



**Malawi
Revenue
Authority**

PUBLIC NOTICE

USE OF CONSUMER PRICE INDICES (CPIs) FOR ADJUSTING BASIS OF A CAPITAL ASSET UNDER SECTION 2 OF THE TAXATION ACT

Effective 1st July 2007, Section 2 of the Taxation Act was amended to provide for use of Consumer Price Indices (CPIs) to adjust basis of a capital asset for the purpose of determining capital gain or capital loss upon disposal of the capital asset.

Consumer Price Indices are published by the National Statistical Office (NSO) and are currently available for the years beginning 1970 up to 2022. CPIs for the period of 1970 to 1990 are provided on an annual basis, whereas CPIs for the period of 1991 to date are provided on an annual as well as monthly basis. Annual figures are calculated by averaging the monthly indices.

The updated CPIs have 1970, 1980, 1990, 2000, 2012, 2017 and 2021 as base years. For convenience, MRA provides a continuous CPI series using 1970 as a base year. This facilitates easy calculation of the *Indexation Factor* or multiplier to be used for adjusting the basis of the capital asset.

An Indexation Factor is worked out using Consumer Price Indices as follows:

$$\textit{Indexation Factor} = \frac{\textit{CPI for Disposal Period}}{\textit{CPI for Acquisition Period}}$$

In order to determine the adjusted basis of an asset at the time of disposal, multiply the basis of the asset by the indexation factor. In order to calculate the capital gain or capital loss thereof, simply subtract the adjusted basis from the selling price of the asset as illustrated in the example below the table of CPIs.

Calculating Capital Gain/Capital Loss Using Indexation Factors

1. Determine the indexation factor using the formula:

$$\textit{Indexation Factor} = \frac{\textit{CPI for Disposal Period}}{\textit{CPI for Acquisition Period}}$$

2. Multiply the cost price of the asset by the Indexation Factor to obtain the adjusted basis of the asset.
3. Subtract the adjusted basis from the selling price to get either the capital gain or the capital loss.

4. In the case of a capital gain, the total amount (100%) of the Capital Gain is taxable, provided that where the taxpayer has also incurred a capital loss, the capital gain may be offset by the capital loss and any excess that is not offset by the capital loss is taxable.

