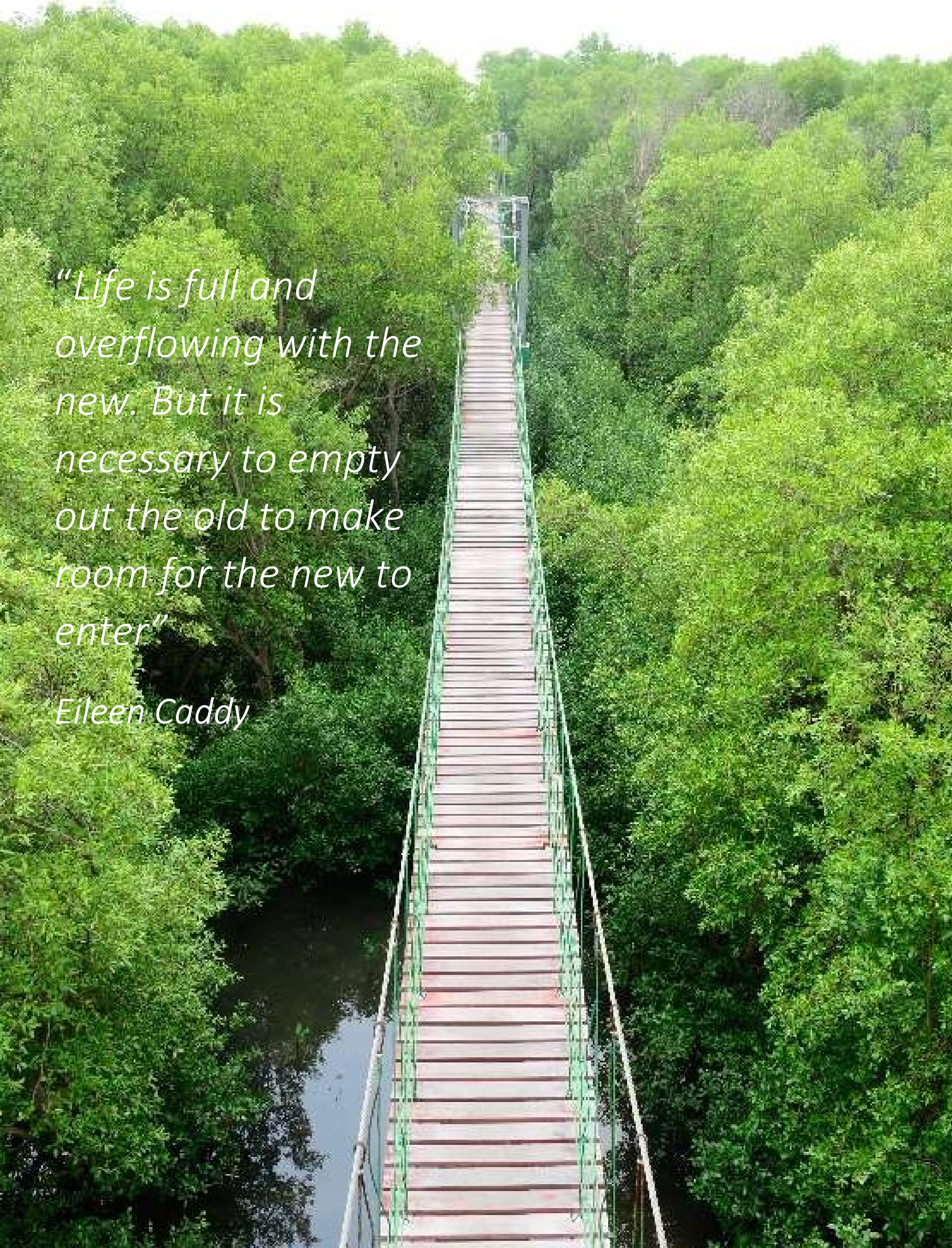
Malawi 2023/24 Tax Update

Budget Statement and Tax Measures

Content


“Life is full and overflowing with the new. But it is necessary to empty out the old to make room for the new to enter”
Eileen Caddy

Background

The Minister of Finance, Honourable Sosten Alfred Gwengwe, delivered his 2023/2024 Budget Statement to Parliament on 2nd of March 2023, introducing new measures impacting the Taxation Act, VAT Act and Customs and Excise Act.

