



Botswana - Mixed (Common and Civil law)





Click request a call for a free, no obligation consultation. In a hurry? Click incorporate now, and startup your company immediately.

# Incorporating a company in Botswana

#### INC@RPORATIONS.IO

#### Botswana taxes

If you want to do business in Botswana, reading this will help you becoming knowlegeable on the specific tax laws and rates for a LLC which is the most common legal entity in Botswana.

Botswana taxes corporate income on a territorial basis. This means that income earned abroad, from our research, but seek professional advice, is not subject to taxation. However, dividends and interests received from foreign entities are taxed on an accrual basis, with a tax credit available for foreign withholding tax paid. The effective tax rate on a LLC entity is 22%. This ranks Botswana as 88th when compared to CIT globally.

The value added tax (VAT) rate in BW is 12.00%, that ranks Botswana as 64th overall with regards to VAT globally. In terms of other taxation, there are no social security contributions. The overall complexity of the tax system is low. This is measured by average time to comply with a country's labor tax requirements is as it is 40hours. Contributing to this is the number of yearly labor tax payments, which is 4 in BW.

Thin capitalization rules are in play. This refers to any type of restrictions on a business and the debt-to-asset ratios. Dividends paid to resident companies are subject to a withholding tax of 7.5%. Dividends received from residents are exempted. Dividends are payments of a company profit, established by the board of directors, to a particular class of shareholders. Dividends can be one of the following stock, cash, or property. Capital Gains are considered business ordinary income and taxed at the standard CIT rate. However, an exemption may apply to gains on the disposal of shares on a company traded in the Botswana Stock Exchange. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 15%. Which means that the taxman expects legal entities to pay tax on at least 15% of interests remitted abroad. The dividends withholding tax rate is 7.5%. This should be interpreted usually that the relevant tax authorities expects relevant legal entities to pay tax on at least 7.5% of money remitted abroad on dividend payments. Royalties withholding tax rate is 15%. Which means that taxman expects relevant legal entities withhold 15% of royalty payments remitted abroad. Taxes may be reduced under a tax treaty.

There is no known tax on wealth in Botswana. There are inheritance, real estate and transfer taxes in Botswana. We are not aware of any commonly used R&D intitiatives that provide tax relief in BW.

The above is not tax or legal advice for your company's facts and circumstance. We are able to help you to find to a lawyer in Botswana who can give you the proper advice and help you need. Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Botswana is 12% which ranks 61 in the world.

- Patent box
- **X** RND credit
- × Wealth tax
- Estate tax
- ✓ Transfer taxes
- **X** Asset taxes
- Capital duties

- 23 Tax treaties
- 0% Offshore Tax
- 22% Corp rate
- Loss carryback years
- 40 Corporate time
- 12% VAT rate
- 22% Capital gains
- No A EOI planned

### Botswana Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in Botswana is mixed (common and civil law) law. You will want to get some local advice as to how to best structure a company in Botswana. E-signatures are allowed.

The country code BW is for Botswana and the most common legal entity structure in Botswana is a LLC.

The average time to incorporate is 12 weeks to incorporate a LLC in BW. The types of currencies you can use to fund your legal entity is often any legal currency.

Yes, one is allowed to re-domicile a LLC from BW. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in BW by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is allowed, up to 100% of the ownership of the LLC.

A LLC is only required to have 1 director on the board. Furthermore, corporate directors are not permitted. Directors are disclosed publicly. There is a requirement to have annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for an agent which can receive litigation or other legal process on behalf of the company. Moreover, a corporate secretary is a requirement.

There is a requirement to file accounts to relevant authorities. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think Botswana is a bad option and have given it a score of 22 as an IO score, using the Incorporations.IO proprietary formula.

- X Directors not disclosed in a public registry
- X Shareholders not disclosed in a public registry
- Redomiciliation permitted
- Registered office required
- × Corporate director permitted
- Local Secretary not required
- **X** Local Director not required
- ✓ Electronic signature

- Shareholders required
- Directors required
- 12 weeks to form

#### INC@RPORATIONS.IO



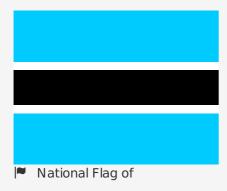
Botswana - Mixed (Common and Civil law)



**C**Onsultation

Click request a call for a free, no obligation consultation. In a hurry? Click incorporate now, and startup your company immediately.

## Country Info



Republic of Botswana (eng)

Lefatshe la Botswana (tsn)

\$ Currency

**BWP** 

Area Code

+267

**U**Capital

Gaborone

★ Region

Southern Africa

Native Languages

**English** 

Tswana