Inside Africa's Tax Landscape: Southern Africa

2025 KPMG Africa Tax Summit

Agenda

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Key legislative changes

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Key legislative changes in Southern Africa

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Botswana

- Proposed changes in tax rates (July 2025 tax increase of 1.5%) – Company: 22%-23.5% and Individual: 25%-26.5%
- Ongoing review of the tax legislation – Proposed Bills to be introduced end August are: New Tax Administration Act, Revised Income Tax Act and Revised VAT Act
- VAT specific projects – VAT on digital transactions and electronic invoicing (E-Billing), Value Added Tax Amendment Bill (Bill No.22 of 2025) passed in Parliament on 14th of August 2025.

Mauritius

- First Budget of the new government expected early June
- Corporate Climate Levy (2024) – calculated at 2% of chargeable income
- PAYE applicability on payments to non-resident directors
- Committee to analysis the impact of BEPS 2.0
- Expecting to issue TP regulations soon – Committee to receive industry comments

KPMG forms part of both committees

Key legislative changes in Southern Africa

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Mozambique

- Mandatory monthly invoices reporting (May 2025) – Mandatory for all companies to submit online the invoicing ledgers to the Revenue Authority on a monthly basis.
- New Tax Authority President – Previously led the Special Tax Unit for Natural Resources, therefore it is anticipated that this sector will be under more scrutiny in the future.
- Start implementation AfCFTA (26 April) – Official launch of the commercials under the AfCFTA.

4

Namibia

- Cap on tax losses and interest deduction limitations (Sept 2024)

Sections have been significantly changed with no Practice Notes to address uncertainties.

- Introducing a 10 percent dividend tax (Jan 2026).
- Introduction of VAT on imported digital services and e-invoicing (limited details).

Key legislative changes in Southern Africa

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Zambia

- Tax losses limitation (Jan 2025) – Only offset 50 % of losses and carry forward for five years.
- Introduction of SMART Invoicing system to capture vatable transactions real time.
- Cross Boarder Electronic Services (sales or use of web-based solutions) now subject to VAT.
- Commercial banks to demand tax clearance certificate (TCC) from persons remitting $2,000. Failure to provide a TCC will result in a 15% advance income tax.
- Telecommunications and mobile money companies to demand for a taxpayer identification before providing a SIM card to customers.

6

Zimbabwe

- Dual currency environment (Dollar and ZIG) – majority of transactions in US dollar.
- Tax laws remain confusing/ambiguous with lack of clarity or guidance on payment of taxes in currencies and in particular conversion rates to be used.
- Raising of tax collection measures such as bringing forward VAT payments from 25th of following month to the 15th

