



# Swaziland

## Fiscal Guide 2015/2016

**Tax**





INTRODUCTION

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## Income tax

### Business income

#### Basis of taxation

Income tax is levied under the Income Tax Order 1975, as amended, on both individuals and companies on all income on a source or deemed source basis.

The taxable income of a non-resident is generally calculated in the same manner as that of a resident. Non-residents are subject to withholding taxes at source on certain types of income.

#### Rates

Resident companies	
Corporation tax	27.5%
Company issued with a development approval order (up to a 10-year period)	10%
Dividends	exempt
Interest	taxed as ordinary income
Royalties	taxed as ordinary income
Fees	taxed as ordinary income

Resident individuals	
Income tax	Marginal rate 33% over E200 000
Dividends	10%
Interest	10% (first E 20 000 exempt)
Royalties	taxed as ordinary income
Fees	taxed as ordinary income

Personal rebate of SZL 8 200 per annum or SZL10 900 if over 60 years of age.

### Capital gains tax

There is no capital gains tax legislation in Swaziland.

### Transfer pricing and thin capitalisation

There is no legislation in place for transfer pricing or thin capitalisation.

### Anti-avoidance measures

The Commissioner of Taxes has the power to adjust the liability of the taxpayer where the Commissioner is of the opinion that a transaction, scheme or operation has not been entered into or carried out by persons dealing at arm's length and it has the aim of avoiding, reducing or postponing tax liabilities.

### Inheritances and donations

There is no estate duty or donations tax in Swaziland.



## Transaction taxes

The standard rate of VAT is 14% on most goods and services. A rate of 25% is, however, charged on luxury goods such as alcohol (other than traditional beer) and all forms of manufactured tobacco imported into Swaziland.

## Stamp and transfer duty

Stamp Duty is levied on a number of instruments under the Stamp Duties Act 1970. These include agreements, contracts, bills of exchange, bonds, leases, insurance policies, debentures and shares. The rate of stamp duty varies depending on the nature of the instrument and the value of the matter to which it relates.

Taxable income (SZL)	Rate of tax (%)
Transfer Duty – immovable property up to E40 000	2%
E40 001 to E60 000	4%
E60 000 and above	6%
Marketable securities tax – share transfers	1.5%

## Municipal Rates

In urban areas, rates are levied annually in respect of commercial and residential properties, based on the municipal valuation of the property.

## Double tax treaties and reduced rates

Swaziland has certain withholding taxes. The rates of such taxes vary and may be reduced in terms of double taxation agreements.

Country	Dividends Qualifying companies (%)	Interest (%)	Royalties (%)
Mauritius	7.5	5	7.5
South Africa	10	10	10
United Kingdom	15	fully taxable	*
Seychelles	7.5	7.5	10

\* Taxable only in state of residence of recipient.

## Investment information

### Investment rules

Swaziland has a positive attitude towards private investment, whether from local or foreign sources. With the exception of restrictions on foreign investment in a small number of sectors, there is open investment in foreign and domestic sectors.

In terms of Swaziland's regulatory and legislative framework, there are various authorities and institutions that have a mandate and capacity to oversee investments which include the Registrar of Companies, the Swaziland Investment Promotion Authority, the Trade Promotion Unit, the Central Bank of Swaziland, the Swaziland Standards Authority, the Competition Commission, the Swaziland Environment Authority and the Financial Services Regulatory Authority.

### Investment incentives

The Swaziland Industrial Development Corporation (SIDC) promotes investment into Swaziland. The Swaziland Investment Promotion Authority (SIPA) provides a complete service for investors with regards to the processing of business licences, work permits and foreign exchange approvals.

## General

The Minister of Finance may issue a development approval order to a business that entitles it to the following tax incentives; usually for a ten year period:

- Corporate tax at a concessional rate of 10%; and
- Exemption from withholding tax on dividends.

## Taxation

In addition to capital allowances on fixed asset expenditure, a 50% building and machinery allowance is granted in respect of expenditure incurred on the asset that is brought into use for the first time in a process of manufacture. However, an application needs to be made to the SRA in order to claim the allowance.

Other		
Tax/Levy	Basis	Rate (%)
Sugar Cane Levy	Per ton of sucrose supplied to the mill	SZL3.75
Cotton Levy	Per kilogram of seed cotton produced	SZL10.50
Entertainment & Sports Levy	Gross receipts withheld at source	15% *
Mineral Rights Tax	Per hectare of land per year	SZL116.72 (\$8.00)
Cattle Export & Slaughter Tax	Per animal head exported	SZL50
	Per animal head slaughtered	SZL3

\* Withheld at source and is a final tax

## Exchange controls

Swaziland participates in the Rand Monetary Area together with Namibia, Lesotho and South Africa. Within this area, there is no exchange control on the transfer of funds and free restrictions on inwards investment by foreign investors. Transactions outside the Rand Monetary Area are subject to exchange control, which are monitored by the Central Bank of Swaziland, together with authorised dealers. Thus, the currency used for the purchase of imports; the repatriation of capital; as well as the payment of dividends, interest, royalties and fees, require prior approval from the Central Bank.

## Residence and work permits

All foreign citizens are required to obtain work permits prior to entering the country for the purposes of investment or for taking up employment. Delays may be experienced in obtaining work permits, unless there are no suitably qualified Swazi citizens to perform the function.

## Annual budget announcement

The Minister of Finance generally announces the annual Budget and Taxation Proposals in February or March each year for the tax year commencing on 1 July.

## Trade and bilateral agreements

Membership – WTO, ACP-EU Partnership Agreement, COMESA, SACU and SADC. Investment treaties concluded with the USA, UK, Germany, Taiwan, Mauritius and Egypt. Swaziland is a signatory to the 1965 World Bank Convention on Settlement of Investment Disputes between States and Nationals of other States (ICSID).

## Economic statistics

Prime interest rate (08 March 2016)	9.75%
USD exchange rate (08 March 2016)	SZL 15.43
Inflation rate per Government of Swaziland Statistics (08 March 2016)	5.6%
GDP	SZL

## Travel information

Visa requirements	Required except for most Commonwealth, SADC and EU countries, the USA and Australia
Flights	There are several daily flights between King Mswati III International Airport and Johannesburg
Inoculations	Standard requirements

## Currency

The Lilangeni (plural Emalangeni) (SZL).

## Languages

The official languages are English and siSwati.

## Official public holidays

- 01 January (New Year's Day)
- 19 April (birthday of King Mswati III)
- 25 April (National Flag Day)
- 1 May (Labour Day)
- 22 July (the late King Sobhuza's birthday)
- 6 September (Independence Day)
- 25 December (Christmas Day)
- 26 December (Boxing Day)

## Public holidays on days to be announced

- Incwala Day
- Good Friday
- Easter Monday
- Ascension Day
- Umhlanga (Reed Dance) Day





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