Swaziland Taxes Overview

Swaziland personal Income Tax

Swaziland personal income tax rates are progressive to **33%**.

Taxable income (SZL)	Tax Rate
0 – 60,000	20%
60,001 – 80,000	SZL12,000 + 25% of the amount exceeding SZL60,000
80,001 – 100,000	SZL17,000 + 30% of the amount exceeding SZL80,000
100,001 and above	SZL23,000 + 33% of the amount exceeding SZL100,000

Individuals are taxed on income from a source within or deemed to be within Swaziland.

A tax credit of SZL 7,200 p.a. is available to all taxpayers.

Income Tax Returns

Income tax returns in Swaziland are issued annually in the first week of July to all persons liable for taxation, whether personally or in any representative capacity, are required to furnish within thirty days after the date of notice or within such further time as the Commissioner may for good cause allow returns for the assessment of tax.

Types of Tax Returns

IT 12

These are completed by individuals who are self employed and those employed but have other sources of income e.g.:
– Income from rent
– Income from trading profits
– Income from dividends

– Income from interest
– Directors
– Deceased Estates
– Non-Residents who receive income from in Swaziland
– Person who receive income from trusts
– Person who stopped work in the middle of the year.

IT 14

These are completed by farmers. They are for farming income, rent receivable and other income which has been accrued to a farmer during the year.

IT 13

These are completed by all companies.

a) Every person shall, if required by the Commissioner furnish him with such form and at such time as the Commissioner may require with returns of all or any particular class of persons employed by him, paid or allowed to each person so employed.
b) Every person carrying on business in Swaziland shall in such manner and form, at such times as the Commissioner may require, furnish to the Commissioner returns showing:-
. All payments made to any person in respect of any share or interest in such business.
. All monies received by him from any person on deposit for any fixed time or period with or without interest
. All such other information in his possession with regard to the income received by or accruing to or in favour of such person as may be required by the Commissioner.
c) Every person to whom a form or return is sent by the Commissioner shall complete it in accordance with the requirements of the Commissioner and shall return it to the Commissioner at such time and place as the Commissioner may direct.

IT 10

For application for extension of Time
An extension of time can be applied for to the Commissioner, giving reasons why the extension is required. You also need to give estimate of your taxable income.

Offences and penalties

The penalty for contravening the provisions of the Order governing the PAYE system is a fine, on conviction, of up to E10 000 or imprisonment for up to one year, or both. And in serious cases a fine on conviction, of up to E50 000 or imprisonment for up to five years, or both.

This penalty will apply to any person who fails to deduct employee's tax from remuneration paid by him; who fails to pay employee's tax deduction to the Commissioner; or who uses the money for any purpose other than paying it to the Commissioner.

Persons who fail to implement a directive from the Commissioner without just cause, who refrain from handing an employee a tax certificate to which the employee is entitled and who do not register as employers where they fall within the definition of that word are also subject to the prescribed penalties. So are employers who fail to notify the Commissioner of changes of address or the fact that they are no longer employers.

The penalty can also be enforced against a person who does not keep a record of employee s tax deductions and remuneration or who fails to keep such a record for five years after the last entry has been made in it.

A person who ignores the conditions governing the use of employees tar certificates, who does not surrender the unused stocks of his certificates when he ceases to be an employer, or who fails to account for used, unused or spoiled tax certificate may also he penalised.

Any person who alters an employee’s tax certificate or falsely pretend to be the employee named on such a certificate can be penalised, as can anybody who obtains any credit on the strength of a certificate in somebody else s name.

Interest and Penalty

If an employer fails to pay the full amount he deducted or should have deducted from his employees by the following month, he will be liable to a penalty of 20% of the amount outstanding, in addition to the interest charge of 18%. Where employer has failed to deduct the employee’s tax and the Commissioner is satisfied that this was not done with an intent to postpone payment or to avoid the employer’s responsibilities, the Commissioner may, if he is satisfied that there is a reasonable prospect of recovery from the employee, absolve the employer.

Employers not so absolved, will have the right of recovery of the tax against employees and may deduct the money which they have had to pay to the Commissioner on behalf of employees, from future payments of remuneration in accordance with the Commissioner’s directions.

Keeping of Records

A penalty can also be enforced against a person who does not keep a record of employees’ tax deductions and remuneration or who fails to keep such a record for five years after the last entry has been made in it.

A person who ignores the conditions governing the use of employee’s tax certificates, who does not surrender the unused stock of his certificates when he ceases to be an employer, or who fails to account for used, unused or spoiled tax certificates may also be penalised.

Any person who alters an employee’s tax certificate or falsely pretends to be the employee named on such a certificate can be penalised, as can anybody who obtains any credit on the strength of a certificate in somebody else's name.

Swaziland Corporate Tax

Swaziland corporate tax rate is a flat **30%**.

