

Botswana's Finance Minister delivers 2020/21 Budget Speech

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

The Honorable Dr. Thapelo Matsheka, Botswana's Minister of Finance & Development, delivered the Budget Speech to Parliament on 3 February 2020. Highlights of the Budget speech, including a proposal to attract foreign direct investment, are discussed below.

Economic highlights

General comments

In his maiden budget speech, the Minister announced that the new 2020/21 budget will focus on two major areas:

- Growing the economy and creating employment
- Social programs to sustain livelihoods

According to The Minister, the domestic economy growth rate is forecast to be 3.5% in 2019 and 4.4% in 2020 as compared to the global growth rate of 2.9% and 3.3% for 2019 and 2020 respectively. The Minister re-affirmed the need to have an average growth rate of 6% to transform Botswana to a full-fledged higher income economy. Botswana has set targets to become a middle-income economy with per capita income of US\$12,000 by 2036.

Key budget statistics

- ▶ The 2020/21 deficit is expected to be P5.22 billion, or 2.4% of gross domestic product as compared to the projected 2019/20 budget deficit of 3.9%.
- ▶ More than 50% of the budget was allocated to infrastructural development.
- ▶ There is an increase in the public sector salaries by 10% for the A and B salary bands; and 6% for the C and D bands for 2019/2020 and 2020/2021 respectively.

Fiscal legislation

The Minister announced the introduction of a comprehensive investment incentive package administered by the Special Economic Zone Authority (SEZA) which is meant to attract foreign direct investment. Within the package are the following incentives offered to qualifying investors:

- ▶ A corporate tax rate of 5% for the first 10 years and 10% thereafter
- ▶ Provision of fully serviced land
- ▶ Fast tracking of land allocation; provision of a single window and streamlined investor facilitation processes
- ▶ Waiver of the transfer duty on land and property; property tax exemption for the first five years of operation

As a measure to increase revenue collection without increasing tax rates, the Botswana Unified Revenue Authority (BURS) will re-deploy staff in areas that include debt management and post clearance audits.

In addition, all public sector service delivery fees, charges and levies will be adjusted with effect from 1 April 2020 and thereafter on an annual basis.

For the complete Budget Speech go to www.gov.bw.

For additional information with respect to this Alert, please contact the following:

Ernst & Young Advisory Services (Pty) Ltd, Gaborone

- | | |
|--------------------|----------------------------|
| ▶ Bakani Ndwapi | bakani.ndwapi@za.ey.com |
| ▶ Thomas Chitambo | thomas.chitambo@za.ey.com |
| ▶ Cleverent Mhandu | cleverent.mhandu@za.ey.com |
| ▶ Gladys Makachiwa | gladys.makachiwa@za.ey.com |

Ernst & Young Advisory Services (Pty) Ltd., Africa ITTS Leader, Johannesburg

- | | |
|--------------------|----------------------------|
| ▶ Marius Leivestad | marius.leivestad@za.ey.com |
|--------------------|----------------------------|

Ernst & Young LLP (United Kingdom), Pan African Tax Desk, London

- | | |
|-----------------------|-------------------------------------|
| ▶ Rendani Neluvhalani | rendani.mabel.neluvhalani@uk.ey.com |
| ▶ Byron Thomas | bthomas4@uk.ey.com |

Ernst & Young LLP (United States), Pan African Tax Desk, New York

- | | |
|-------------------------|---------------------------------|
| ▶ Brigitte Keirby-Smith | brigitte.f.keirby-smith1@ey.com |
| ▶ Dele Olagun-Samuel | dele.olaogun@ey.com |

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2020 EYGM Limited.
All Rights Reserved.

EYG no. 000547-20Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com