

**The Malawi Gazette Supplement, dated 18th March, 2022, containing  
Bills**

**NOTICE**

The following Bills, for introduction in Parliament, are published for general information.

LILONGWE 18th March, 2022.

**FIONA. KALEMBA**  
*Clerk of Parliament*

**TAXATION (AMENDMENT) BILL, 2022**

**MEMORANDUM**

This Bill seeks to amend the Taxation Act (Cap. 41:01) in order to—

- (a) remove reference to the London Interbank Offered Rate (LIBOR) in the calculation of deemed interest;
- (b) provide for the receipts and accruals that are exempt from income tax;
- (c) provide clarification on what constitutes a commercial building;
- (d) introduce a final withholding tax on income from the sale of tobacco by tobacco clubs, commission for individual insurance and banking agents, winnings from betting and gambling including lotteries;
- (e) prescribe the rate for presumptive tax on commercial passenger carrying vehicles; and
- (f) introduce the requirement for a tax clearance certificate on applications and renewals for export and import license, customs agents' licenses, gaming license and tax and duty waivers.

**TAXATION (AMENDMENT) BILL, 2022**

ARRANGEMENT OF SECTIONS

SECTION

1. Short title
2. Amendment of s.2 to Cap 41:01
3. Amendment of s.27 of the principal Act
4. Amendment of the First Schedule of the principal Act
5. Amendment of the Second Schedule of the principal Act
6. Amendment of the Eleventh Schedule of the principal Act
7. Replacement of the Fourteenth Schedule of the principal Act
8. Replacement of the Fifteenth Schedule of the principal Act

**A BILL**

*entitled*

**An Act to amend the Taxation Act**

ENACTED by the Parliament of Malawi as follows—

Short title

1. This Act may be cited as the Taxation (Amendment) Act, 2022.

Amendment  
of s.2 to Cap.  
41:01

2. The Taxation Act (hereinafter referred to as the “principal Act”) is amended, in section 2, by deleting the definitions of the words “debt” and “equity”.

Amendment  
of s. 27 of the  
principal Act

3. The principal Act is amended, in section 27 by—

(a) deleting subsection (9) and substituting therefor, the following new subsection (9) —

“(9) For the purposes of calculating the interest referred to in subsection (8), the Commissioner General shall—

(a) in case of a domestic loan, apply the prevailing bank rate plus five percent per annum; and

(b) in case of a foreign loan, apply five percent per annum on the United States Dollar equivalent of the loan.”; and

(b) deleting subsection (10) and substituting therefor the following new subsection (10)—

“(10) The Commissioner General shall determine the amount of interest forgone in subsection (9) by using a prevailing bank lending rate plus five percent per annum.”.

Amendment  
of the *First  
Schedule* of  
the principal  
Act

4. The principal Act is amended, in the *First Schedule*, by deleting subparagraph (b) and substituting therefor, the following new paragraphs (b) and (ba)—

“(b) the receipt and accruals of—

(i) land and agricultural banks specifically constituted by any law of Malawi, any board or other body constituted under any such law having as its main object, the fostering or controlling of the primary production, manufacture, or marketing of any commodity, or the stabilizing of the price of any commodity;

(ii) a registered trade union;

(iii) agricultural, mining and commercial institutions or societies not operating for the private pecuniary profit or gain of the members;

(iv) clubs, societies and associations, not being clubs,

societies or associations to which the provisions of section 61 apply, formed, organized or operated solely or principally for social welfare, civic improvement or other similar purposes, if such receipts or accruals, whether current or accumulated, may not be divided amongst or credited to or ensure to the benefit of any member or shareholder;

(v) building societies and friendly societies;

(vi) employees’ savings schemes or funds approved by the Commissioner;

(vii) statutory corporations and bodies and associations

as may be specified by the Minister by notice published in the *Gazette*;

(viii) ecclesiastical, charitable and educational institutions of a public character, and trusts of a public character:

Provided that this paragraph shall not apply to receipts or accruals derived from the carrying on of any business.

(ba) the receipt and accruals of—

- (i) any payments of pension or annuity, whether paid as a lump sum or periodically;
- (ii) a payment on account of ill-health or disability.”

