP 50,000 is required to pay tax in quarterly installments commencing in the first quarter of its financial year. A final, or fifth installment, is payable within four months after the year end when the tax return is submitted. A company with a liability of less than BWP 50,000 is required to pay the tax liability in full at the time the return is filed, i.e., four months after its financial year end.

Penalties: Penalties of BWP 100 per day may be imposed for the late filing of a corporate tax return. Late payment interest on quarterly SAT payments and assessed tax is compounded at 1.5% per month. Interest on late payments of pay as you earn (PAYE) and withholding tax also is compounded at 1.5% per month.

Rulings: There is no formal advance tax ruling system in Botswana, although a company may seek a nonbinding interpretation of particular provisions of the law from the Botswana Unified Revenue Service (BURS).

Individual taxation

Rates		
Individual income tax rate	**Taxable income (BWP)**	**Rate**
	Up to 48,000	0%
	48,001–84,000	5% of amount over 48,000
	84,001–120,000	1,800 + 12.5% of amount over 84,000
	120,001–156,000	6,300 + 18.75% of amount over 120,000
	Over 156,000	13,050 + 25% of amount over 156,000
Capital gains tax rate	Up to 36,000	0%
	36,001–84,000	5% of amount over 36,000
	84,001–120,000	2,400 + 12.5% of amount over 84,000
	120,001–156,000	6,900 + 18.75% of amount over 120,000
	Over 156,000	13,650 + 25% of amount over 156,000

Residence: An individual is resident if (i) their permanent place of abode is in Botswana, (ii) they are physically present in Botswana for more than 183 days in a tax year, or (iii) they are physically present in Botswana for any period that is continuous with a period of physical presence in the immediately preceding or immediately succeeding tax year for which the individual is treated as resident.

Basis: Botswana operates a source-based system of taxation. Both resident and nonresident individuals are subject to income tax on Botswana-source income. Botswanan citizens (i.e., permanent residents, namely individuals born in Botswana or who have obtained Botswanan citizenship) also are subject to tax on their income from foreign sources.

Taxable income: Taxable income comprises income from employment, business income, passive income (such as dividends and interest), and capital gains (although capital gains are assessed separately). Individuals are taxed on the value of any benefit or advantage arising from employment, whether in cash or in kind. Certain types of income are exempt (e.g., medical expenses, payment or reimbursement by an employer of travel expenses of an employee or the employee's immediate family to take up employment or in connection with the termination of employment, and interest accrued from a Botswanan bank or building society of up to BWP 7,800 per year). An employer's contributions to a medical benefit fund on behalf of an employee are not taxable in the hands of the employee.

Rates: Rates for resident individuals are progressive up to 25%, as shown in the table above. The income tax rates for nonresident individuals also are progressive up to 25% but the 5% tax rate applies to all income up to BWP 84,000.

Capital gains: Capital gains are subject to tax at progressive rates up to 25%, as shown in the table above, but are assessed separately from other income.

Deductions and allowances: Few deductions are allowed, and no allowances are granted. Contributions to an approved pension or superannuation fund are deductible up to 15% of chargeable income, excluding investment income. Taxpayers with business income are entitled to the same deductions as are available to companies.

Foreign tax relief: Relief from double taxation is provided in the form of a credit against Botswana tax for foreign tax paid on the foreign income. The credit is granted under Botswana domestic law or may be available under an applicable tax treaty. In the former case, the credit is limited to the amount of Botswana tax applicable to the foreign income.

Compliance for individuals

Tax year: The tax year is the 12-month period from 1 July to 30 June.

Filing status: Married couples are assessed separately. Joint returns are not permitted.

Filing and payment: Individuals earning more than BWP 48,000 per year must register with BURS and obtain a tax identification number (TIN). Self-assessment tax applies to noncorporate taxpayers on an optional basis. Any balance of tax due is payable within 30 days of receipt of an assessment. Employers are required to deduct taxes from salary.

Penalties: A daily penalty of BWP 100 applies for the late filing of a tax return, capped at the amount of tax payable.

Rulings: There is no formal advance tax ruling system in Botswana.

Withholding tax

Rates

Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	10%	10%	10%	10%
Interest	10%	10%	15%	15%
Royalties	0%	0%	15%	15%

Dividends: A 10% withholding tax is imposed on dividends paid to both residents and nonresidents. For nonresidents, the tax is a final tax and may be reduced in accordance with an applicable tax treaty.

Interest: A 10% withholding tax is imposed on interest payments to residents and a 15% withholding tax on interest payments to nonresidents. The withholding tax is a final tax for nonresidents and for payments by banks and building societies to resident individuals. The rate on payments to nonresidents may be reduced in accordance with an applicable tax treaty.

Royalties: No withholding tax is imposed on royalties paid to residents. A 15% withholding tax is imposed on royalties paid to nonresidents which is a final tax and may be reduced in accordance with an applicable tax treaty. Payments made by local telecommunications companies to foreign telecommunications companies under international agreements for international telephone service fees are excluded from the definition of commercial royalties and, hence, are exempt from royalty withholding tax.

Fees for technical services: These include payments for services of an administrative, technical, managerial, or consulting nature, irrespective of where the services are rendered. No withholding tax is imposed on technical service fees paid to residents. A 15% withholding tax is imposed on technical service fees paid to nonresidents which is a final tax and may be reduced in accordance with an applicable tax treaty. No withholding tax is imposed on service fees paid to residents related to construction, e.g., design, engineering, and surveying.