We have prepared this commentary based on our understanding of the taxation amendments.

The Value Added Tax (VAT), Income Tax, and Administrative measures contained in this Tax Update will come into effect when the relevant Bills are passed by Parliament and subsequently gazetted. The Finance Minister indicated in his speech that the effective date shall be the 1st of April 2023. The Customs and Excise tax measures detailed in this Tax Update were effective from midnight on 2nd March 2023. The Bills in respect of these tax measures are not yet available at the date of publication of this document, and accordingly, we shall issue a subsequent Tax Update once the legislation is at hand to address any further emerging details.

We have also included in this update important recent changes with respect to the Taxation Act, Companies Act, and Pension Act.

Macroeconomic and Fiscal Matters

The 2023/24 Budget was developed under the theme "Sacrificing today for a better tomorrow: Regaining macroeconomic stability and growth through collective responsibility for our shared future."

Focus

The 2023/24 Budget statement was delivered on 2 March 2023 by the Minister of Finance and Economic Affairs, Honourable Sosten Alfred Gwengwe. The Honourable Minister outlined the government's strategy and the policy measures for the year 2023/24. The budget was presented with a focus on the Malawi 2063 national development blueprint towards building an inclusively wealthy and self-reliant industrialised upper-middle-income nation and in line with the President's State of the Nation Address delivered on 17th February 2023 titled "Delivering Economic Transformation and Governance Reform through Sacrificial Action and Service Excellence".

GDP Growth

Malawi's economy grew marginally in 2022 as it registered real GDP growth of 1.2% down from 4.6% in 2021. Growth in 2022 was challenged by intermittent energy supply and weather-related shocks which reduced agricultural output.

Inflation

Food inflation rose to 31.3% in December 2022 from 14.2% in January 2022 while non-food inflation rose to 18.6% in December 2022 from 9.6% in January 2022.

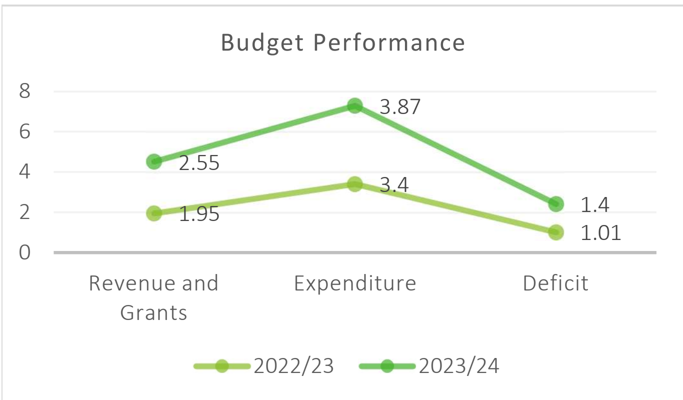
Other monetary policies

The Reserve Bank adjusted its policy rate upwards to 14% in April 2022 and again to 18% in October 2022. As of February 2023, the policy rate has been maintained. The forex reserves remain critically low, and the Malawian kwacha was devalued by 25% in May 2022. These factors have had a profound adverse impact on the business operations for many entities operating in Malawi and have stifled new investors.

2022/23 Budget Performance

The below data summarises the estimated and actual performance of the 2022/23 budget:

Table 1: Budget performance 2022/23

2022/23 Estimates:
Total revenues and grants for the 2022/23 fiscal year were estimated at K1.95 trillion, representing 17.2% of GDP. Grants were estimated at K320.3 billion. Total expenditure for the 2022/2023 fiscal year is now projected at K3.4 trillion. The deficit is projected at K1.01 trillion. This is being financed through domestic and foreign borrowing at K745.79 billion and K261.11 billion, respectively.
2023/24 Estimates:
The total revenue and grants for the 2023/2024 fiscal year are estimated at K2.55 trillion. Grants are estimated at K311.5 billion. The total expenditure for the 2023 /2024 fiscal year is projected at K3.87 trillion, and this budget will be a deficit budget where the government hopes to finance K288.78 billion through foreign borrowing and K1.19 trillion through domestic borrowing.


