



Malawi Revenue Authority

# PUBLIC NOTICE

## NEW MEASURES FOR DOMESTIC TAXES

The Taxation (Amendment) Act and the Value Added Tax (VAT) (Amendment) Act have been published in the Malawi Government Gazette. The amendments were assented to by His Excellency the President Dr. Lazarus Chakwera on 31<sup>st</sup> October, 2020, and gazetted on 3<sup>rd</sup> November, 2020. The commencement date for the amended tax laws is 3<sup>rd</sup> November, 2020.

The following are the amendments:

### 1. THE TAXATION ACT

#### A. INCOME TAX

The Taxation Act, Eleventh Schedule, has been amended as follows:

##### (a) RATES OF INCOME TAX ON TAXABLE INCOME

Monthly Taxable Income	Rate
First K100,000 .....	0%
Next K2,900,000 .....	30%
In Excess of K3,000,000 .....	35%

*(The rates are applicable to income of an individual including employment income under Pay As You Earn)*

(b) Taxable income charged at 30% for ecclesiastical, charitable or educational institutions of a public character or of trusts.

(c) Taxable income charged as follows for taxpayers with mining projects:

- 30% provided that an additional tax of 5% of taxable income charged for taxpayers whose companies are not incorporated in Malawi and the taxpayers are not resident in Malawi.
- An additional resource rent tax at a minimum rate of 15% on after-tax project resource rent.

(d) Taxable income charged at 30% for life insurance business.

#### B. WITHHOLDING TAX

The Taxation Act, Fourteenth Schedule, has been amended as follows:

- Introduced 20% Withholding Tax on winnings on betting and gambling transactions including lotteries. Winnings means any payment made to any person who wins a bet or a gamble including a lottery.

- Increased tax-free threshold for casual labour from K15,000 to K35,000 per transaction.
- Payment in excess of K35,000 for casual labour charged at 20%.
- Increased Withholding Tax on rent from 15% to 20%. Rent includes rent for movable and immovable property whether paid under a lease or otherwise but excludes rent payable by an individual whose source of income is only from employment and the rent is payable in respect of property used as a dwelling house.
- Increased Withholding Tax on fees from 10% to 20%.
- Introduced 3% Withholding tax on payment for farm produce other than tobacco

#### C. OTHER AMENDMENTS TO THE TAXATION ACT

- (i) The Taxation Act, Section 2, has been amended on the definition of the words "amount realized" by deleting paragraph (a) and substituting it with the following new paragraph (a); "in the case of disposal of an asset by sale for cash, means the cash received or contracted to be received, including any contingent amount agreed at the time of disposal".
- (ii) The Taxation Act, Section 15 (1) paragraph (e) has been amended by inserting immediately after the word "trust" the words "in which the individual is a settler of a trust".

### 2. VALUE ADDED TAX (VAT)

The VAT Act has been amended in order to introduce a 16.5% VAT on refined cooking oil.

For more information, you may contact **Gray Balawe, Acting Deputy Commissioner (Technical), Domestic Taxes** on 0888 896 420 or email: [gbalawe@mra.mw](mailto:gbalawe@mra.mw) or **Steven Kapoloma, Head of Corporate Affairs**, on 0888 986 200 or email [skapoloma@mra.mw](mailto:skapoloma@mra.mw).

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COMMISSIONER GENERAL