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IMPLEMENTATION OF ADVANCE INCOME TAX ON IMPORTS



Presentation Outline

- Definition of Advance Income Tax (AIT)
- Imports exempted from AIT
- Implementation Modalities
- Computation of AIT
- Process for Claiming Tax Refund



What is Advance Income Tax (AIT)?

- Advance Income Tax (AIT) is a tax withheld on imported goods for commercial purposes
- It is not a new tax but a method of collecting tax
- You pay AIT as you pay duty based on Customs Value for Duty Purposes (VDP)

Commercial goods are defined as:

- i. Goods imported by persons engaged in business activities
 - ii. Goods not intended for personal, family, home usage
- The determination of commercial goods on the basis of:
 - i. Statement of a person about the imported goods in written form using a goods declaration form
 - ii. Nature and quantity of the goods
 - iii. Frequency of importations by a person



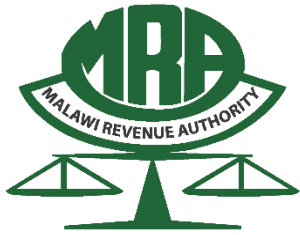
Which imports are exempted from AIT?

- Imports by persons not engaged in business activities
- Imports by a person who has produced a valid Withholding Tax Exemption Certificate (WHTEC) or a valid Tax Clearance Certificate (TCC) issued by the Commissioner General
- Importation made by a Government Ministry, Department or Agency
- Imports by a person who is exempted from tax under the Taxation Act



Computation of AIT

- Advance Income Tax will be computed at the point of entry at the rate of 3% of the Value for Duty Purposes (VDP) of the imported goods
- One would be required to pay AIT at the point of entry through
 1. Mobile banking facilities- like Mo 626
 2. Mobile money services - like Mpamba and Airtel Money
 3. Over the counter bank walk ins - for direct transfer and direct deposit
 4. MRA Cash Offices in some selected offices
- Please, note Advance Income Tax is not a final tax



Refund claim processes for individuals not in business but have suffered AIT

- Refund requests go through a process of assessment to verify the correctness of the request
- The individual should submit an annual Income Tax Return at the end of the charge year accompanied by copies of the following:
 1. Customs & Excise Declaration (Form 12) - Customs assessment notice on which the AIT was charged
 2. For motor vehicles, you need to submit evidence that you are the owner of the vehicle by producing copies of a Blue Book
- When verified and you do not owe MRA tax arrears, a refund would be processed



Thank You!