

# INCOME TAX (AMENDMENT) ACT, 2019

No. 18



of 2019

## ARRANGEMENT OF SECTIONS

### SECTION

1. Short title and commencement
2. Amendment of section 41A of Cap. 52:01

#### **An Act to amend the Income Tax Act.**

*Date of Assent:* 28.08.19

*Date of Commencement:* ON NOTICE

ENACTED by the Parliament of Botswana.

1. This Act may be cited as the Income Tax (Amendment) Act, 2019, and shall come into operation on such date as the Minister may, by Order published in the *Gazette*, appoint.

Short title and commencement

2. Section 41A of the Income Tax Act is amended —

Amendment of section 41A of Cap. 52:01

(a) in subsection (1) by substituting for the subsection, the following new subsection —

“(1) Notwithstanding any other provision of this Act, a deduction shall not be allowed for the purpose of ascertaining the taxable income of any company in respect of any amount of net interest expense in respect of any tax period that exceeds 30 percent of the tax earnings before interest, tax, depreciation and amortisation, hereinafter referred to as “tax EBITDA”, of the company, except for a variable rate loan stock company, a micro, small or medium enterprise, or a company whose main business is banking or insurance.”; and

(b) in subsection (2) by substituting for the subsection, the following new subsection —

“(2) For purposes of this section —

“associated company” in relation to two or more resident or non-resident companies, means a resident or non-resident company in which another resident or non-resident company holds 20 percent or more of every class of equity share;

“group” means two or more associated companies;

“micro, small or medium enterprise” means a company which is not a member of a group; and

“net interest expense” means the interest paid or accrued by the company during the tax period, minus the amount of interest included in the taxable income of such company for that tax period.”.

**PASSED** by the National Assembly this 8th day of August, 2019.

**BARBARA N. DITHAPO,**  
*Clerk of the National Assembly.*