

(Published 30th December, 2025)

ACT

No. 36 of 2025

I assent

PROF. ARTHUR PETER MUTHARIKA

PRESIDENT

20th December, 2025

ARRANGEMENT OF SECTIONS

SECTION

- 1. Short title
- 2. Insertion of Part IVB into Cap. 41:01
- 3. Substitution of s. 66 of the principal Act
- 4. Insertion of ss. 66A and 66B into the principal Act
- 5. Amendment of the *First Schedule* of the principal Act
- 6. Amendment of the *Eleventh Schedule* of the principal Act
- 7. Amendment of the *Fourteenth Schedule* of the principal Act

An Act to amend the Taxation Act

ENACTED by the Parliament of Malawi as follows—

1. This Act may be cited as the Taxation (Amendment) (No. 2) Act, 2025. Short title

2. The Taxation Act (hereinafter referred to as the “principal Act”) is amended by inserting, immediately after PART IVA, a new Part IVB as follows— Insertion of Part IVB into Cap. 41:01

“PART IVB

MONEY TRANSFER LEVY

Money transfer levy 65A.—(1) A person transferring money in excess of K100,000, using a system operated by an e-money

service provider, shall pay a money transfer levy, payable as a tax at the rate of 0.05 per cent of the value of the money transferred.

(2) A person transferring money using an electronic system operated by a bank shall pay a money transfer levy, payable as a tax at the rate of 0.05 per cent of the value of the money transferred.

(3) For the purposes of this Part—

(a) “e-money service provider” means an entity, other than a bank, that has been licenced or authorized by the Reserve Bank of Malawi to issue e-money and provide an e-money service; and

(b) “bank” has the meaning ascribed thereto under the Banking Act.

Cap. 44: 01

Collection
and
remittance
of levy

65B.—(1) An e-money service provider and a bank shall collect the levy imposed under section 65A.

(2) An e-money service provider and a bank shall, within fourteen days after the end of each month, submit a return and remit the total levies collected for that month to the Commissioner General, in the manner as shall be specified by the Commissioner General.

(3) An e-money service provider or a bank which contravenes—

(a) subsection (1) shall be liable to pay to the Commissioner General the amount of the levy not collected, plus an additional penalty not exceeding twenty thousand currency points, as the Commissioner General may determine; or

(b) subsection (2) shall be liable to pay to the Commissioner General the amount of the levy not remitted, plus an additional penalty not exceeding twenty thousand currency points, as the Commissioner General may determine.

(4) For purposes of this section “currency point” has the meaning ascribed thereto under the Tax Administration Act.

No. 13 of
2021

Exemptions
from levy

65C.—(1) The money transfer levy shall not be levied on—

(a) a salary payment made by an employer who—

- Cap. 55:06
- (i) has paid the Technical, Entrepreneurial and Vocational Education and Training Payroll-Levy in accordance with section 20 of the Technical, Entrepreneurial and Vocational Education and Training Act; and
- Cap. 55:06
- (ii) maintains a basic payroll as required under section 25 of the Technical, Entrepreneurial and Vocational Education and Training Act; and
- Cap. 16:01
- (b) a transfer made by a person exempted from payment of taxes or levies under the Immunities and Privileges Act.
- Application of Tax Administration Act No. 13 of 2021
- 65D. For purposes of this Part, the provisions of the Tax Administration Act on payment and recovery of tax shall apply.”.

3. The principal Act is amended by deleting section 66 and substituting therefor a new section 66 as follows—

Substitution of s. 66 of the principal Act

- “Charge
- 66.—(1) Subject to this Act, income tax shall be charged, levied and paid for each year of assessment upon the income of a company received or accrued from sources within or deemed to be within Malawi at the company rate of income tax or the rate of minimum alternative tax as specified in the *Eleventh Schedule*.
- (2) The rates of income tax shall be applied on the taxable income or total turnover of the company.
- (3) Income tax payable by a company under subsection (1) shall be the higher of—
- (a) tax calculated on taxable income for the year after accounting for any minimum alternative tax credit available under section 66B; and
- (b) the minimum alternative tax for the year as calculated under section 66A.”.

4. The principal Act is amended by inserting, immediately after section 66, new sections 66A and 66B as follows—

Insertion of ss. 66A and 66B into the principal Act

- “Minimum alternative tax
- 66A.—(1) For purposes of section 66 (3) (b), a minimum alternative tax of a company for a year of assessment shall be calculated by applying the rate specified in the *Eleventh Schedule* to the total turnover of the company for the year.
- (2) The total turnover of a company for any year of assessment shall include the exempt amounts derived during the year, but shall not include final withholding payments.

(3) This section shall apply to a company—

(a) whose total turnover for the year is in excess of K5,000,000,000; and

(b) has been engaged in business for at least three years of assessment.

Minimum
alternative
tax credit

66B.—(1) Where the minimum alternative tax of a company for a year of assessment exceeds income tax calculated under section 66 (3) (a) for the year, the company shall be entitled to a tax credit equal to the difference.

(2) Tax credits granted under subsection (1)—

(a) may be used to reduce income tax payable under section 66 (3) (a) of future years of assessment:

Provided that the reduction shall not exceed the amount by which income tax calculated on taxable income for the year under section 66 (1), disregarding any credit under subsection (1), exceeds the minimum alternative tax for that year;

(b) may be used as provided for in paragraph (a) for any of the six years of assessment following the year with respect to which the credit is granted, but after which the credit expires;

(c) may be used in the order in which they are granted; and

(d) are non-refundable.”.

Amendment
of the *First*
Schedule of
the principal
Act

5. The principal Act is amended, in the *First Schedule*, by deleting paragraph (hb).

Amendment of
the *Eleventh*
Schedule of the
principal Act

6. The principal Act is amended, in the *Eleventh Schedule*—

(a) under paragraph (c)(ii), by deleting the word “ten”, immediately after the word “of” and substituting therefor, the word “five”;

(b) by inserting, immediately after paragraph (i), a new paragraph (j) as follows—

“(j) a minimum alternative tax at the rate of 0.5 per cent.”;
and

(c) by deleting the APPENDIX and substituting therefor, a new APPENDIX as follows—

“APPENDIX

A—TABLE OF RATES OF INCOME TAX ON TAXABLE
INCOME OTHER THAN EMPLOYMENT INCOME

Annual Taxable Income	..	..	..	Rate
First K2,040,000	..	..	..	0%
Excess of K2,040,000	..	..	..	30%

B—TABLE OF RATES OF INCOME TAX ON
EMPLOYMENT INCOME

Annual Taxable Income				Rate
First K2,040,000	..	..	..	0%
Next K16,800,000	..	..	..	30%
Next K101,160,000	..	..	..	35%
Excess of K120,000,000	..	..		40%”.

7. The principal Act is amended, in the *Fourteenth Schedule* by—

Amendment
of the
*Fourteenth
Schedule* of
the principal
Act

(a) deleting paragraph (n) and substituting therefor a new paragraph (n) as follows—

“(n) Winnings on betting and gambling including lotteries 15%”; and

(b) deleting note 8 and substituting therefor a new note 8 as follows—

“8.—(1) “Winnings” means any payment made to any person who wins a bet, a gamble or any gaming activity, including lottery.

(2) The tax withheld from winnings shall be a final tax.”.

Passed in Parliament this second day of December, two thousand and twenty five.

FIONA KALEMBA
Clerk of Parliament