



## Deloitte Africa Tax & Legal

### Botswana income tax update: Transfer pricing documentation now due

Affected taxpayers in Botswana are required, by the Botswana Unified Revenue Service (BURS), to submit their transfer pricing documentation together with their annual tax return in respect of the 2019 tax year-end. For taxpayers with a 31 December 2019 year-end this submission obligation falls due on 30 April 2020. Affected taxpayers with other year-ends will need to submit their transfer pricing documentation whenever their 2019 annual tax return is due.

#### Background

- Botswana introduced Transfer Pricing (TP) regulations on 12 July 2019 through Statutory Instrument No. 80 of 2019. The regulations are based on the Organisation for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines for Multinational Enterprises and Tax Administration (OECD Guidelines).
- Under these regulations, taxpayers are obliged to prepare, maintain and submit contemporaneous transfer pricing documentation. This documentation must evidence the arm's length nature of related party transactions.
  - S.I No. 80 of 2019 provides detailed breakdown of what the document should contain.
- Taxpayers subject to this requirement: all direct and indirect transactions with "connected persons", with domestic transactions being limited only to transactions relating to an International Financial Service Centre Company.

#### What do we know so far?

- As this is the first year of compliance we anticipate "teething challenges" from the development of the compliance documentation, its implementation as well as its submission to BURS.
- No guidance has been provided by BURS on whether the TP documentation will be submitted online or manually. However, note there is currently no mechanism for submitting online.

- At time of publication BURS had not yet communicated an extension or holiday on the submission of annual tax return or TP documentation. One is however eagerly awaited in light of the current lockdown.

### What can Deloitte do for you?

- Let us start the conversation to:
  - determine whether you are affected by these regulations
  - assist you in developing a work plan

***NB: Although practising social distancing, we are available to answer any questions you might have over this lockdown period.***

### Deloitte Contacts:

For more information on the topic covered in this newsletter please do not hesitate to contact:

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