

The background of the entire page is a photograph of a modern building's interior. It features a multi-level staircase with dark grey steps and glass railings. A person in a brown coat is walking up the stairs. The architecture is characterized by large glass panels and metallic accents, creating a bright and open atmosphere.

## Tax Alert

Botswana VAT Amendment  
Act and Regulations

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*This document is a general summary prepared for briefing purposes and does not constitute tax advice.*

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# Executive Summary



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Botswana's VAT system is undergoing its most significant overhaul in years. The VAT Amendment Act, 2025 – gazetted on 31 October 2025 and effective from 1 June 2026 – extends VAT to remote digital services, introduces reverse charge obligations for government entities and large unregistered businesses, and mandates electronic fiscal devices (EFDs) for all VAT-registered persons.

The reform responds to a straightforward fiscal reality: as mineral revenue declines, Botswana is widening the tax base and tightening enforcement through digital transformation, bringing local rules closer to international VAT practice.

## WHAT THIS MEANS FOR BUSINESSES

- Non-resident suppliers of digital services to Botswana residents may now have a Botswana VAT registration and filing obligation.
- Government entities and “large unregistered persons” (annual supplies above BWP 1 million) must register for VAT solely to account for reverse charge.
- Every VAT-registered business must adopt electronic fiscal devices ahead of the 1 April 2027 deadline, or face fixed penalties.
- Record-keeping failures carry some of the steepest penalties in the reform – up to 75% of tax due for deliberate non-compliance.

## 14%

VAT rate charged on remote digital services to unregistered residents

## BWP 500k

Remote-service registration threshold (approx. USD 35,000) per 12 months

## BWP 1m

Annual-supply threshold that creates a “large unregistered person”

## 1 Apr 2027

Date EFDs become mandatory for all VAT-registered persons

# The Reform at a Glance

## WHY NOW ?

Falling mineral revenue has pushed Botswana's tax authorities to broaden the VAT base and close the compliance gap that digital, cross-border trade has widened. The VAT Amendment Act, 2025 was gazetted on 31 October 2025 without an initial effective date; that date has now been fixed on 1 June 2026.

## THREE CONNECTED REFORMS

Reform strand	What it targets	Core mechanism
Remote services VAT	Untaxed remote services supplies from non-resident providers	14% VAT charged by the supplier to Botswana residents
Reverse charge	Cross-border B2B/B2G supplies with no local presence	VAT liability shifts to the Botswana-based recipient
Electronic fiscal devices	Under-reporting of domestic sales	Mandatory electronic recording and transmission of sales data

### Key definitions introduced by the Act

- "Remote services" – services supplied via an electronic network with no necessary link between the supplier's location and the recipient.
- "Electronic marketplace" – a digital platform through which remote services are supplied to Botswana residents.
- "Electronic fiscal device" – any device, including a virtual device, that records and transmits sales data.
- "Large unregistered person" – an entity not VAT-registered whose annual taxable supplies exceed BWP 1 million.



# Remote Services: The New VAT Net

The Act brings non-resident suppliers of digital and remote services within Botswana's VAT system for the first time, mirroring digital-VAT regimes now common internationally.

## WHO IS A "BOTSWANA RESIDENT" FOR THIS PURPOSE?

Residency is determined by evidence of consumption in Botswana, not nationality or incorporation. The tax authority may rely on a combination of indicators, including:

- Billing address and banking details
- IP address and mobile country code
- Fixed landline location
- Any other information relevant to where the service was consumed

### Practical read-across

A subscription, streaming, cloud storage or software platform based outside Botswana should test its Botswana revenue against the BWP 500,000 threshold now – registration, once triggered, is not optional.

## REGISTRATION, RATE & REMITTANCE

### Registration trigger

Revenue from Botswana residents exceeds BWP 500,000 (~USD 35,000) over any 12-month period

### VAT rate

14%, charged on supplies to non-VAT-registered residents

### Filing frequency

Quarterly VAT returns and remittance

### Evidence of registration

Supplier must obtain proof of customer VAT status; absent proof, VAT is charged

### Input VAT

Not recoverable by the supplier, though under/over-payments may be adjusted later

## Reverse Charge: Who Must Now Register

Alongside remote services, the Act extends the definition of a taxable supply to include reverse charge supplies – cross-border services that would be VATable if supplied from within Botswana, but where the supplier has no local business presence.

### WHO IS CAUGHT

Recipient type	Definition	New obligation
VAT-registered person	Already VAT-registered for other supplies	Self-invoice and declare output VAT on the supply
Government entity	A ministry, department, agency or government-controlled institution or local authority	Must register for VAT specifically to account for reverse charge
Large unregistered person	Not VAT-registered, but annual taxable supplies exceed BWP 1 million	Must register for VAT specifically to account for reverse charge

This last category is significant: it draws in suppliers of exempt goods and services – including education and passenger transport – once their turnover crosses the BWP 1 million threshold, purely so they can account for reverse charge VAT on services received from abroad.

### RECOVERING INPUT VAT

Where a registered entity receives remote or reverse-charge services in the course of making its own VATable supplies, it may reclaim the input VAT it self-accounts for – a mechanism designed to keep the reform broadly neutral for genuine business-to-business trade.

# Electronic Fiscal Devices

The third pillar of the reform targets domestic under-reporting through mandatory electronic recording of sales. An EFD is defined broadly – covering physical devices, government electronic payment gateways, or any other approved system, including virtual fiscal devices.