5. Calculate 30% provisional tax on the Capital Gain and pay to MRA.

| CONSUMER PRICE INDICES FROM 1970 TO JANUARY 2024 - WITH 1970 AS BASE YEAR | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual |
| 2024 | 652,898.18 | | | | | | | | | | | | |
| 2023 | 483,631.79 | 499,737.31 | 510,663.80 | 498,713.43 | 506,046.75 | 516,091.24 | 525,293.46 | 534,843.63 | 542,976.52 | 561,127.31 | 603,711.98 | 625,647.53 | 534,040.39 |
| 2022 | 384,168.96 | 394,466.17 | 402,167.91 | 387,216.52 | 391,551.27 | 405,452.65 | 409,218.21 | 416,017.89 | 424,975.37 | 442,090.70 | 453,472.94 | 465,234.76 | 414,669.45 |
| 2021 | 342,812.51 | 349,209.22 | 352,502.90 | 334,648.98 | 328,830.58 | 328,230.29 | 328,405.09 | 331,520.24 | 337,666.47 | 348,867.84 | 360,382.99 | 370,912.17 | 342,832.44 |
| 2020 | 318,357.56 | 322,354.22 | 319,958.68 | 306,473.52 | 301,913.35 | 300,986.95 | 302,189.25 | 305,855.53 | 309,954.93 | 317,785.50 | 324,298.25 | 332,569.91 | 313,558.14 |
| 2019 | 286,616.43 | 290,432.92 | 291,530.84 | 280,110.03 | 277,789.30 | 277,369.56 | 279,890.21 | 284,343.76 | 289,287.50 | 295,655.43 | 302,359.96 | 308,951.11 | 288,694.75 |
| 2018 | 263,494.72 | 269,142.49 | 266,648.80 | 256,668.58 | 255,135.39 | 254,536.56 | 256,182.02 | 259,760.23 | 264,876.29 | 269,865.87 | 273,957.00 | 277,018.88 | 263,940.57 |
| 2017 | 243,824.58 | 249,607.83 | 248,499.30 | 225,763.10 | 228,715.44 | 223,457.87 | 219,389.99 | 220,454.61 | 228,917.29 | 232,381.11 | 242,270.49 | 252,081.77 | 234,613.61 |
| 2016 | 206,343.66 | 214,900.03 | 209,405.94 | 204,091.98 | 203,551.58 | 200,759.50 | 199,138.29 | 201,660.17 | 211,117.21 | 214,629.83 | 224,897.47 | 235,435.32 | 210,494.25 |
| 2015 | 167,164.48 | 174,279.78 | 171,577.77 | 168,785.69 | 167,614.82 | 163,561.80 | 161,310.12 | 164,192.27 | 174,279.78 | 178,783.13 | 187,519.64 | 196,256.15 | 172,943.79 |
| 2014 | 137,892.68 | 145,548.39 | 145,188.12 | 142,035.77 | 140,234.43 | 135,010.54 | 132,038.32 | 133,569.46 | 140,414.56 | 143,386.78 | 150,502.07 | 157,167.04 | 141,915.68 |
| 2013 | 109,521.56 | 116,816.99 | 116,997.12 | 114,565.31 | 114,385.18 | 110,152.03 | 107,900.35 | 107,269.88 | 113,484.51 | 116,276.59 | 121,680.61 | 126,634.30 | 114,640.37 |
| 2012 | 83,377.59 | 86,883.28 | 87,128.91 | 85,565.86 | 86,414.37 | 85,320.23 | 85,632.84 | 86,369.71 | 92,912.19 | 95,212.11 | 100,481.83 | 105,505.92 | 90,067.07 |
| 2011 | 75,562.33 | 78,375.82 | 78,219.52 | 76,075.91 | 73,664.34 | 71,051.81 | 70,359.61 | 68,818.89 | 72,391.57 | 72,905.15 | 75,383.70 | 78,398.15 | 74,267.23 |
| 2010 | 70,917.84 | 73,240.09 | 72,994.46 | 71,051.81 | 68,841.21 | 66,384.99 | 65,491.82 | 63,951.10 | 67,188.85 | 67,412.14 | 69,220.81 | 71,409.08 | 69,008.68 |
| 2009 | 65,759.77 | 67,680.09 | 67,367.48 | 65,737.44 | 63,839.45 | 61,718.17 | 61,025.96 | 59,641.55 | 62,789.98 | 63,169.57 | 65,045.23 | 67,188.85 | 64,246.96 |
| 2008 | 59,753.19 | 61,718.17 | 61,517.21 | 60,177.45 | 58,726.04 | 56,917.37 | 56,493.11 | 55,331.99 | 58,413.43 | 58,882.35 | 60,691.02 | 62,455.04 | 59,256.37 |
| 2007 | 55,460.11 | 57,170.73 | 56,858.78 | 55,656.63 | 54,406.44 | 52,459.53 | 51,945.52 | 50,708.09 | 53,432.79 | 53,803.44 | 55,376.71 | 56,810.74 | 54,507.46 |
| 2006 | 50,607.39 | 52,370.52 | 52,334.19 | 51,343.65 | 50,409.84 | 48,725.50 | 48,362.06 | 47,293.71 | 49,895.80 | 50,175.08 | 51,569.07 | 52,827.34 | 50,492.85 |
| 2005 | 43,350.64 | 44,738.86 | 44,886.38 | 44,217.91 | 43,548.66 | 42,268.81 | 42,072.68 | 42,212.39 | 44,691.78 | 45,219.75 | 46,685.98 | 47,968.15 | 44,321.83 |
| 2004 | 38,023.19 | 39,160.38 | 39,074.52 | 38,342.29 | 37,712.14 | 36,484.76 | 36,396.35 | 36,595.05 | 38,601.75 | 39,201.11 | 40,184.33 | 41,158.25 | 38,336.18 |
| 2003 | 34,542.41 | 35,522.11 | 35,283.50 | 34,499.01 | 33,870.39 | 32,690.06 | 32,669.80 | 32,892.31 | 34,792.78 | 34,791.72 | 35,610.47 | 36,188.95 | 34,446.13 |
| 2002 | 31,215.57 | 32,136.43 | 32,008.29 | 31,428.31 | 31,073.19 | 30,123.08 | 30,064.68 | 30,176.49 | 31,854.72 | 31,772.63 | 32,476.50 | 32,959.58 | 31,440.79 |
| 2001 | 27,025.48 | 27,650.37 | 27,307.29 | 27,067.69 | 26,932.97 | 26,048.57 | 26,253.60 | 26,213.45 | 27,596.56 | 28,138.41 | 28,989.11 | 29,564.96 | 27,399.04 |