Comment
The budget has been made on the assumption that real GDP growth will be at 2.7% in 2023 and 3.2% in 2024 with an average inflation rate of 17.9% and the policy rate remaining stable at 18% and tax refunds of 3% of the total collection. The slow GDP growth is a growing concern for foreign investors and lenders alike.

Overview of real economic activity

National accounts broadly present output, expenditure, and income activities of the economic actors (households, corporations, government) in an economy. The national accounts are used as a source to determine the contribution of each industry to the country's GDP. This consequently illustrates the overview of economic activity within the economy as GDP is an aggregated measure adopted.
The table following summarises the contribution of each industry to the GDP as per the national accounts.

Table 2: GDP composition

Industry[1]	Percentage of GDP
Agriculture	23.35%
Mining and quarrying	0.74%
Manufacturing	11.71%
Electricity, gas, and water	3.11%
Construction	3.25%
Wholesale and retail trade	12.83%
Transport and storage	4.69%
Accommodation and food service activities	1.44%
Information and communication	5.75%
Financial and insurance activities	6.07%
Real estate activities	6.31%
Professional, scientific, and technical activities	1.30%
Public administration and defence	3.01%
Education	4.03%
Human health and social work activities	4.45%
Others	1.82%
Taxes minus subsidies	6.15%
Total	100.00%

[1] Malawi in Figures 2021 Edition, National Statistics Office

Tax Revenue Policy and Administrative Measures for the 2023/24 Budget

This section details the effected tax measures from the 2023/24 budget. Government strategy is to focus on broadening the tax base, improving tax and non-tax systems, enhancing tax compliance, and strengthening institutional capacity.

Income Tax Measures

The following have been highlighted as proposed tax amendments:

Megafarms

The mega farm concept will be introduced in the Taxation Act. Mega farms will benefit from a tax holiday of up to 10 years and duty-free importation of various items including machinery and building materials.

Priority industry scheme

The Government will make some amendments to the Priority Industry Scheme to make it more attractive to investors. These amendments will include:

i. Allowing investors who registered before 2013 to qualify for incentives under Priority Industry Scheme provided that the investor is operating the new investment as a subsidiary;
ii. Requiring all companies operating in priority industry to have at least 30% local employees in management positions;
iii. Allowing joint ventures of Malawians and non-Malawians to be treated as Malawian investment if the Malawian investors are contributing at least 51% capital investment;
iv. Include assessment criteria for qualifications to operate in the priority industry in the regulations to increase the transparency of the assessment process;
v. Including a sunset clause for each sector so that the current sectors of agro-processing, energy generation and distribution, and mega farms will be the designated sectors in the priority industry for the next 10 years from 2023 to 2033. After the 10 years lapse, these sectors will be removed and replaced by new sectors that the government will identify as the next priority sectors to be supported or indeed the whole scheme will be evaluated for either continuity or revocation;
vi. Including the tax holiday period for each investment in the regulation. For example, for electricity generation and distribution, the period for tax holiday will no longer depend on the amount invested but on the amount of electricity being produced. For example, investors producing 2 to 4 megawatts of electricity and those producing at least 20 megawatts will enjoy 5- and 10years holiday respectively.