## WHAT BUSINESSES MUST DO

- Every VAT-registered person must issue fiscal receipts through an approved EFD.
- A fiscal receipt is any receipt or tax invoice generated by an EFD or an approved electronic payment system.
- The requirement takes effect on 1 April 2027, under the Tax Administration Act Regulations, 2026.

### Lead time matters

1 April 2027 sounds distant, but EFD adoption typically involves procurement, integration with existing point-of-sale or invoicing systems, and staff training – all of which benefit from an early start.

## PENALTIES FOR NON-COMPLIANCE

**BWP 10,000**

Failure to use an EFD

**BWP 10,000**

Failure to issue a fiscal receipt

**BWP 100,000**

Misuse or tampering with an EFD (up to)

# Inside the 2026 Regulations (I)

VAT Amendment (Remote Services) Regulations, 2026 – gazetted 29 May 2026

## SCOPE

Applies to suppliers of remote services, including electronic marketplace operators. “Remote services” is drawn widely – e-books, streaming, cloud storage, webinars, website design, inbound tourism products and remotely delivered professional services.

## REGISTRATION & DEREGISTRATION

- Application via an approved online form with company, contact and compliance-contact details.
- Supporting documents (incorporation, tax certificates) provided, translated into English where needed.
- The Commissioner General may request further documentation before approving registration.
- Registration takes effect from the second tax period after eligibility, or as otherwise directed.
- Registered suppliers may apply to deregister using the approved form.

Inbound tourism products are not currently VATable under these rules, though this may change.

## RETURNS, INVOICING & RECORDS

Obligation	Standard
VAT return & payment	Due 25th of the month following each tax period
Invoicing	Must show recipient's name and VAT registration number
Record retention	English, specified currency, retained 5 years

## RECORD-KEEPING PENALTIES

### 75% of tax due

Deliberate or reckless failure to keep records

### 20% of tax due

Other record-keeping failures

### BWP 10,000 / 5,000

Fixed penalty (companies / other persons) where no tax is due

# Inside the 2026 Regulations (II)

## VAT (Government Entities and Large Unregistered Persons) Regulations, 2026 – SI 73 of 2026

### WHO MUST REGISTER

- Government entities, as defined in the Act.
- Large unregistered persons – entities not previously VAT-registered that meet the BWP 1 million “large” threshold.

### PURPOSE AND APPLICATION

Registration exists for one purpose only: enabling the entity to account for reverse-charged supplies. The approved-form application must include:

- The registered name of the entity or person
- Address, telephone number and electronic contact details
- The nature of the business or activities undertaken
- Name and contact details of the person responsible for compliance

**NOTE:** Applications must be accompanied by a letter from the accounting officer or a board resolution approving the registration. Once approved, the Commissioner General issues a VAT registration number.

### DEADLINES

**31 July 2026**

Entities must complete registration

**1 August 2026**

Reverse charge accounting must begin

# Compliance Timeline

The reform lands in stages over roughly eighteen months. These are every deadline referenced in the Act and its 2026 regulations.

31 Oct 2025	VAT Amendment Act, 2025 gazetted (no effective date set at gazettal)
29 May 2026	Both implementing regulations gazetted
1 Jun 2026	VAT Amendment Act, 2025 becomes effective
31 Jul 2026	Deadline for government entities & large unregistered persons to register for reverse charge
1 Aug 2026	Registered entities must begin accounting for reverse charge
30 Sep 2026	Deadline for remote service suppliers meeting the threshold to register
1 Oct 2027	Remote service suppliers must begin charging VAT to Botswana residents
1 Apr 2027	Electronic fiscal devices become mandatory for all VAT-registered persons

# Recommended Actions

Businesses touched by any part of this reform – as a remote services supplier, a reverse-charge recipient, or simply a VAT-registered entity facing the EFD mandate – should work through the same five checks.

## 01

**Test your registration exposure**

Map revenue from Botswana customers against the BWP 500,000 remote-services threshold, and annual supplies against the BWP 1 million reverse-charge threshold.

## 02

**Fix your customer VAT-status evidence**

Build a process to capture and retain proof of customer VAT registration – without it, the default is to charge VAT.

## 03

**Prepare self-invoicing for reverse charge**

Registered recipients of remote or cross-border services need a self-invoicing and output-VAT process before their deadline.

## 04

**Start EFD procurement early**

Treat 1 April 2027 as a project deadline, not a filing date – procurement, integration and training all take lead time.

## 05

**Audit record-keeping now**

Five-year, English-language record retention is mandatory; penalties for failure reach 75% of tax due – the costliest single gap in the reform.

# Lookout: Our Next Tax Alerts

Three further legislative changes take effect on 1 July 2026. Watch for our follow-up alerts covering:

**01**

## **Income Tax Act & VAT Act – repealed and re-enacted**

The old Income Tax Act and VAT Act have been repealed and re-enacted, effective 1 July 2026.

**02**

## **Tax Administration Act – newly enacted**

A new Tax Administration Act has been enacted, effective 1 July 2026.

**03**

## **Implementing regulations – promulgated**

Various regulations relating to the above Acts have been promulgated, with effect from 1 July 2026.

All three changes take effect from 1 July 2026 – our detailed alerts on each will follow shortly.

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# Our Services

Our tax practice supports businesses across the full compliance and advisory lifecycle, built around two core service pillars:

Tax registration and tax compliance

Tax advice and consulting

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This is a summary of publicly available legislative and regulatory materials relating to the Botswana VAT Amendment Act, 2025 and its 2026 implementing regulations. It does not constitute tax, legal or other professional advice, and no entity preparing this briefing accepts liability for actions taken or decisions made in reliance on it.

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