

TAX CLEARANCE CERTIFICATE

Taxpayers must produce a Tax Clearance Certificate in order to bid for public tenders. This has been a procedural matter so far. But effective from the 1st July 2011, this practice has not become a part of Botswana Income Tax Act.

The Commissioner General is NOW REQUIRED to issue Tax Clearance Certificate WITHIN 2 WEEKS from the date of application for the certificate if:-

- All returns are up to date; AND
- There is no tax liability on any tax head; OR
The taxpayer has made satisfactory arrangements to clear his tax arrears and to submit the outstanding returns.

However, Commissioner-General may deny issuing tax clearance certificate upon giving reasons for such denial such as:-

- Unsecured tax debt.
- Past record of non- compliance.
- Dishonoured cheques meant to pay for the tax arrears but not made good for a long time.
- Past record of failure to pay instalments as agreed with the Commissioner General.
- Taking long periods to clear tax arrears or never able to clear outstanding tax balances at any one time.
- The taxpayer has been repeatedly audited or investigated for tax fraud.

The taxpayer may object to the denial by the Commissioner General to issue a Tax Clearance Certificate if the denial does not recognize that:-

- The taxpayer has made satisfactory arrangements by applying for an extension of time to pay a lump sum by a certain date given cash flow constrains.
- The taxpayer has applied for payment by instalments as provided for in the Act and has provided undisputable evidence for funds inflow by which to meet the instalments.
- The taxpayer has shown what adverse effect would ensure to the running of the business where the business's source of income is tender – based.
- The taxpayer is compliant but is only a slow payer.

For more information or details please contact our offices at **3939290** or alternatively please visit us at:

**Plot 157, Unit 4
GICP,
Gaborone**