PAYE schedule changes

The Government proposes to amend PAYE schedule by removing the 40% bracket, with the rest of the rates unchanged as shown below:

Table 3: Current 2022/23 PAYE tax rates

Monthly income	Rate
First MK100,000	0%
Above MK100,000 to MK330,000	25%
Above MK330,000 to MK3,000,000	30%
Excess of MK3,000,000	35%
Excess of MK6,000,000	40%

Table 4: Updated 2023/24 PAYE tax rates

Monthly income	Rate
First MK100,000	0%
Above MK100,000 to MK330,000	25%
Above MK330,000 to MK3,000,000	30%
Excess of MK3,000,000	35%

Comment:
This proposed removal of the highest 40% bracket which applied to employees earning monthly income in excess of K6 million seeks to harmonise tax rates between the employed and self-employed.

However, the marginal tax rate for the self-employed is still at 30%. As FBT rates have been kept at 30%, this may result in employers maintaining payment structures where the higher tax brackets have been avoided by benefits in kind which are subject to a final FBT of 30% instead of the marginal tax rate of 35%.

Self-Employed
There is no indication that the tax rate applicable to the self-employed, which currently has the highest rate 30%, has been changed. However, this position shall only be confirmed when the gazettes in respect of these proposed measures are published. The corporation tax for companies remains unchanged at 30%. As indicated earlier in this Tax Update, the date of publication of the gazettes provided by the Minister of Finance is 1st April 2023.

Amendment to the Fourteenth Schedule
The Fourteenth Schedule of the Taxation Act, which governs Withholding Tax, has been amended by changing the rate of WHT on farm produce sold by a farmer's club from 3% to 1%.

New measures for exports
The Government will introduce the following measures:

i. 10% Advance Income Tax on all exports, if the exporter is not registered with the Malawi Revenue Authority for tax purposes or if the exporter does not have a Tax Clearance Certificate. In other words, if a person is a fully registered and compliant taxpayer, they will not pay the 10% Advance Income Tax on exports; and
ii. the Malawi Revenue Authority will start to request proof of receipt of export proceeds from the banks before processing Value Added Tax refunds for exports.

Other income tax measures
as one way of increasing tax compliance in various sectors, the Government will implement the following measures:

i. Increasing the withholding tax rate for contractors and sub-contractors in the building and construction industries from 4 percent to 10%;
ii. Increasing the Advance Income Tax on imports from 3 percent to 10%;
iii. Introducing 10% Withholding Tax on income from quarrying; and
iv. Requirement for a Tax Clearance Certificate on procurement of explosives from the Malawi Police Service and when purchasing ethanol.

Other amendments

i. In Section 2, of the Taxation Act, by adding the definition of "Place of Effective Management" and the definition of "Deemed Income". Appropriate amendments will also be made to Sections 11, 12 and 27 to align the amendment being made in Section 2;
ii. In Section 28, clarification on the deductibility of expenses relating to exempt income, investment income, and a mixture of exempt income and investment income such as dividend income expenses;
iii. In Section 76A, to add "Place of Effective Management of Business" to ensure that those whose effective management is not in Malawi are subjected to Non-Resident Tax;
iv. In Section 102A, to allow companies that receive rental income from the movable property business to obtain withholding tax exemption certificate when they qualify;
v. In Section 112, to include a penalty for failure to submit requested records during an audit and to specify the period required to submit the requested information; and vi.

vi. To amend the Regulations on Fringe Benefits Tax and Pay as You Earn to include a penalty for failure to submit Returns.

vii. Re-introduce the definitions of “Debt and Equity” which were erroneously deleted; and

viii. Remove the reference to Section 65 in the definitions of Pension Fund and Provident Fund in the Taxation Act because Section 65 was deleted. We shall provide further clarification on these changes once the gazettes are published.

Value Added Tax Measures

The following have been proposed in the budget statement:

Introduction of VAT on additional items

Government is introducing a standard rate of VAT on the following products: exercise books with hard covers; rye flour; other cereal flour; groats and meal of wheat, groats and meal of other cereals; rolled or flaked grains of oats or other cereals; other worked grains of oats or other cereal; cereal, germ, whole rolled flaked or ground; roasted malt; and malt roasted of barley, oats, rye, sorghum or mullets.