5. The principal Act is amended, in the *Second Schedule*, by inserting, immediately after subparagraph (2), the following new subparagraph (3)—

Amendment of the Second Schedule of the principal Act

“(3) For the purposes of this paragraph, “commercial building” means a shopping centre with a collection of independent retail stores, services, and a parking area conceived, constructed and maintained by a management firm as a unit.”

6. The principal Act is amended, in the *Eleventh Schedule*, by—

Amendment of the Eleventh Schedule of the principal Act

(a) inserting in alphabetical sequence, the following new paragraph (i)—

“(i) in case of presumptive tax for commercial passenger carrying vehicles, at the following rates—

<i>Type of vehicle</i>	<i>Annual Rate</i>
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Motor vehicles of up to sixteen seats, including a driver	K15,000.00
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Motor vehicles of above sixteen seats and less than thirty-three seats, including the driver	K20,000.00”; and
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(b) repealing the APPENDIX and replacing therefor, the following new APPENDIX as follows—

“APPENDIX

A—TABLE OF RATES OF INCOME TAX ON TAXABLE INCOME OTHER THAN EMPLOYMENT INCOME

<i>Annual Taxable Income</i>	<i>Rate</i>
First K1,200,000	0%
Excess of K1, 200,000	30%

B—TABLE OF RATES OF INCOME TAX ON EMPLOYMENT INCOME

<i>Annual Taxable Income</i>	<i>Rate</i>
First K1,200,000	0%
Next K2,760,000	25%
Next K32,040,000	30%”
Next K36,000,000	35%
Excess of K72,000,000	40%.”

Replacement of the Fourteenth Schedule of the principal Act

7. The principal Act is amended, by revoking the Fourteenth Schedule and replacing therefor, the following new Fourteenth Schedule—

“FOURTEENTH SCHEDULE

Table of Withholding Tax—Rate of Deduction

<i>Nature of payment</i>	<i>Notes</i>	<i>Rate of Withholding Tax on gross payment</i>
(a) Royalties		20%
(b) Rents	1	20%
(c) Payment for any supplies to traders and institutions—		
(i) Foodstuff		3%
(ii) Other		3%
(d) Commissions	2	20%
(e) Commissions for individual insurance agents and individual banking agents	3	1%
(f) Payment for carriage and haulage		10%
(g) Payment of tobacco and other farms products		
(i) Sale of tobacco by tobacco clubs	4	1%
(ii) Payment for tobacco and other farm produce		3%
(h) Payment to contractors in the building and construction industries	5	4%
(i) Payment for public entertainment	6	20%
(j) Payment for casual labour—		
(i) payment of up to K35,000		0%
(ii) payment in excess of K35,000		20%
(k) Payment for services		20%
(l) Interest	7	20%
(m) Fees	2	20%
(n) Winnings on betting and gambling including lotteries	8	5%

## Notes:

1. Includes rent for moveable and immoveable 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.
2. Excludes fees and commissions on which P.A.Y.E. is being operated, but includes technical fees and management fees to the extent they do not relate to reimbursement of expenses.
3. The amount of tax so withheld shall be a final tax.
4. The tax withheld from income from sale of tobacco by tobacco clubs shall be a final tax.
5. Includes contractors and subcontractors of any category.
6. Includes payment to musicians, radio and television artist, athletes and theatres, but excludes payments to radio and television artists which are subject to P.A.Y.E.
7. Excludes—
  - (a) interest payable to a person exempt from income tax under the First Schedule;
  - (b) interest payable to a person, not being a person resident in Malawi, whose income is liable to non-resident tax under section 76A of the Act; and
  - (c) interest, however arising, payable by any person to an institution registered under the Banking Act.”
- 8.—(1)“Winnings” means any payment made to any person who wins a bet, a gamble or any gaming activity including lottery.
  - (2) The first K100,000 of winnings from betting and the first K500,000 of winnings from gambling including lotteries shall not be chargeable to tax.
  - (3) Withholding tax shall be charged on winnings—
    - (i) in excess of K100,000, where the winnings are from betting; and
    - (ii) in excess of K500,000, where the winnings are from gambling including lotteries.
  - (4) The tax withheld from winnings shall be a final tax.”
8. The principal Act is amended, by revoking the Fifteenth Schedule and replacing therefor, the following new Fifteenth Schedule—