Branch remittance tax: There is no branch remittance tax.

Other: Withholding tax applies on director's fees at 10% for residents and 15% for nonresidents. The tax is an advance tax for residents and a final tax for nonresidents.

A 5% withholding tax applies to rental payments to resident and nonresidents where the rental income exceeds BWP 48,000 per tax year.

A 4% withholding tax applies on the purchase of livestock sold for slaughter or for feeding for slaughter. The tax applies to residents and nonresidents and is a final tax for persons not carrying on a farming business.

A 10% withholding tax applies to payments to nonresident entertainers and athletes.

A 10% withholding tax applies to payments of commission or brokerage and mine rehabilitation fund surplus to both residents and nonresidents.

A 3% withholding tax applies on construction payments to both residents and nonresidents.

Anti-avoidance rules

Transfer pricing: Transfer pricing legislation applies to taxpayers that transact directly or indirectly with connected persons within and outside Botswana. However, in practice, the rules generally are not applied to domestic transactions other than the specific transfer pricing rules governing the transactions of IFSCs.

If a transaction between connected persons is not consistent with the arm's length principle, the income that would have accrued in a comparable transaction that was consistent with the arm's length principle will be included in the taxable income of the recipient. There is no provision for a corresponding adjustment to the deduction available to the payer.

Affected taxpayers must prepare an annual transfer pricing local file and submit the local file to the Botswana tax authorities at the time the annual tax return is filed. The local file must contain information regarding the policies adopted for the determination of transfer prices, as detailed in the transfer pricing regulations. In addition, affected taxpayers with a transaction or transactions exceeding BWP 5 million with a connected person within a multinational group are required to submit a transfer pricing master file upon the written request of the BURS Commissioner General.

A ruling issued by the Commissioner General sets the threshold for the preparation and filing of transfer pricing documentation. The ruling exempts taxpayers from the obligation to prepare and file transfer pricing documentation when the "cumulative arm's length value" of connected party transactions in a tax year does not exceed BWP 5 million. The ruling will continue in force until revised by the Commissioner General or amended via transfer pricing regulations.

Failure to submit transfer pricing documentation when requested can result in the imposition of penalties of up to BWP 500,000. Failure to comply with transfer pricing legislation can result in the imposition of penalties equal to the greater of 200% of the tax that would have been payable had the transaction been conducted at arm's length or a fine of BWP 10,000.

There are no country-by-country reporting requirements.

Interest deduction limitations: Thin capitalization rules restrict the amount of deductible interest to net interest of 30% of EBITDA (earnings before interest, taxes, depreciation, and amortization). The calculation of net interest includes certain imputed interest, the finance element of finance lease payments, certain exchange gains and losses, guarantee fees, and loan arrangement fees. An exemption from the thin capitalization rules applies to a variable rate loan stock company, a micro, small, or medium-sized enterprise (as defined), and a company whose main business is banking and insurance.

Disallowed interest may be carried forward for deduction in the three following tax years (10 years for mining and prospecting companies).

Controlled foreign companies: There are no controlled foreign company rules.

Anti-hybrid rules: There are no anti-hybrid rules.

Economic substance requirements: There are no economic substances requirements.

Disclosure requirements: For purposes of the administration of the Income Tax Act, the tax authorities may require any taxpayer to furnish information, documents, or other items. See also "Transfer pricing," above.

Exit tax: There is no exit tax.

General anti-avoidance rule: There is a statutory general anti-avoidance rule.

Value added tax

Rates	
Standard rate	14%
Reduced rate	0%

Taxable transactions: VAT is levied on the supply of goods and the provision of services by a VAT taxable person in the course of doing business, and on the importation of goods or services.

Rates: The standard VAT rate is 14%.

A number of goods and services are exempt from VAT, including education services, non fee-based financial services, residential accommodation, passenger transportation (excluding tourist transport), donations, grants, prescription drugs, public and private medical services, and all farming equipment. Zero-rated supplies include exports, supplies of certain foodstuffs, liquid petroleum gas (LPG), fertilizers for farming purposes, and some pesticides.

Registration: Taxpayers with annual turnover of at least BWP 1 million must register for VAT purposes. Voluntary registration is available for taxpayers with an annual turnover of BWP 500,000 or more.

Filing and payment: VAT is payable monthly or bimonthly, depending on the level of turnover. Penalties and interest may be imposed for the late filing of VAT returns and late payment of VAT.

Other: The framework and guidelines regarding the taxation of remote services and mandatory electronic invoicing are provided in The VAT Amendment Act, 2025; however, the effective date of the legislation is on hold.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social contributions and payroll taxes: There are no social contributions or payroll taxes.

Capital duty: Botswana does not impose tax upon the formation of a company or on capital increases. There is no duty on authorized share capital.

Real property tax: Municipal authorities impose a real estate tax, known as "rates," on the occupation of real property.

Transfer tax: Transfer duty is payable by the purchaser of immovable property on the purchase price or value of the property, subject to exemptions. Transfer duty is waived where VAT is paid on the transaction.

Stamp duty: There is no stamp duty.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: Capital transfer tax is charged on the gratuitous disposal of property by a donor to a donee, including the transfer of a deceased's estate. The donee is liable for the tax, which is imposed at 12.5% for transfers by resident and nonresident companies and on a progressive scale of up to 5% for resident and nonresident individuals.

Tax treaties: Botswana has concluded more than 20 tax treaties.

Tax authorities: The tax system is administered by the Botswana Unified Revenue Service (BURS).

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