



Malawi Revenue Authority

PUBLIC NOTICE

NEW MEASURES FOR DOMESTIC TAXES

The Taxation (Amendment) Act and the Value Added Tax (VAT) Amendment Act have been published in the Malawi Government Gazette. The amendment laws were assented to by President Dr. Lazarus Chakwera on 31st October 2020 and gazetted on 3rd November 2020. The effective date of the new tax measures is 3rd November 2020. The amended taxation laws cover the following new tax measures;

1. TAXATION ACT

A. INCOME TAX

The Eleventh Schedule to the Taxation has been amended and the amendments are as follows;

(a) Pay As You Earn (PAYE) for individuals will be charged as follows;

| Taxable Income | Rate |
|----------------------|------|
| First K100,000 | 0% |
| Next K2,900,000 | 30% |
| Excess of K3,000,000 | 35% |

(b) Taxable income charged at **30%** for ecclesiastical, charitable or educational institutions of a public character or of trusts.

(c) Taxable income charged as follows for taxpayers with mining projects;

- o **30%** provided that an additional tax of **5%** of taxable income charged for taxpayers whose companies are not incorporated in Malawi and the taxpayers are not resident in Malawi
- o An additional resource rent tax at a minimum rate of **15%** on after-tax project resource rent

(d) Taxable income charged at **30%** for life insurance business

B. WITHHOLDING TAX

The Fourteenth Schedule to the Taxation Act has been amended as follows;

- Introduced **20% Withholding Tax** on winnings from betting and gambling transactions including lotteries "Winnings." Winnings means any payment made to any person who wins a bet or a gamble including lottery
- Increased tax-free threshold for casual labour from **K15,000** to **K35,000** per transaction
- Payment in excess of **K35,000** for casual labour charged at **20%**
- Increased Withholding Tax on rent from **15%** to **20%**. Rent includes rent for movable and immovable property whether paid under a lease or otherwise but excludes rent payable by an individual whose source of income is only from employment and the rent is payable in respect of property used as a dwelling house.
 - o Increased Withholding Tax on fees from **10%** to **20%**
 - o Introduced **3%** payment for other farm produce

C. OTHER AMENDMENTS

- (e) Amended Section 2, the definition of the word "amount realized" by deleting paragraph (a) and substituting it with the following new paragraph (a): "in the case of disposal of an asset by sale for cash, means the cash received or contracted to be received, including any contingent amount agreed at the time of disposal"
- (f) Amended Section 15 (1) paragraph (e) of the Taxation Act by inserting immediately after the word "trust" the words "in which the individual is a settler of a trust"

2. VALUE ADDED TAX (VAT)

- o Introduced **16.5% VAT** on refined cooking oil to allow manufacturers to claim input VAT

For more information, you may contact **Gray Balawe, Acting Deputy Commissioner (Technical), Domestic Taxes** on 0888 896 420 or email gbalawe@mra.mw or **Steven Kapoloma, Head of Corporate Affairs**, on 0888 986 200 or email skapoloma@mra.mw.

John S. Biziwick
COMMISSIONER GENERAL