Replacement  
of the  
Fifteenth  
Schedule of  
the principal  
Act

## “FIFTEENTH SCHEDULE

List of transactions in respect of which a tax clearance certificate is required—

1. Transfer of land and building.
2. Application or renewal of Certificate of Fitness for commercial vehicles.
3. Renewal of Business Residence Permit.
4. Application or renewal of professional business licences and permits of medical practitioners or dentists, legal practitioners, engineers, architects and accountants who are engaged in private practice on his or her own behalf as a private practice or in partnership with another private practitioner.
5. Application or renewal of a customs agent licence.
6. Application or renewal of a certificate of registration under the National Construction Industry Act.
7. Transfer of a company as a going concern.
8. Externalization of funds to non-resident service providers whose source is deemed to be Malawi.
9. Renewal of Temporary Employment Permits.
10. Renewal of business licences by the Ministry responsible for industry and trade and Councils under local government areas.
11. Application and renewal of export and import licenses.
12. Renewal of tourism licences by the Ministry responsible for tourism.
13. Renewal, extension or transfer of mining licences, or transfer of mineral rights by the Ministry responsible for energy and natural resources.
14. Renewal of telecommunications licences by the Malawi Communications Regulatory Authority.
15. Renewal of energy licences by the Malawi Energy Regulatory Authority.
16. Application or renewal of a licence for gaming premises.
17. Application or use of a Customs Procedure Code by a privileged organisation.
18. Change of ownership of a company.
19. Renewal of registration of public transport conveyances by the Road Traffic Directorate.

20. Supply of goods or services to Malawi Government and its agencies.”.

OBJECTS AND REASONS

The objective of this Bill is to amend the Taxation Act (Cap. 41:01) in order to—

- (a) remove reference to the London Interbank Offered Rate (LIBOR) in the calculation of deemed interest;
- (b) provide for the receipts and accruals that are exempt from income tax;
- (c) provide clarification on what constitutes a commercial building;
- (d) introduce a final withholding tax on income from the sale of tobacco by tobacco clubs, commission for individual insurance and banking agents, winnings from betting and gambling including lotteries;
- (e) prescribe the rate for presumptive tax on commercial passenger carrying vehicles; and
- (f) introduce the requirement for a tax clearance certificate on applications and renewals for export and import license, customs agents’ licenses, gaming license and tax and duty waivers.

THABO CHAKAKA-NYIRENDA  
*Attorney General*



**VALUE ADDED TAX (AMENDMENT) BILL, 2022**

**MEMORANDUM**

This Bill seeks to amend the Value Added Tax Act (Cap. 42:02) in order to—

- (a) abolish the withholding VAT agent scheme;
- (b) exempt essential items such as cooking oil, tap and well water and sanitary towels (pads) from value added tax; and
- (c) introduce value added tax on moulds for plastics or rubber.

**VALUE ADDED TAX (AMENDMENT) BILL, 2022**

ARRANGEMENT OF SECTIONS

SECTION

1. Short title
2. Amendment of section 2 to Cap.42:02
3. Repeal of Part IIIA of the principal Act
4. Amendment of section 30 (1) of the principal Act
5. Amendment of section 34 of the principal Act
6. Amendment of section 37 of the principal Act
7. Amendment of section 38 (1) of the principal Act
8. Amendment of section 46 of the principal Act
9. Amendment of section 59 of the principal Act
10. Amendment of the First Schedule to the principal Act

**A B I L L**

*entitled*

**An Act to amend the Value Added Tax Act**

ENACTED by the Parliament of Malaŵi as follows—

1. This Act may be cited as the Value Added Tax (Amendment) Act, 2022. Short title
2. The Value Added Tax Act (hereinafter referred to as the “principal Act”) is amended, in section 2, by deleting the definition of the word “withholding agent”. Amendment of s.2 to Cap.42:02
3. The principal Act is amended, by repealing Part IIIA. Repeal of Part IIIA of the principal Act

Amendment of s.30 (1) of the principal Act

4. The principal Act is amended, in section 30 (1), by deleting paragraph (d).

Amendment of s.34 of the principal Act

5. The principal Act is amended, in section 34, by deleting, wherever it appears in that section, the words “or withholding agent”.

