



# PAYMENT OF THE TEVET LEVY

## BACKGROUND

The TEVET Authority and Malawi Revenue Authority (MRA), in keeping with the spirit of the Public Service reforms being undertaken by the Malawi Government in the Public Sector, has signed a Memorandum of Understanding in which the latter will be responsible for collecting TEVET Levy on behalf of TEVET Authority, with effect from 1<sup>st</sup> November, 2015.

The new TEVET Levy collection approach is expected to enhance the levy collection base and therefore enable the TEVET Authority fulfill its mandate with efficiency. The development will also enable TEVET Authority to concentrate on its core business of regulating Technical, Entrepreneurial and Vocational Education and Training in the country.

## WHAT IS THE TEVET LEVY?

Section 20 (1) and (2) of the TEVET Act creates a TEVET Payroll levy into which "every employer" must pay "the sum of money equal to one per centum of the basic payroll in respect of the previous year". This levy forms part of the TEVET Fund that is supposed to finance programmes approved by the Board of the TEVET Authority as defined in the TEVET Act.

## WHO IS SUPPOSED TO PAY THE TEVET LEVY?

The TEVET Act enjoins upon every employer to pay 1% of basic payroll into the TEVET Fund.

## WHAT IS "BASIC PAYROLL"?

The TEVET Act defines "basic payroll" as "total basic annual emoluments paid by the employer to the employee." The term "basic payroll" is not the same as "basic salary" but the law connects "payroll" with "emoluments" which is a much broader term than basic salary. Emoluments cover a wide range of employer's cost in return for services rendered by the employee. These include basic Pay/Salary, gratuities & other terminal benefits; Bonuses; Overtime; Car Allowance; House Allowance; Telephone Allowance; Guard Allowance; Utilities Allowance; Settling-in Allowance; Passage/Airfare that is subject to PAYE; Children's Fees Allowance; Risk/Hardship Allowance; Domestic Servant Allowance; Acting/Responsibility Allowance and Leave Grants.

The above list is not exhaustive and any similar payments to employees on which PAYE is assessed must also be included when computing the basis for the TEVET Levy.

## WHO IS AN EMPLOYER?

The Employment Act (2000) defines the term "Employer" as "any person, body corporate, undertaking, public authority or body of persons who or which employs an employee and includes heirs, successors and assignees of the employer." For purposes of the TEVET levy payment, an employer is any registered organization/company that employs people and pays them salaries/wages.

## WHAT RECORDS ARE EMPLOYERS EXPECTED TO KEEP?

Section 25 of the TEVET Act expects every employer to keep and maintain "at his principal place of business in Malawi" an up-to-date record of their payroll for all their employees and make that record available for inspection by an inspector authorized by the TEVET Authority. The payroll records should be the same records that are used for PAYE tax purposes.

## FOR WHICH PERIOD IS THE TEVET LEVY PAYABLE?

The TEVET levy is payable in one year in respect of the payroll records of the previous year. In other words, the TEVET levy for the financial year from 1<sup>st</sup> July 2015 to 30<sup>th</sup> June 2016 is based on payroll records for the period 1<sup>st</sup> July 2014 to 30<sup>th</sup> June 2015. This means TEVET levy is assessed on previous year payroll records.

## WHAT PAYMENT METHOD IS THE MRA AND TEVETA ENCOURAGING?

Employers are being encouraged to do self-assessment of their payroll costs and make a payment of amounts so assessed. In self-assessment, employers are supposed to fill in an Employer Data Form (EDF)

## WHAT ARE THE STEPS FOLLOWED IN LEVY PAYMENT?

1. Get the Employers Data Form (EDF) from MRA offices, TEVETA Secretariat and regional centres, MRA and TEVETA websites or through email. These forms will soon be available at standard bank enquiries desks
2. Fill the EDF in full in triplicate. The form will assist you to self-assess and determine your gross emoluments (salaries and all payroll allowances). This form will be useful when MRA/TEVETA come to verify if you are indeed paying the right amount. Send the copies of your form to MRA and also to TEVETA offices as designated on the EDF.
3. After calculating the gross emoluments, calculate TEVET Levy which is 1% of that total.