| 2000 | 21,437.32 | 22,140.68 | 22,393.50 | 21,843.06 | 21,556.52 | 20,849.76 | 20,890.28 | 20,273.19 | 22,206.90 | 23,316.65 | 25,167.35 | 25,876.31 | 22,329.29 |
| 1999 | 16,472.36 | 16,963.03 | 17,380.67 | 17,240.65 | 17,474.00 | 17,061.91 | 16,674.36 | 15,643.06 | 17,080.66 | 17,281.18 | 18,650.51 | 19,104.26 | 17,252.22 |
| 1998 | 10,585.99 | 10,861.27 | 11,095.49 | 11,240.59 | 11,310.41 | 11,192.45 | 11,092.32 | 10,959.01 | 12,521.99 | 13,057.91 | 14,071.28 | 14,894.59 | 11,906.94 |
| 1997 | 8,958.45 | 9,159.98 | 9,242.13 | 9,355.56 | 9,403.61 | 9,334.57 | 9,278.04 | 8,716.08 | 8,752.50 | 8,804.78 | 9,239.28 | 9,728.72 | 9,164.47 |
| 1996 | 8,378.59 | 8,552.39 | 8,605.29 | 8,729.21 | 8,797.22 | 8,776.06 | 8,721.66 | 7,953.92 | 7,867.78 | 7,866.27 | 8,174.57 | 8,448.11 | 8,405.92 |
| 1995 | 4,887.51 | 5,144.43 | 5,339.39 | 5,510.16 | 5,673.38 | 5,809.40 | 6,002.84 | 6,093.52 | 6,474.37 | 6,962.51 | 7,485.42 | 7,916.14 | 6,108.26 |
| 1994 | 2,835.18 | 2,957.59 | 3,055.83 | 3,083.03 | 3,087.57 | 3,033.16 | 3,030.14 | 3,129.88 | 3,376.22 | 3,748.00 | 4,127.33 | 4,524.80 | 3,332.39 |
| 1993 | 2,356.10 | 2,404.46 | 2,424.11 | 2,413.53 | 2,398.42 | 2,372.73 | 2,353.08 | 2,427.13 | 2,531.41 | 2,602.44 | 2,687.07 | 2,726.37 | 2,474.74 |
| 1992 | 1,757.63 | 1,819.59 | 1,825.64 | 1,866.44 | 1,929.92 | 1,905.74 | 2,026.64 | 2,093.14 | 2,165.68 | 2,215.55 | 2,280.54 | 2,303.21 | 2,051.81 |
| 1991 | 1,576.28 | 1,588.37 | 1,594.41 | 1,614.06 | 1,615.57 | 1,627.66 | 1,651.84 | 1,647.31 | 1,653.35 | 1,682.07 | 1,685.09 | 1,692.65 | 1,635.72 |
| 1990 | 1,511.29 | 1,511.29 | 1,511.29 | 1,511.29 | 1,511.29 | 1,511.29 | 1,511.29 | 1,511.29 | 1,511.29 | 1,511.29 | 1,511.29 | 1,511.29 | 1,511.29 |
| 1989 | 1,353.86 | 1,353.86 | 1,353.86 | 1,353.86 | 1,353.86 | 1,353.86 | 1,353.86 | 1,353.86 | 1,353.86 | 1,353.86 | 1,353.86 | 1,353.86 | 1,353.86 |
| 1988 | 1,170.01 | 1,170.01 | 1,170.01 | 1,170.01 | 1,170.01 | 1,170.01 | 1,170.01 | 1,170.01 | 1,170.01 | 1,170.01 | 1,170.01 | 1,170.01 | 1,170.01 |
| 1987 | 890.71 | 890.71 | 890.71 | 890.71 | 890.71 | 890.71 | 890.71 | 890.71 | 890.71 | 890.71 | 890.71 | 890.71 | 890.71 |
| 1986 | 702.64 | 702.64 | 702.64 | 702.64 | 702.64 | 702.64 | 702.64 | 702.64 | 702.64 | 702.64 | 702.64 | 702.64 | 702.64 |
| 1985 | 612.12 | 612.12 | 612.12 | 612.12 | 612.12 | 612.12 | 612.12 | 612.12 | 612.12 | 612.12 | 612.12 | 612.12 | 612.12 |
| 1984 | 532.53 | 532.53 | 532.53 | 532.53 | 532.53 | 532.53 | 532.53 | 532.53 | 532.53 | 532.53 | 532.53 | 532.53 | 532.53 |
| 1983 | 479.70 | 479.70 | 479.70 | 479.70 | 479.70 | 479.70 | 479.70 | 479.70 | 479.70 | 479.70 | 479.70 | 479.70 | 479.70 |
| 1982 | 422.99 | 422.99 | 422.99 | 422.99 | 422.99 | 422.99 | 422.99 | 422.99 | 422.99 | 422.99 | 422.99 | 422.99 | 422.99 |
| 1981 | 388.83 | 388.83 | 388.83 | 388.83 | 388.83 | 388.83 | 388.83 | 388.83 | 388.83 | 388.83 | 388.83 | 388.83 | 388.83 |
| 1980 | 352.20 | 352.20 | 352.20 | 352.20 | 352.20 | 352.20 | 352.20 | 352.20 | 352.20 | 352.20 | 352.20 | 352.20 | 352.20 |
| 1979 | 278.30 | 278.30 | 278.30 | 278.30 | 278.30 | 278.30 | 278.30 | 278.30 | 278.30 | 278.30 | 278.30 | 278.30 | 278.30 |
| 1978 | 240.80 | 240.80 | 240.80 | 240.80 | 240.80 | 240.80 | 240.80 | 240.80 | 240.80 | 240.80 | 240.80 | 240.80 | 240.80 |
| 1977 | 212.00 | 212.00 | 212.00 | 212.00 | 212.00 | 212.00 | 212.00 | 212.00 | 212.00 | 212.00 | 212.00 | 212.00 | 212.00 |
| 1976 | 187.70 | 187.70 | 187.70 | 187.70 | 187.70 | 187.70 | 187.70 | 187.70 | 187.70 | 187.70 | 187.70 | 187.70 | 187.70 |
| 1975 | 167.50 | 167.50 | 167.50 | 167.50 | 167.50 | 167.50 | 167.50 | 167.50 | 167.50 | 167.50 | 167.50 | 167.50 | 167.50 |
| 1974 | 140.00 | 140.00 | 140.00 | 140.00 | 140.00 | 140.00 | 140.00 | 140.00 | 140.00 | 140.00 | 140.00 | 140.00 | 140.00 |
| 1973 | 118.90 | 118.90 | 118.90 | 118.90 | 118.90 | 118.90 | 118.90 | 118.90 | 118.90 | 118.90 | 118.90 | 118.90 | 118.90 |
| 1972 | 112.50 | 112.50 | 112.50 | 112.50 | 112.50 | 112.50 | 112.50 | 112.50 | 112.50 | 112.50 | 112.50 | 112.50 | 112.50 |
| 1971 | 108.30 | 108.30 | 108.30 | 108.30 | 108.30 | 108.30 | 108.30 | 108.30 | 108.30 | 108.30 | 108.30 | 108.30 | 108.30 |
| 1970 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