Amendment of s.37 of the principal Act

6. The principal Act is amended, in section 37, by repealing subsection (4).

Amendment of s.38 (1) of the principal Act

7. The principal Act is amended, in section 38 (1), by deleting the words “or withholding agent” immediately after the words “taxable person”.

Amendment of s.46 of the principal Act

8. The principal Act is amended, in section 46, by repealing subsection (2).

Amendment of s.59 of the principal Act

9. The principal Act is amended, in section 59—

(a) in the marginal note, by deleting word “withholding”; and

(b) by deleting the words “or withholds Valued Added Tax on payment to a supplier of taxable goods or services” appearing immediately after the words “taxable person”.

Amendment of First Schedule to the principal Act

10. The principal Act is amended, in the *First Schedule*, by—

(a) inserting, immediately after paragraph 3(g), a new paragraph (ga), as follows—

“(ga) cooking oil under the Customs Tariff Subheadings 1507.90.00, 1508.90.10 to 1508.90.90, 1511.90.11 to 1511.90.90 and 1512.19.00 to 1512.29.00”;

(b) inserting, in the correct numerical order, a new paragraph 4, as follows—

“4 Water

Exemption covers non-mineral or aerated water without additives (tap or well) under customs tariff subheading 2201.90.90”;

(c) deleting, under subparagraph (aaa), customs tariff subheadings “8480.71.00” and “8480.79.00”;

(d) deleting, under paragraph 18, the words “Syringes with or without needles under Customs Tariff Heading—9018.31.00.”; and

(e) inserting, in the correct numerical order, a new paragraph 27, as follows—

**“27. Sanitary Towels and Tampons**

Exemption covers sanitary towels (pads) and tampons under customs tariff subheading 9619.00.10”.

OBJECTS AND REASONS

The object of this Bill is to amend the Value Added Tax Act (Cap.42:02) in order to—

- (a) abolish the withholding VAT agent scheme;
- (b) exempt essential items such as cooking oil, tap and well water and sanitary towels (pads) from value added tax; and
- (c) introduce value added tax on moulds for plastics or rubber.

THABO CHAKAKA-NYIRENDA  
*Attorney General*

**MALAWI REVENUE AUTHORITY (AMENDMENT) BILL, 2022**

**MEMORANDUM**

This Bill seeks to amend the Malawi Revenue Authority Act (Cap.39:07) in order to change the dates of the financial year for the Malawi Revenue Authority, to be in line with the Government financial year.

MALAWI REVENUE AUTHORITY (AMENDMENT) BILL, 2022

ARRANGEMENT OF SECTIONS

SECTION

1. Short title
2. Replacement of s. 23 to Cap. 39:07

**A B I L L**

*entitled*

**An Act to amend the Malawi Revenue Authority Act**

ENACTED by the Parliament of Malawi as follows—

Short title

1. This Act may be cited as the Malawi Revenue Authority (Amendment) Act, 2022.

Replacement  
of s. 23 to  
Cap. 39:07

2. The Malawi Revenue Authority Act is amended, by repealing section 23 and replacing therefor, the following new section 23—

“Financial  
year

23. The financial year of the Authority shall be a period of twelve months, commencing on 1st April in each year, and ending on 31st March in the following year, or on such other dates the Minister may specify by Order published in the *Gazette*:

Provided that where the Minister specifies otherwise, the financial year of the Authority may be such shorter or longer period than twelve months as the Minister shall determine but being not less than six months nor more than eighteen months.”

## OBJECTS AND REASONS

This Bill seeks to amend the Malawi Revenue Authority Act (Cap.39:07), in order to change the dates of the financial year for the Malawi Revenue Authority, to be in line with the Government financial year.

THABO CHAKAKA-NYIRENDA  
*Attorney General*