



**Malawi
Revenue
Authority**

PUBLIC NOTICE

IMPLEMENTATION OF ADVANCE INCOME TAX ON IMPORTS

The Malawi Revenue Authority (MRA) is advising the business community and the public that from 1st May, 2022 the Customs and Excise Division will start implementing Advance Income Tax (AIT). The implementation follows Customs and Excise (Tariffs) Amendment Order of 2021.

The tax is withheld on commercial imports. Commercial imports are goods imported by persons engaged in business activities and these goods are not intended for personal, family or home usage.

Advance income tax will be computed at entry point at the rate of 3% of the Value for Duty Purpose (VDP).

The determination of commercial goods will be based on statement of a person about the imported goods in oral or written form using a Goods Declaration Form; nature and quantity of the goods and frequency of importations by a person.

The following imports will be exempted from AIT:

- (a) imports by persons not engaged in business activities excluding motor vehicles.
- (b) imports by a person who has produced a valid Withholding Tax Exemption Certificate or a valid Tax Clearance Certificate (TCC) issued by the Commissioner General;
- (c) importation made by a Government Ministry, Department or Agency; or
- (d) imports by a person who is tax exempt as provided for in the Taxation Act.

A new Customs Procedure Code (CPC) 497 has been introduced for AIT exempt importations. To enjoy the exemption, an importer is required to submit a customs declaration form together with a valid WHT exemption certificate or TCC. The certificates will be verified by entry processing officers.

AIT is not a final tax and a tax refund could be given if the total Advance Income Tax paid by the importer at the end of the year is more than the applicable tax on profits of the business.

An individual wishing to claim AIT refund shall submit an annual Income Tax Return at the end of the charge year accompanied by copies of the following:

- (a) Customs and Excise Declaration (Form 12)
- (b) Customs assessment notice on which the AIT was charged
- (c) For motor vehicles, the individual shall be required to produce evidence of ownership of the vehicle by presenting a copy of vehicle registration book

For further information, please call **MRA Call Centre** on **672** for free.

John S. Biziwick
COMMISSIONER GENERAL