Key legislative changes in Southern Africa

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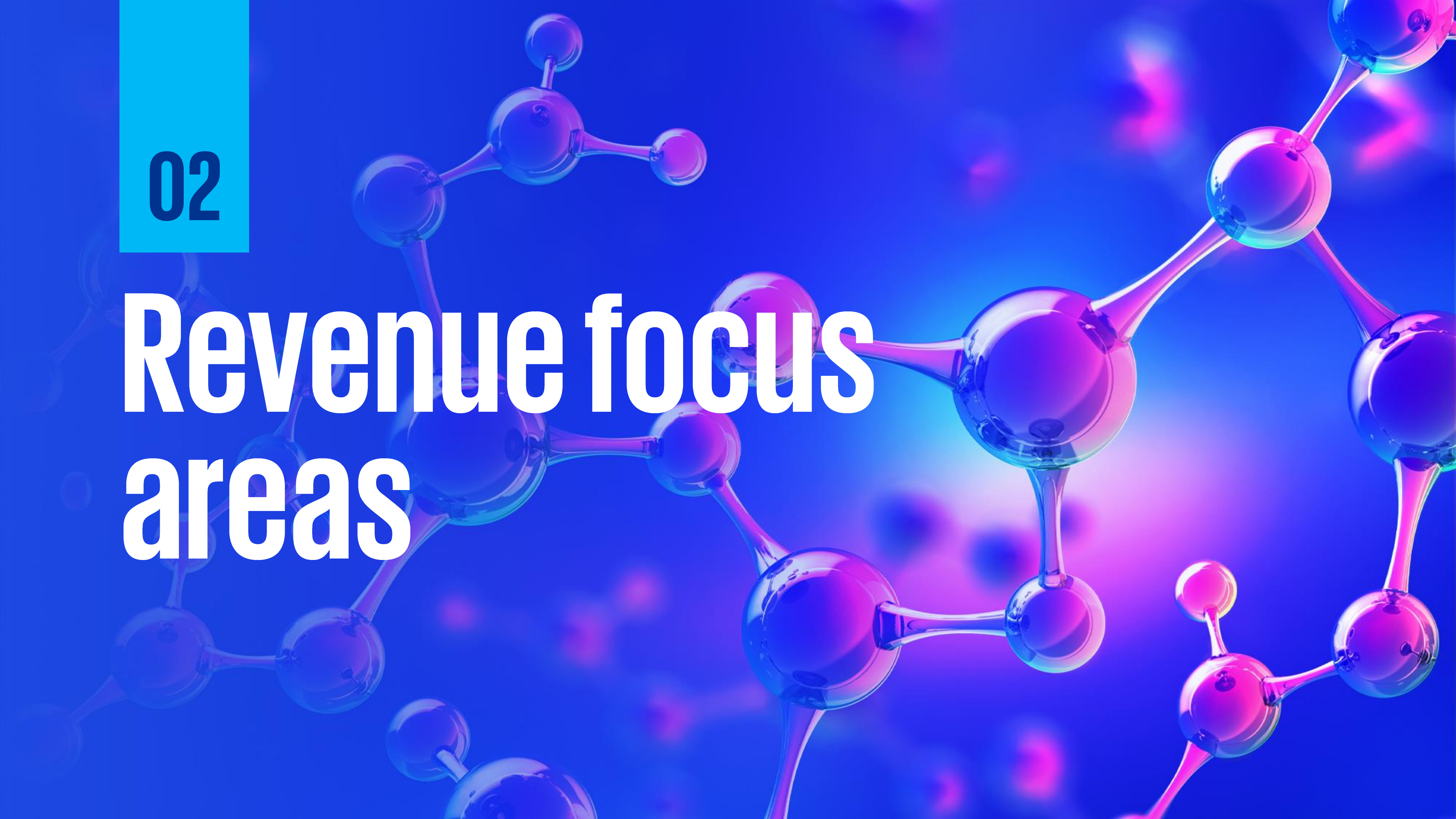
South Africa

- First Budget under the new Government of National Unity (GNU)
- Uncertainty resulted in various budget attempts – third attempt was during in May 2025
- Funding allocated to the Revenue Authorities to be used to continue with modernization; we can expect more queries, audits and disputes
- Increased focus on tax compliance and collection (estimated between USD25b and USD40b in uncollected taxes)
- SARS issued notice of suspension letters to all non-compliant traders (importers and exporters) (April 2025), who have failed to migrate their customs registration details onto SARS' Registration, Licensing and Accreditation system.
- Draft Taxation Laws Amendment Bill for 2025 was issued 16 August 2025



02

Revenue focus areas

Revenue Authority (RA) focus areas

Modernization, digitalization, automation and the importance of data

1

Transfer pricing

Transfer pricing remains a hot topic and area of focus for RA:

- Botswana: Intensified TP audits and focus on TP compliance with severe penalties for non compliance.
- Mozambique: Tax Audits starting to include and focus on TP with increased requests for TP files.
- South Africa: Continued focus on TP with tax audits and verification requests.

2

Tax audits

More aggressive RA:

- Botswana: Focus on tax compliance, VAT refund audits and random audits (not industry specific).
- Zimbabwe: Exchange rate challenges resulting in smaller tax base and more aggressive RA with increased litigation.
- Mauritius: VAT assessments in relation to the reverse charge mechanism.
- South Africa: Increased efforts and focus on tax compliance and tax collection.

3

BEPS Pillar II

Only three Countries in Southern Africa:

- Zimbabwe: Implemented a Domestic Minimum Top-up Tax (DMTT) (Jan 2024) however not aligned with the OECD GloBE Rules.
- South Africa: Income Inclusion Rule and a DMTT (Jan 2024).
- Mauritius: Intention to introduce a DMTT.

Companies are realizing the complexity and administrative burden resulting in a need for technology solutions.

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