Other changes

The government will make various amendments to the VAT Act. These measures include, to align the general offenses and penalties, define a “Going Concern” and the consequence of disposal of a business under reorganization or sale, and to define export sales to clarify that when exempt goods are exported, they should not be treated as zero rated supplies.

Customs and Excise Tax Measures

The customs and excise tax measures were effective from midnight on the 2nd of March 2023.

Excise on data

The Government has reduced excise tax on airtime and data to 7.5%.

Tiles and roofing

The Government is introducing a 5% excise tax on roofing tiles coated with acrylic paint.

Electric motor vehicles

The Government has introduced a Customs Procedure Code in the Customs and Excise (Tariff) Order to cater for duty free importation of materials for the construction of electric motor vehicle charging stations. To this effect, the Government has removed taxes on importation of electric motor vehicles and electric motor vehicle charging systems.

Religious organisations

The government has introduced a new rule allowing the duty-free importation, once every five years, of two motor vehicles which are principally designed for the transportation of persons if a religious organisation operates at least 5 health facilities or 5 educational institutions.

Revised rebates and fess

The following rebates and fees have been revised:

Table 5: Categories

Description	Old rate/fee	New rate/fee
Traveller’s rebate on personal non-commercial accompanied baggage	300,000	750,000
Rebate for personal non-commercial unaccompanied luggage	50,000	100,000
Warehouse rent for importers who keep their goods with the Malawi Revenue Authority	500 per tonne or cubic meter	1,000 per tonne or cubic meter

Duty free vehicles

The Government is extending the duty-free disposal of motor vehicles after 5 years, currently being provided only to Members of Parliament, to other individual beneficiaries with similar privileges such as Judges, diplomats senior government officers and returning residents.

The government further committed to allowing paramount chiefs to import one duty free vehicle.

Gas appliances

Import duty has been removed on gas appliances such as gas cookers and hotplates.

Specific taxes for motor vehicles

For vehicles manufactured between 2002 and 2020, the Malawi Revenue Authority will in due course publish a document showing specific duty taxes to be applied based on the motor vehicle’s make, model, year of make, and engine size.

Comment:

This proposed measure is designed to prevent the uncertainty and rampant arbitrary assessments by the Revenue Authority that would arise when Malawi residents would seek to import vehicles.

Other CPC codes

The Government is amending some Customs Procedure Codes such as CPC 419, 420, and 496 to clarify that motor vehicles that are eligible for duty-free importation under these CPCs are those that are principally designed for the transportation of persons, except buses.

Drainage bags
The government is removing import duties and Value Added Tax on urinary drainage bags of Tariff Subheading 3926.90.10.

Tourism
Duty free importation of consumables such as cutlery and bed linen under CPC 443 for the tourism industry has been restricted to use in the initial investment period.

Industrial rebate scheme
The government will amend the Customs and Excise Act to provide for administrative hearing processes under the Industrial Rebate Scheme before the Commissioner General of the MRA decides on their industrial rebate status.

Other measures
The government will require that all non-traditional agricultural produce must be exported from a customs-controlled export warehouse as designated by the Commissioner General of the MRA.

The government will remove the Tax Stamps Schedule from the Customs and Excise Act and place it in the Regulations and introduce duty rates on some products where the rates are missing under the African Continental Free Trade Area column in the Customs and Excise Tariffs order.

Stamp Duty Measures

The government also announced a series of changes applicable to the stamp duty regime, which is an important source of non-tax revenue for the government, as summarised below.

Digitisation
The government will start processing stamp duties through an electronic stamp duty system. This will also apply to the estate duty application and payment process, which will be fully automated. This measure is aimed at simplifying the application process, tracking, tracing, and valuation of deceased estates for estate duty purposes. This automation of stamp duty will extend to various stamp duty processes, including all motor vehicle registrations at the Directorate of Road Traffic which will be subject to a flat K 50,000 stamp duty rate.

Share and Security Transfers
The government also announced the revocation of the stamp duty exemption notice of 1992, which exempted instruments that constituted a security from stamp duty. The exemption notice was initially introduced in 1992 in order to support the development of the then fledgling capital market. The revocation of the notice means that stamp duty will now be payable on transfers of securities, including the transfer of shares within employee ownership schemes. This is a significant development.

