



Malawi Revenue Authority

PENALTIES / INTERESTS APPLICABLE FOR NON PAYMENT OF TAXES

OFFENCE TYPE	TAX TYPE	PENALTY / INTEREST APPLICABLE	
1. Late submission of return	Corporate	Company	MK200,000.000 covered under Section 112 (3) of the Taxation Act
		Individual	MK50,000.00 covered under Section 112 (3) of the Taxation Act
	PAYE	20% for the first month plus 5% for any additional month. Regulation 10 (1&2)	
	WHT	20% Regulation 3 (2) and 6 (4)	
	FBT	20% Regulation 8	
	VAT	<p>MK20,000.00 first day after due date and MK1,000.00 each additional day the return remains un-submitted. Note that tax period is one month, therefore each month will attract MK20,000.00 in that order.</p> <p>15% interest on the amount due plus additional 5% each month the amount remains unpaid. Section 38 (1)</p>	
	Turnover Tax (TOT)	<p>Penalty of MK5,000.00 first day and MK250.00 each day the return remains un-submitted.</p> <p>20% interest of the amount due plus 5% any additional month.</p>	
	Provision	<p>Insufficient provision</p> <p>30% if <50% total provision is paid</p> <p>25% if >50% total provision is paid but not less than 90%</p> <p>Section 84E</p>	
2. Failure to register	VAT	MK100,000.00 where it is reckless and MK20,000.00 for any other reason	
	Corporate	100% of computed tax plus the tax due and additional of MK200,000.00 if companies and MK50,000.00 for individuals	

PENALTIES FOR OFFENCES AGAINST CUSTOMS AND EXCISE LAWS

	OFFENCE TYPE	PENALTY / INTEREST APPLICABLE
1.	Smuggling ¹ as defined under Section 2 of the Customs and Excise Act	A minimum of 30% of duty prejudiced
2.	Counterfeiting or without authority using any seal, signature, initials or other mark of, or used by, any officer for any purpose relating to the customs laws; Alterations of value, currency code, percentage content and any other information on commercial and Customs documents	A minimum of 30% of duty prejudiced
3.	Expired Temporary Import Permit (TIP), where there is evidence that the owner intends to re-export the vehicle ² (Repeated offence double proposed penalty)	K15,000
4.	Clearing goods (e.g. motor vehicles, motor cycles) imported under TIP	A minimum of 30% of duty due
5.	Conveyance of smuggled goods Saloons and similar category vehicle Pick-ups, minivans and minibuses Trucks above 2 tonnes but less than 7 tonnes Trucks and Vans used to conceal smuggled goods among other goods which are legally transported	K50,000 K60,000 K100,000 K500,000
6.	Diversion of goods from intended destination or a Temporary Store/Bonded Warehouse (and changing bond without approval)	K30,000
7.	Underdeclaration of values and other charges for the goods; misdescription of currency Misdeclaration of Origin of goods (including declaring/clearing non-qualifying goods under particular trade agreements)	A minimum of 30% of duty prejudiced
8.	Misclassification of goods	A minimum of 30% of duty prejudiced
9.	Removal of goods from a Bonded Warehouse, Temporary Stores and any other Customs controlled area without Customs authority	K100,000 and written warning for first offender; thereafter, suspension of license
10.	Goods overstaying in a Temporary Stores/ Bonded Warehouse or any other Customs controlled area	Operator to transfer them to a Customs Warehouse failure to do so should be penalized K20,000
11.	Declaring/clearing non-qualifying goods under duty suspense CPC	A minimum of 30% of duty prejudiced
12.	Failure to renew a license (Temporary Stores/ Bonded Warehouse/ Customs Agents and other operators)	K50,000
13.	Customs Agent facilitating smuggling and or Customs duty evasion	A minimum of 30% of duty prejudiced
14.	Buying, receiving, harbouring, offering for sale or dealing in, or having in possession any goods subject to Customs control;	30% of the duty due
15.	Failure to submit books, documents and any other thing in one's possession as required by a Customs officer	K50,000
16.	Opening, alteration or breaking a Customs Seal without customs authority	K50,000
17.	Failure to stop at a Customs barrier	K50,000
18.	Offloading goods without a Customs Officer	A minimum of 30% of duty involved

(Footnotes)

1 This includes direct smuggling using uncharted routes or facilitated through the border and indirect (technical) smuggling which includes underdeclaration of quantities and misdescription of goods. Misdescription of goods includes misdeclaration of year of make, engine capacity, tonnage of a motor vehicle. In the case of smuggled cigarettes, they will be destroyed with the cost of destruction being borne by the owner

2 Where the offence is repeated, the penalty will be K30,000