## WHAT PENALTIES ARE DEFINED FOR THOSE WHO BREACH THESE PROVISIONS?

Section 21 and 22 of the TEVET Act defines stiff penalties for those who fail to pay the levy as defined. The penalties include an additional 20% charge for unpaid amounts and other civil processes at the civil courts.

For those who fail to provide correct information, the penalties extend to fines and imprisonment as the case may be determined by the courts.

## FOR FURTHER ENQUIRIES CONTACT:

Joseph Kampondeni on 01 773 784/0888877897,  
email [jkampondeni@tevetamw.com](mailto:jkampondeni@tevetamw.com)

Or Wilma Chalulu on 01827780/0998955028,  
email: [wchalulu@mra.mw](mailto:wchalulu@mra.mw)

Or

**ALL MRA AND TEVETA OFFICES**

Levy declaration for basis period \_\_\_\_\_  
 TPIN \_\_\_\_\_

**SECTION 1: BASIC INFORMATION** – Please provide the required information in the blank spaces below:

1.	Employer's Name			
2.	Sector of the Industry			
3.	Employer's Postal address			
4.	Employer's Physical address			
5.	Location details (street name, building name, etc.)			
6.	District			
7.	Phone number			
8.	E-mail:			
9.	Contact person/office			
10.	Number of Employees	Male:	Female:	Total:

**SECTION 2: PAYROLL INFORMATION** – Please provide gross emoluments of the basis year by months as follows:

Month	Emoluments
July 20...	
August 20...	
September 20...	
October 20...	
November 20...	
December 20....	
January 20...	
February 20...	
March 20...	
April 20...	
May 20...	
June 20...	
<b>Total gross emoluments paid (basis of TEVET levy calculation)</b>	

**SECTION 3: CALCULATION OF TEVET LEVY**

<b>Calculate the TEVET levy amount</b>	
Take 1% of total in Section 2 above (TEVET levy for the year)	

**SECTION 4: DECLARATION**

Name of Officer providing information: \_\_\_\_\_  
 Designation of Officer: \_\_\_\_\_

I declare that the information that I have prepared on behalf of \_\_\_\_\_  
 (Name of Employer) is true and can be verified objectively by any independent person that may  
 be appointed by the TEVET Authority.  
 Signature of Officer: \_\_\_\_\_ Date: \_\_\_\_\_



Official Stamp/Seal in this place

**SECTION 5: DISSEMINATION OF EMPLOYER DATA FORM**

Please send two duly filled Employer Data Forms to addresses as follows:

<b>Copy 1 to:</b> The Director of Finance, TEVET Authority, TEVETA House, Capital City, Private Bag B406, Lilongwe 3.	<b>Copy 2 to:</b> The Commissioner of Domestic Taxes, Malawi Revenue Authority, Msonkho House, Private Bag 247, Blantyre.
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**SECTION 6: PAYMENT OF TEVET LEVY INTO THE TEVETA ACCOUNT BY STAKEHOLDERS**

Payment calculated in **Section 3** above shall be deposited in the bank account as follows:

Account Name : TEVET Authority  
 Bank Name : Standard Bank  
 Bank Branch : Capital City  
 Type of Account : Malawi Kwacha (Current Account) :  
 Account Number : 9100004186211  
 Swift code : SBICMWMX

If any Standard Bank branch is not available in your location, take the payment to the Malawi Revenue Authority Station nearest to you where you will get a TEVETA/MRA Receipt for your payment of the TEVET levy.

Once you deposit the cheque or cash into the TEVETA Account, you will receive a printed acknowledgement receipt of your payment at the Standard Bank branch.

Please stamp this form with your official stamp or seal