However, the government also announced that in order to encourage the listing or issuance of new securities on the Malawi Stock Exchange by companies, the government will issue a new stamp duty exemption notice with respect to the purchase of newly issued securities on the stock exchange.

Stamp Duty Exemptions
To reduce the cost of borrowing for micro and small medium enterprises and the youth, collateral instruments under the Personal Property Security Registry for loans of up to K10 million will be exempted from stamp duty.

Estate Duty and Stamp Duty Act Reviews
The government announced that the Stamp Duties Act and Estate Duties Act are archaic and will be amended and aligned with modern legislation. Specifically, the Estate Duty Act will be amended to provide that the assessment of Estate Duty is based on the value of the state at the time of declaration, to simplify the complexities of changing property values caused by inflation and currency instability. The Estate Duty Schedule will also be reviewed to introduce new thresholds aimed at reducing the stamp duty liability for surviving widows and minors in respect of a family home.

Taxation (Presumptive Tax on Turnover) Regulations, 2022

This section details the changes to the Taxation Act as introduced through the Taxation (Presumptive Tax on Turnover) Regulations, 2022, which were gazetted on 18th November 2022.

Implementation of the Presumptive Tax Regime

The 2021/22 amendments to the Taxation Act introduced the Presumptive tax regime, which is contained in section 91A of the Taxation Act. The recent Taxation (Presumptive Tax on Turnover) Regulations ("the Regulations") now set out the implementation modalities of the regime.

Overview of Presumptive Tax

With effect from the 2021/22 tax year, presumptive income tax on Turnover is payable by a person whose income from business is accrued in or derived from Malawi and such income does not exceed MK12,500,000 during any year of assessment.

The tax is payable quarterly at the rates specified in the Eleventh Schedule of the Taxation Act.

Obligation to Register

All taxpayers liable to pay presumptive tax must apply to the Commissioner General for registration via Form PT 1.

Obligation to Notify of Changes

Where a taxpayer observes that the taxpayer's income may increase or decrease during the year of assessment, thereby changing the presumptive tax rate payable in the year, the taxpayer must notify the Commissioner General of the change within 30 days of noticing the expected change.

Obligation to Keep Records

Taxpayers registered for presumptive tax must keep records for the determination of their income and annual turnover. The records to be kept must include:

(a) Daily sales or summary of income; and
(b) Any supporting records for the business.

The records must be kept for the same periods as specified under the Taxation Act, being for seven years after the completion of any transaction and may be inspected from time to time by the Commissioner General.

Obligation to file returns

Taxpayers chargeable to presumptive tax must submit a presumptive tax return PT2, declaring the turnover for the year and estimated turnover for the following year, no later than 30 days following the end of the year of assessment.
Where a taxpayer has been subject to withholding tax on the income, the original withholding tax certificates must also be furnished.

Payment Deadlines

Taxpayers subject to presumptive tax must pay the tax by the 14th day following the end of each quarter of assessment. The tax charged under this provision is final, and expenditure or capital allowances are not permitted against presumptive tax on turnover.

Companies (Beneficial Ownership) Regulations, 2022

This section details the Companies (Beneficial Ownership) Regulations, 2022, which were formally gazetted on 23 December 2022, having been issued by the Minister of Justice under powers conferred by section 382 of the Companies Act 2013.

Beneficial Ownership Provisions

The Companies (Beneficial Ownership) Regulations, 2022 ("the Regulations"), introduce the definition of a beneficial owner as a natural person who:

(a) Directly or indirectly owns or controls more than five percent of shares of a company or other body corporate;
(b) Directly or indirectly owns or controls more than five percent of a company's voting rights, or otherwise exercises control over a company or its management;
(c) Directly or indirectly has a substantial economic interest in or receives substantial economic benefit from, a company, whether acting alone or together with other persons;
(d) Has a significant stake in a company and on whose behalf activity of a company is conducted; or
(e) Exercises significant control or influence over a person through formal informal agreement.

