TAX GUIDE FOR INVESTORS

1. General
The content of this document provides a summary of the Swaziland tax implications that must be considered by an entity whether it is incorporated outside or inside Swaziland that wants to set up business in Swaziland.

2. Taxation

2.1 General principles

2.1.1 Source
Swaziland taxes on a source basis system, in terms of which income from a source within or deemed to be within Swaziland will be subject to taxation in Swaziland. In section 7 and 11 of the Income Tax Order are definitions of gross income and deemed gross income, respectively. Through these sections (including the various withholding tax provisions appearing hereunder) all income sourced in Swaziland is taxable in Swaziland.
"Gross income "means the total amount whether in cash or otherwise received by or accrued to or in favor of any person, excluding such receipts or accruals of a capital nature from any source within Swaziland. The exclusion of Capital in the Income Tax of Swaziland shows that there no Capital gains tax in Swaziland.
Taxation on Source, while other countries tax on Worldwide bases (All income and receipts of residents of country X are taxable in country X), may lead to case of double taxation. This double taxation is eliminated through the conclusion of Double Taxation Avoidance Agreement, which Swaziland has concluded with Great Britain, Mauritius (currently under review) and South Africa, and is presently negotiating with Lesotho, Botswana, Malawi and China.

2.1.2 Determination of taxable income
The taxable income is calculated in terms of the provisions of the Income Tax Order. In general, the taxable income is calculated as gross income derived from a source in Swaziland after excluding exempt income, less allowable deductions and certain allowances. Exemptions are provided for in terms of section 12 and 2, while allowable deductions are provided for in section 14 of the Order.
In respect to employment income and the taxation of fringe benefits, Commissioner General has in this regard issued a Practice Note which determines the values for the various benefits in kind upon which tax is applicable.
Typical examples of fringe benefits include free or subsidized housing, private use of a motor vehicle, provision of domestic services etc.

2.1.3 Trading losses
Where, in any year of assessment, the allowable deductions of the taxpayer, as determined by the Order exceed the total income, an assessed loss arises. The loss may be carried forward to subsequent years of assessment to be set off against any future income. However, where a company does not carry on trade in any year of assessment, it is not entitled to bring forward the loss from the previous tax year. A company may, accordingly, carry forward the assessed losses indefinitely, provided that such loss has been assessed / approved by the Commissioner General.

2.2 Tax Rates
The Corporate tax rate is 27.5% (effective 1 July 2013)
A concessional rate may be granted, at the discretion of the Minister of Finance. Such concession is granted to a new business which has satisfied the conditions as so defined in the rules. The corporate tax in such case is a rate of up to 10 %.

Personal Income Tax
Individuals are taxed on income from a sourced / deemed to be within Swaziland.

RATES OF NORMAL TAX IN THE CASE OF INDIVIDUALS
Personal rates for 2014/2015 are:

TAXABLE INCOME		**Rates of Tax**
0	100 000	0 +20% of the excess over 0
100 000	150 000	20 000 + 25% of the excess over 100 000
150 000	200 000	32 500 + 30% of the over 150 000
200 000	And above	47 500 + 33% of the excess over 200 000

The tax payable by a natural person is reduced by an amount of E8 200 per tax year and when combined with the lowest marginal rate of 20%, one has an effective threshold of E41 000 (Forty one thousand Emalangeni).

3. Registration, Provisional tax and Returns

3.1 Registration
A taxpayer is required to register as a taxpayer within 90 days of so becoming liable for normal tax (once the company has been registered with the Company Registry or a company representative has been present in Swaziland for at least 90 days, for purposes of furthering the interest of the company, then the liability to taxation has arisen). Income Tax returns are required to be submitted on an annual basis. 1 July to 30 June is the Commissioner General's year of assessment. Taxpayers who want to use a different tax year end are required to make an application for approval. It is only upon approval by the Commissioner General that they may start using a different year end.

3.2 Provisional Tax
Every provisional taxpayer (a company, a director of a company, a self-employed individual, or any person who is notified by the Commissioner that he is a provisional taxpayer), should make advanced payments (provisional tax) to the Swaziland Revenue Authority in respect of any liability for normal tax that may arise during the course of the year of assessment.
Such payments are required to be made in a maximum of two installments during the tax year (first payment must be made within the first six months after commencement of the year of assessment, and a second payment by the end of the year of assessment).

