

NOTICE

~~ADVERT~~
Be checked and
Kulereka
RK

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

LILONGWE, 29th June, 2007

M. M. KATOPOLA
Clerk of Parliament

VALUE ADDED TAX (AMENDMENT) BILL, 2007

MEMORANDUM

The Bill seeks to amend the Value Added Tax Act in order to---

- (a) bring into consistency section 36 (1) (b) with the other provisions in the Act by substituting the period of three (3) years with six (6) years;
- (b) provide alternative penalty for the offence under section 61;
- (c) remove VAT on buses with the seating capacity of forty-five (45) or more persons, including the driver;
- (d) zero rate building materials for construction of factories and adjoining warehouses to promote and encourage investment in Malawi; and
- (e) zero rate goods for use in the tourism industry to promote and encourage tourism in Malawi.

VALUE ADDED TAX (AMENDMENT) BILL, 2007

ARRANGEMENT OF SECTIONS

SECTION

1. Short title and commencement
2. Amendment of s. 36 (1) of Act No. 7 of 2005
3. Amendment of s. 61 of the principal Act
4. Amendment of the Second Schedule to the principal Act

A BILL

entitled

An Act to amend the Value Added Tax Act

ENACTED by the Parliament of Malawi as follows—

1. This Act may be cited as the Value Added Tax (Amendment) Act, 2007, and shall come into operation on 1st July, 2007. Short title and commencement
2. The Value Added Tax Act (hereinafter referred to as the “principal Act”) is amended, in the proviso to section 36 (1) (b), by deleting the words “three years” and substituting therefor the words “six years.” Amendment of s. 36 (1) of Act No. 7 of 2005
3. Section 61 of the principal Act is amended in subsection (1), by inserting therein, after the words “committed the offence”, the following new words, “or K50,000, whichever is the greater.” Amendment of s. 61 of the principal Act
4. The Second Schedule to the principal Act is amended, by adding thereto, the following new paragraphs, in the correct numerical sequence, as paragraphs 11, 12, 13 and 14— Amendment of the Second Schedule to the principal Act

“Buses

11. Zero rating covers buses with seating capacity of forty-five (45) or more persons, including driver under Customs Tariff Subheadings 8702.10.30 and 8702.90.30.

Military Equipment

12. Zero rating covers military equipment including vehicles, armoured vehicles, uniforms and appointments for air force, military or naval personnel for use of the Malawi Defence Force, Malawi Police Service, Prisons and Immigration as specified in Customs Procedure Codes 4000.421 and 4071.421.

Building Materials for Factories and Warehouses

13. Zero rating covers building materials for construction of factories and adjoining warehouses as specified in Customs Procedure Codes 4000.425 and 4071.425.

Goods for use in Tourism Industry

14. Zero rating covers goods for use in the tourism industry as specified in Customs Procedure Codes 4000.442 and 4071.442 including the following—

(a) building materials, industrial catering equipment, motor boats, scuba diving, jet skis, kayaks, wind surfers, pedallos and marked linen; and

(b) glass, china porcelain, earthenware and stone articles of tableware; enamelware and hollowware for table use, electro plated nickel-silver and plated ware, knives, forks, spoons and similar articles for cutlery.”.

OBJECTS AND REASONS

The object of this Bill is to amend the Value Added Tax Act in order to

- (a) re-align section 36 (1) with other provisions in the Act;
- (b) provide alternative penalty in section 61 of the Act; and
- (c) remove VAT or zero rate the items specified in the Act.

JANE M. ANSARI, Ph.D.
Attorney General