These provisions extend to the trustees, beneficiaries and anyone who controls a trust where ownership, control or interest is through a trust.

Company Registration Formalities

An application to incorporate a company must now be accompanied by the particulars of a beneficial owner. The details are reported via Form BO1.

Register Formalities

A company must maintain a register of particulars of the beneficial owners of a company. Records must be maintained by the authorised company agent. The "authorised agent" is defined in these Regulations as a natural person authorised by either the company, to act for and on behalf of the company in accordance with the company's constitution or authorised by a shareholder to act for and on behalf of the shareholder in accordance with the constitution. Companies also have an obligation to maintain a register of particulars of beneficial owners for any other companies that hold shares in those companies, whether the other companies are incorporated in Malawi or foreign.

Obligations on commencement or cessation of beneficial ownership

Companies have an obligation to file a notice with the Registrar, through the authorised agent, via Form BO2, including paying a prescribed fee, within 30 days of every instance of a person ceasing to be a beneficial owner or becoming a beneficial owner of the company.

Obligations on changes to beneficial ownership via shares

Companies have an obligation to file a notice of change with the Registrar via Form BO3, including paying a prescribed fee, within 30 days of the date of acquisition of shares in the company by individuals, failing which the acquisition of the shares shall not be registered by the Registrar. The notice, which must be filed by the authorised agent, shall include the particulars of the new shareholders. The register of beneficial owners is maintained by the Registrar and updated periodically.

Registration Refusals

The Registrar will not register any document or form filed under these new Regulations if the company in question has not filed beneficial ownership information, or if information is out of date. The Regulations create an offence for any cases where the information submitted is known to be incorrect.

Powers of Deregistration

The Registrar has been given powers to deregister a company that fails to comply with these new Regulations. Restoration of a registration can only occur once the company pays any prescribed penalty or rectifies a breach, and such restoration shall be within ninety days of those remedial acts.

Obligations for existing companies

Any companies that were already incorporated or registered under the Companies Act as of 23 December 2022, must file particulars of their beneficial owners with the Registrar of Companies no later than 6 months from the date these Regulations come into force, being 23 December 2022. Any failure to file the particulars is an offence.

Public access to beneficial ownership information

Any beneficial ownership information will be regarded as public information. Persons may apply, using Form BO4, for the beneficial ownership information in respect of any entity. However, the Registrar retains the right to refuse the application, and in such a case must notify the applicant of the refusal within fourteen days of the receipt of the application.

Offences and penalties

Any persons who commit an offence under the Regulations are liable to a K5 million fine upon conviction, and to twelve-months imprisonment.

Any misuse of information accessed under the Regulations is an offence and also attracts the same penalty.

The Pension Act, 2023

This section details the changes introduced through the Pension Act, 2023 with effect from 01 March 2023

Pension Act, 2023

Overview of the objectives of the Pension Act

The new Pension Act, 2023, which took effect from 01 March 2023 replaces the earlier Pension Act, 2010. The new Pension Act seeks to address current implementation challenges in the pension sector, enhance coverage of the pension sector and strengthen compliance and supervision over entities operating in the pension sector. The key changes highlighted below are not exhaustive. Please contact your local Deloitte Tax Team for further details of the impact of the recent measures on your business.

Introduction of Voluntary National Pension Scheme

The Pension Act, 2023 provides for the establishment of a National Pension Scheme for both mandatory and voluntary participation. The clauses under the previous Pension Act, 2010 compelling every employer to operate a mandatory pension scheme with employer contributions of 10% and employee contributions of 5% have been maintained.
However, the new voluntary scheme also enables other persons wishing to join the pension scheme on a voluntary basis to do so. A member of a mandatory occupational pension scheme may also join a voluntary pension scheme.
The new law further gives flexibility to the employee and employer to agree on contributing more than the five percent for employee and 10 percent for the employer contributions.