3.3 Submission of Tax Returns
Deadline for the submission of Income Tax Returns is issued through a public notice by the Commissioner General, annually. Such notice specifies the deadlines for submission for all income tax returns. Where there may be required an extension of time for the submission of the returns, such person may make an application accordingly.
PAYE monthly returns are required to be submitted by employees before or on the 7th of the month following the month the employees' salary was paid. At the end of the tax year (June 30), the employer is required to reconcile all employees' tax paid and submit an annual reconciliation statement in that regards on or before the 30th of September, annually.
Failure to submit return in accordance with the set timelines may attract penalties.

4. Withholding taxes
The Income tax Order, in line with the basis of tax on Source, provides for withholding of taxes in respect of income from both Residents and non-residents persons.

Type of Income	Rate (%)
Entertainers and sportsmen	15%
Contractors	15%
Royalties and management fees	15%
Non-residents shareholders tax	12.5%
Dividends (Non-residents)	15%
Dividends (Residents)	10%
Interest (non-residents)	10%
Rental payments (Residents)	10%
Branch profits (Non-resident)	15%
Vested Trust income	33%

Note that all the above rates are may change where a Double Taxation Avoidance Agreement (DTAA) may have provided for lower rates.

1. Incentives
The Income tax Order provides various incentives in the form of capital allowance, namely:
Initial allowances require approval by the Commissioner General. The allowance that a taxpayer may get in respect of each type of initial allowance is a percentage of the total cost for the facilitation of a certain investment article, for example, the Infrastructural initial allowance allows 50% of the cost of purchase and installation of Infrastructural material.
Certain conditions are attached to the initial allowance, one most important being that the Commissioner General has to conduct an inspection of the article for which initial allowance is being applied for before it may be allowed.
There is also an incentive in the form of Developmental Approval Order, where the Minister may approve that a company with the intention to make a significant investment in the country may be charged corporate tax at a reduced rate of upto 10%. In this regard, an application is required.
There is also an incentive to business in the form of Wear and Tear allowance. In this regard the taxpayer is allowed to deduct a depreciation % in respect of all business assets. The normal way is by the reducing balance method, and the extraordinary method is the straight line method which requires that the taxpayer satisfy certain requirements, which include submission of a fixed asset register, compliance with income tax obligations and submission to inspection by SRA staff.

2. Value Added Taxation
VAT (in terms of the Value Added Tax Act No.14 of 2011) is levied in respect of the following categories of transactions.

- The supply of goods and services by any person required to be registered for VAT, in the course or furtherance of any enterprise carried on by him;
- He importation of any goods into Swaziland; and
- Imported services.

For purposes of VAT the term "person" includes any natural person, a body of person, body of persons (Corporate or unincorporated), any company or close corporation, a trust fund, local authority, and deceased or insolvent estates, whether a resident in Swaziland or not.

6.1 Registration
An entity supplying goods and services in Swaziland is required to register for VAT and be issued with a Certificate .the Minister shall by notice in the Gazette determine the annual registration threshold (current threshold - Five hundred thousand Emalangeni per annum (E500 000).

6.2 Tax Period
Upon registration, a taxable person may be designated by the Commissioner General to be a Category A or a Category B taxable person depending on the annual turnover.
Category A means the category of registered persons whose tax periods are periods ending on the last day of each month and their turnover is not less than twenty million Emalangeni per annum.
Category B means the category of registered persons whose tax periods are three months and do not qualify to be in category A.
However, the Minister may, by regulation, authorize a different tax period for specific categories or classes of registered persons.

6.3 Nominated Persons
A registered person must appoint a nominated person for purposes of the enterprise carried on in Swaziland regardless of the fact that the entity or enterprise is controlled outside of the country. This person will have or operate in the fixed place of business and will deal directly with the Swaziland Revenue Authority on all VAT matters that pertain to the non -resident company.

6.4 Tax Rates
There are currently two rates of tax applicable.

- ;14%.
- 0%.

A certain category of goods and services that are exempt from VAT are specified in the VAT Act.

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