

For instance, if total income is K2, 500, 000 and total expenditure is K2, 000, 000; then net profit is K500, 000.

Tax will; therefore, apply on K500, 000 as follows:

- **The first K360, 000 is taxed @ 0%**
- **Balance is K140, 000**
- **Next K60, 000 is taxed @ 15% =K9, 000**
- **Tax on K80, 000 @ 30% =K24, 000**

Total tax to pay= K9, 000 + K24, 000=K33, 000

The amount of tax payable depending on gross profit of K500, 000 will be K33, 000.

Please, note that when compiling accounts, expenditures included are those that are wholly, exclusively and necessarily incurred for the purposes of the business.

The accounting period or business year is decided by the taxpayer. For example, the accounting period/year can be from 1st January to 31st December or 1st April to 31st March the following year or 1st July to 30th June.



Produced by Corporate Affairs Division - MRA

Malawi Revenue Authority
Msonkho House
Independence Drive
Private Bag 247
Blantyre

Tel: +265 - 1 822 588
Fax: +265 - 1 822 302
E-mail: mrahq@mra.mw
Web: www.mra.mw



Develop Malawi. Pay Taxes

Guide for New Businesses



**ALL YOU NEED TO KNOW
ABOUT REGISTERING
YOUR BUSINESS FOR TAXATION**

July 2017- June 2018

Guide for New Businesses

Registration for taxes is free and can be done at any nearest Malawi Revenue Authority (MRA) office



The tax law requires owners of businesses in the case of individuals and companies to register for tax purposes regardless of the size of the business or location.

Registration for taxes is free and can be done at any nearest Malawi Revenue Authority (MRA) office. MRA issues a Taxpayer Identification Number (TPIN) on registration that should be used on any correspondence with the Authority.

Advantages for registering for tax with MRA

There are several advantages for registering for tax with MRA. For example:

1. MRA provides advice on the importance of keeping records in order to determine the profit on your business.
2. Enables transacting business with other entities as registration for taxes proves one to be patriotic.
3. Business is operated freely without fear of



being caught by MRA or any authority

4. MRA issues tax clearance certificate that enables the business compete for any public/open tender.

Compilation of simple business accounts

When a business is registered for taxes, MRA requires compilation of business accounts that are submitted to the Authority at the end of the accounting period. The date of submission is 180 days or six months from the end of the accounting period.

All incomes are recorded in one column while all expenditures are recorded in another column. At the end of the accounting period, all incomes and expenses are added up. Profit or loss is determined by subtracting expenses from incomes. Tax is levied on the net profit using prevailing rates.