There is however, a variable rate for mining companies. For companies whose principal business is that of mining, the following tax rates are applied:

27% on the first E20,000 of taxable income
30% on the balance of taxable income

The Kingdom of Swaziland income tax system is source-based, i.e. income from a source within or deemed to be within Swaziland will be subject to taxation.

The Government of Swaziland has undertaken a review of the tax system and significant changes to the rates and basis of tax have been effected. Professional advice is essential.

Tax holidays are available, subject to approval of the Minister of Finance, for new business in the manufacturing sector, subject to one of two provisos:
(a) the industry is not already in existence in Swaziland or
(b) the enterprise is predominantly export driven.

The tax holiday is granted for five years of assessment commencing from the date of commercial production and taxable income is calculated subject to a formula. However, in line with the new tax regime, it is not expected that any new tax holiday will be granted.

Additional tax concessions may be granted, at the discretion of the Minister of Finance, to new businesses which are considered to be beneficial to the national economy.

CAPITAL GAINS TAX
There is no tax on capital gains and capital losses do not

rank for deduction.

BRANCH PROFITS TAX

Branches of foreign companies are subject to tax on Swaziland profits as if they were domestic companies. In addition a branch profits tax of 15% is charged on the deemed repatriated income.

FRINGE BENEFITS TAX

The Commissioner of Tax has determined values for various benefits in kind on which the recipient is taxed. Such valuations cover free and/or subsidised housing, private usage of a company vehicle on company business, provision of domestic services and staff, education, free or subsidised fuel and other benefits. Fringe benefits are taxed in full.

OTHER TAXES

Stamp duties are payable on various documents, for example, the purchasers of marketable securities are liable for stamp duty of 1.5%.

Transfer duty is payable on a sliding scale on transfers of immovable property. The rates are:
2% on the first SZL40, 000
4% on the next SZL20, 000
6% on the excess over SZL60, 000

CUSTOM AND EXCISE DUTIES

Customs and excise duties are payable on a wide range of goods imported into Swaziland.

DETERMINATION OF TAXABLE INCOME

Taxable income consists of income derived from a Swaziland source, less allowable deductions, which include expenses incurred in the production of income for the purposes of trade and which are not of a capital nature.

CAPITAL ALLOWANCES

Hotel and industrial Buildings used in a process of manufacture are subject to a 4% annual allowance on the cost of the building and improvements and 50% initial allowance in the year in which the building is brought into use.

PLANT AND MACHINERY

A 50% initial allowance is granted in respect of qualifying assets and annual wear and tear based on the useful life of each asset. Other capital assets may be written over the expected period of their useful lives. Special allowances exist in respect of the hotel industry.

DIVIDENDS

Dividends received by or accruing to a company are exempt from normal tax. Dividends received by or accruing to an individual are taxed at special rates.

LOSSES

Where income is exceeded by allowable deductions, an assessed loss is created. Such loss may be carried forward indefinitely for set-off against taxable income in future years of assessment. The proviso exists that the taxpayer must continue to operate and derive income.

FOREIGN SOURCED INCOME

Only income which has a source or deemed source in Swaziland will be subject to tax in the Kingdom. Foreign-sourced income is exempt from Swaziland tax.

TAX INCENTIVES

Special grants and allowances are given to creators of additional productive capacity. This is in the form of initial allowances and accelerated depreciation. Further incentives are also provided to non-resident investors to encourage foreign investment in Swaziland.

FOREIGN TAX RELIEF

Generally such relief is granted only in respect of Double Tax Agreements. The only such agreements in existence are with

South Africa, United Kingdom and Mauritius.

CORPORATE GROUPS

There is no group relief.

RELATED PARTY TRANSACTIONS

Provision exists for the Commissioner to disregard transactions which are not at arm’s length and which result in the avoidance of tax. This discretion is usually only exercised in the case of the sale of capital goods.

WITHHOLDING TAX

Certain payments to non-residents attract withholding taxes, as follows:

Entertainers and sportsmen: 15% of amount paid.
Contractor: 10% of the payment to the non-resident; (subject to a directive)
Royalties and management fees: There is a withholding tax of 15% on all royalties and management fees payable to non-residents. Royalties accruing to ecclesiastical, charitable and educational institutions are exempt.
Non-resident shareholders’ tax (NRST): Payable on dividends at the rate of 12.5% of the dividend if it is paid to South African, Botswana, Namibian or Lesotho companies. The rate increases to 15% in respect of all other dividends.
Non-resident tax on interest (NRTI): 10% of the interest payable.

EXCHANGE CONTROL

All foreign transactions (except with South Africa, Namibia and Lesotho) are subject to Central Bank approval. Settlement of approved foreign transactions takes place through normal commercial banking channels. Generally, all loans and shareholdings abroad are subject to prior approval.

Swaziland sales tax

The general rate of sales tax in Swaziland is **14%**.

Sales tax is charged on specialised services, and certain transactions, including the importation of goods and the sale of locally manufactured goods.

A tax rate of 20% is applied to most alcohol and tobacco.