National Pension Fund

While the Pension Act, 2010 contemplated the establishment of a national pension fund, The Pension Act, 2023 goes further by formally establishing the National Pension Fund, and providing that the National Pension Fund shall be a body corporate with perpetual succession and a common seal. The new Act defines other matters such as the registration and membership formalities of the fund.

Introduction of Provident Fund

The Pension Act, 2023 formally provides that an employer may set up a provident fund over and above the pension fund.

Increase in Lump Sum Pension Benefits

The Pension Act, 2023 increases the proportion of pension benefits to be paid as a lump sum at retirement from 40 to 50 percent. Those that have retired can access 50 percent of the total contributions, including interest accumulated.
Further, up to 100 percent of the accumulated benefits can be paid out where a member has left the employer's service or has retired, and the value of the benefits are less than the threshold in the directives to be issued by the Registrar.

With voluntary personal pension funds, where a member has contributed for not less that five years, all or part of the benefits may also be withdrawn.

Early drawings for upcoming retirees

Additionally, 5 years before retirement, employees can also apply to receive 50 percent of their benefits, comprised of both the employer's contribution and employee contribution.

Comment: This measure was introduced to assist employees in their preparations for retirement.

Reduced waiting times

The Pension Act, 2023 reduces the waiting period on early payment of benefits from six months to three months. Under the new measures, instead of six months, individuals will now be able to access 100 percent of what they contributed within three months.

Comment: This measure was introduced to assist working people, those close to retirement, and retrenched employees to receive their pension benefits with minimal delay, as the lengthy waiting times were a contentious issue and a common grievance among recipients.

Introduction of a penalty regime for non-compliant employers

The Pension Act, 2023 introduces a firm penalty of K150 million that will be imposed upon employers who abscond from making pension contributions for their employees. The measure is also designed to curb the loss of interest for pension funders and administrators due to employer non-remittance. Further, the companies will also risk forced closure. The previous Pension Act provided only for administrative penalties under the Financial Services Act to apply.

Further penalties introduced by the new Pension Act include penalties of K 150 million and imprisonment for a failure to remit severance to a pension fund, K100 million (or the financial gain generated, if greater, and imprisonment for 10 years) for offences for which no penalty is specified under the Act, and for a failure to register, and fines of K10 million for breaching any regulations created under the Act. Individuals are also subject to the K100 million fine, or equivalent financial gain generated, or loss suffered, for failure to comply with an enforcement action by the Registrar.

Comment: In addition to encouraging compliance across all pension related obligations, these measures were designed to help in closing the gap in pension arrears, which stood at K27 billion in 2022, attributable to 999 delinquent employers out of 3073 employers in the National Pension Scheme.

Inconsistencies with other laws
The Pension Act, 2023 introduces a provision that states that where there is any inconsistency between the Pension Act, 2023 and any other written law on pension related matters, the Pension Act shall prevail.

Amended clauses and terms
The new Pension Act introduces new clauses and definitions and also expands some of the terms and definitions contained in the earlier Pension Act, such as expanding the definition of an "annuity" by extending the payable term to not only mean the remaining life of the recipient, but also within such period and on such terms as may be prescribed by the directives. The new Act also clearly defines the functions and powers of the Registrar in addition to the Registrar's existing duties in the Financial Services Act.
Other key obligations governing matters such as an employer's obligation to remit contributions promptly, within fourteen days after the end of the month in which the liability arose, and the employer's obligation to maintain a life insurance policy in favour of employees have been maintained in the new Act.

On the other hand, the new Act also removes some key terms contained in the previous Act, such as "umbrella funds", being collective investment schemes as defined in the Securities Act, which no longer feature in the new Act.

Removal of Taxation Clause
The new Pension Act removes the Taxation clause contained in the previous Pension Act, which provided that all contributions made by both the employee and employer, up to the limits specified in that Act were deductible from the relevant taxable income, with any lump sum received at retirement exempt from income tax.

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“Don’t sit down and wait for the opportunities to come. Get up and create them.”

Milton Berle