

MALAWI GOVERNMENT

(Published 13th August, 2021)

Act

No. 4 of 2021

I assent

DR. LAZARUS MCCARTHY CHAKWERA
PRESIDENT

5th AUGUST, 2021

ARRANGEMENT OF SECTIONS

SECTIONS

1. Short title
2. Replace of s.91A to Cap. 41:01
3. Replacement of s.102B of the principal Act
4. Amendment of the Eleventh Schedule of the principal Act
5. Amendment of the Fourteenth Schedule of the principal Act

An Act to amend the Taxation Act

ENACTED by the Parliament of Malawi as follows—

1. This Act may be cited as the Taxation (Amendment) Act, 2021. Short title

2. The Taxation Act (hereinafter referred to as the "principal Act") is amended, by repealing section 91A and replacing therefor the following new section 91A— Replacement of s. 91A to Cap. 41:01

"Presumptive tax on turnover

91A.—(1) Notwithstanding any other provision of this Act, a tax to be known as presumptive income tax on turnover shall be payable by any person whose income from business is accrued in or derived from Malawi, and such income does not exceed K12,500,000 during any year of assessment:

Provided that a person who would otherwise be liable to pay tax under this section may, by notice in writing addressed to the Commissioner, elect not to be subject to presumptive tax on turnover, in which case the other provisions of this Act shall apply to such person.

(2) The presumptive tax on turnover for each year of assessment shall be payable quarterly at the rates specified in the Eleventh Schedule.

(3) Notwithstanding subsection (1), presumptive tax on turnover tax shall not apply to—

(a) rental income and management or professional fees or training fees;

(b) the income of incorporated companies; and

(c) any income which is subject to a final withholding tax under this Act.

(4) For the better carrying out of the provisions of this section, the Minister may prescribe rules and regulations governing the administration of presumptive tax on turnover.”

Replacement of s. 102B of the principal Act

3. Section 102B of the principal Act is repealed and replaced with the following new section 102B—

“Advance income tax on imports

102B.—(1) Any person who imports goods shall be required to pay, in advance, income tax at three *per centum* of the customs value of the goods for duty purposes at the port of entry into Malawi.

(2) Advance income tax shall be charged and payable on the importation of goods and for that purpose any written law applicable to collection of customs duties and other taxes on importation of goods shall apply with modifications as are necessary.

(3) A person who imports goods or the importation of goods shall be exempted where—

(a) the person imports goods intended for personal, family, home and other needs of a person not engaged in business activities, and imports shall be acknowledged by the customs authority as goods for personal use on the basis of—

(i) statement of a person about the imported goods in oral or written form using a passenger customs declaration;

(ii) nature and quantity of the goods; and

(iii) frequency of importations by a person;

(b) the person has produced a valid Withholding Tax Exemption Certificate or a valid Tax Clearance Certificate issued by the Commissioner General;

(c) the importation is made by a Government Ministry, Department or Agency; or

(d) the person is tax exempt under this Act.”

4. The Eleventh Schedule to the principal Act is amended—
- (a) by deleting paragraph (g) and substituting therefor the following new paragraph (g)—
- “(g) in case of presumptive tax on turnover, at the following rates—

Amendment of the Eleventh Schedule to the principal Act

<i>Turnover</i>	<i>Rate</i>
Income not exceeding K4,000,000	K0
Income above K4,000,000 but not exceeding K7,000,000	K110,000.00
Income above K7,000,000 but not exceeding K10,000,000	K170,000.00
Income above K10,000,000 but not exceeding K12,500,000	K225,000.00”;

- (b) by deleting the APPENDIX and replacing therefor a 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%
Next K34,800,000	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 K10,800,000	25%
Next K24,000,000	30%
Next K36,000,000	35%
Excess of K72,000,000	40%”.

Amendment of the Fourteenth Schedule to the principal Act

5. The Fourteenth Schedule to the principal Act is amended, by deleting note 6 and substituting therefor the following new note 6—

“6.—(1) “Winings” means any payment made to any person who wins a bet, a gamble or any gaming activity including lottery.

(2) Withholding tax shall be charged on winnings in excess of K100,000.”.

Passed in Parliament this thirtieth day of June, two thousand and twenty-one.

FIONA KALEMBA
Clerk of Parliament