Examples

1. A house was bought in 1972 at K40,000.00 and is being sold in January 2014 at K55 million. The indexation factor for an asset acquired in 1972 and disposed between January and June 2014 is calculated by dividing the CPI for January 2014 by the CPI for 1972. Using the figures in the table above (CPI for January 2014 = 137,892.68) and CPI for 1972 = 112.50) we obtain 1225.71 as the indexation factor, hence:
 - Multiplying K40,000.00 by 1,225.71, we get **K49,028,400.00**
 - Capital Gain/Loss = K55, 000,000.00 – K49,028,400.00 = **K5,971,600.00 [Capital Gain]**
 - **Provisional Tax Payable = K5,971,600.00 x 30% = K1,791,480.00**
2. A house which cost MK10,000.00 to construct in 1980 is being disposed in July 2014 for MK3.5 million. The indexation factor for an asset acquired in 1980 and disposed in July 2014 is calculated by dividing the CPI for July 2014 by the CPI for 1980. Using the figures in the table above (CPI for July 2014 = 132,038.32 and CPI for 1980 = 352.20) we obtain 374.90, hence:
 - Multiplying K10,000.00 by 374.90 we get **K3,749,000.00**
 - Capital Gain/Loss = K3,500,000.00 – K3,749,000.00 = **(K249,000.00) [Capital Loss]**
 - **No Provisional Tax Payable**
3. A house which cost MK1,000, 000.00 to construct in March 1992 is being disposed in June 2014 for MK85 million. The indexation factor for an asset acquired in March 1992 and disposed in July 2014 is calculated by dividing the CPI for June 2014 by the CPI for March 1992. Using the figures in the table above (CPI for June 2014 = 135,010.54 and CPI for March 1992 = 1,825.64) we obtain 73.95, hence:
 - Multiplying K1,000,000.00 by 73.95 we get **K73,950,000.00**
 - Capital Gain/Loss = K85,000,000.00 – K73,950,000.00 = **K11,050,000.00 [Capital Gain]**
 - **Provisional Tax Payable = K11,050,000.00 x 30% = K3,315,000.00**

The most recent version of the notice may be accessed from www.mra.mw.

For any inquiries, contact **Mr Gray Balawe** on **0888 896 420** or the Taxpayer Service Office of your nearest Domestic Tax Office.

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COMMISSIONER GENERAL