

# **Introduction**

## **A Comparative Report of Five Countries: Indonesia, China, Kyrgyz Republic, Brazil and Botswana.**

### **1) Introduction**

Tax policies and tax structures differ between countries according to their economic structures, geographical conditions and social, political and historical backgrounds.

The aim of this report is to provide an overview of the tax systems of five selected developing countries: Indonesia, China, Kyrgyz Republic, Brazil and Botswana.

These countries present their own characteristics and this report can shed some light on the differences and similarities in their tax systems. The report is divided in two parts. The first one presents a brief summary of each country tax system and the second one presents two tables indicating the main macroeconomic indicators and some more details about the characteristics of each tax system.

### **2) Countries summaries**

In this part we present a summary of the tax structure of each country. Each summary indicates the main aspects related to the tax system in the respective country.

#### **2.1) Indonesia**

Implementing an effective tax system has played a crucial role in Indonesia's ability to achieve increased domestic revenues and maintain a sustainable approach to economic development. Indonesia has several times tax reform, the first major reform of the tax regime took place in 1983, the second major amending legislation was enacted in 1994, and the last amendments of the tax laws was enacted in August 2000.

Indonesia adopted self-assessment system, where taxpayers are required to calculate their taxable income, file tax returns, and pay their tax liability voluntarily. Therefore, taxpayers are required to register and obtain a tax identification number and obliged to keep bookkeeping. And in the framework of exercising administrative supervision, the Directorate General of Taxes may conduct an audit and investigation to test compliance in fulfilling tax duties. Taxpayer may file an

objection to the Director General of Taxes and can only be made against the content of a tax assessment. And taxpayer may lodge an appeal to a tax court against an objection decision.

Income tax is subject to individual and corporation both resident and non-resident. In calculating taxable income of resident individual taxpayer, a non-taxable allowance can be deducted from net income. Based on the last amendment of income tax law the individual income tax rate is ranging from 5 percent to 35 percent, and for corporation is ranging from 10 percent to 30 percent.

Beside income and corporate tax that are principally calculated and paid by taxpayers themselves, Indonesia also adopted a withholding tax system, under which withholding agents who pay employment income, income from capital, certain services and activities calculate the tax amounts and pay the tax amounts deducted from payments.

Indonesia also adopted a value added tax, which is imposed at a uniform rate of 10 percent on all taxable goods, whether imported or produced domestically. The Indonesian VAT is imposed on destination principle and employs the tax credit method of collection, and is intended to levy on consumption.

In year 2000, as in the recent past, by far the largest share of domestic revenues is expected to come from taxes receipts. Revenues from taxes are expected to account for 88.18 trillion rupiah, equivalent to 64 percent of total domestic revenues in fiscal year 2000. Taxes on income are expected to yield 60.1 percent of total tax revenues or 38.5 percent of total domestic revenues. Revenue from value added tax and sales tax on luxury goods are forecasted to account around 29.7 percent of total tax revenue or around 19 percent of total domestic revenues. While receipts from the land and building tax are projected 2.7 percent of total tax revenues or 1.7 percent of total domestic revenues.

## **2.2) China**

The responsibility for tax administration, apart from customs matters, is vested with the State Administration of Taxation (SAT), under the direction of the State Council in China. During 1994, the tax administration system was restructured. Separate state tax bureaus and local tax bureaus have been established in order to implement the new state/local sharing system. State tax bureaus at local levels are directly under the control of the SAT, whereas local tax bureaus are part of local governments.

China implemented the new tax system since 1994. The total tax revenues amounted to 4572.6 billion yuan by the end of 1999. Tax revenues increased 103.2 billion yuan annually, with the growth rate of 10.5 percent; exceeded 100 billion yuan in 6 consecutive years. The Value-added

taxes, business taxes and consumption taxes played a very important role in the total tax revenues, which were 284.1 billion yuan in 1994 and increased to 484.6 billion yuan in 1999 with the growth rate of 11.8 percent annually. The ratio of tax revenues from domestic enterprises to the total tax revenues declined gradually, but it is still the main source of tax revenues. Tax revenues from foreign enterprises and individuals increased rapidly in recent years.

China implements self-assessment system. Taxpayers must fulfill tax filing requirements, submit tax returns, financial and accounting statements within the time limit for tax reporting. Taxpayers engaged in production or business operations or withholding agents should establish accounting books and keep records based on legitimate and valid vouchers and conduct accounting. In case of tax disputes with the tax authorities, a taxpayer or withholding agent can apply to the tax authorities at a higher level for reconsideration. In case of objection to the decision made after reconsideration, legal proceedings may be instituted with the People's Court.

### **2.3) Kyrgyz Republic**

Kyrgyz Republic is small landlocked country in Central Asia. During past nine years since independence the country introduced national currency, established its own tax structure, created two-tier banking system and privatized almost 60 percent of state property. Development of basic market friendly legislative and regulatory framework entailed the emergence of viable private sector. After 1995, the Kyrgyz Republic's economy has shown positive real growth.

The active reforms were paid out – the Kyrgyz Republic has gained access to WTO.

The fiscal policies remain perhaps the weakest pillar in the economic policy framework. In the transition to a market economy the revenue sources have not been very strong as a result of slow growth, weak tax administration and distortions in the tax structure, which have contributed to a significant amount of underground economic activity. Such tax distortions involve exemptions from taxation of important activities like agriculture, and for some profits, loopholes in customs, etc. Tax revenues have shown an almost continuous decline and fell from 15 percent of GDP in 1993 to less than 12.5 percent in 1999. This ratio is low by international standard and among CIS countries. VAT remained the most important revenue source, followed by income taxes and excises. In the face of weakening tax revenues, there has been a growing reliance on non-tax revenues with over 17 percent of total revenue. Although it is common for revenue systems to have certain institutions charge fees, the non-tax revenues issue in the Kyrgyz Republic stem from the lack of resources at the central level. However, the ad hoc levying of fees at the sub-national level clouds the transparency of the revenue system, and also raises equity concerns as additional fees are usually levied where they can be best enforced regardless of ability-to-pay.

The weaker fiscal revenues have led to severe cuts in current expenditures, although there has been an ever growing public investment program and an attempt to maintain pre-independence levels of social services, support of the poor, and health and education.

The Tax Code of the Kyrgyz Republic at the time of introduction in 1996 was one of the best tax laws among those of other CIS countries. In principle, the four major taxes – VAT, excise, income and profits – taken together should provide for a simple and transparent tax system. However, taxes and fees levied through various special legislative acts impose heavy burdens on specific bases, whereas significant loopholes exist for others. Moreover, compliance costs are high because the tax code is new and still in flux.

Despite significant improvements on the macroeconomic, structural and legislative grounds the positive developments are proved to be uneven and fragile. It was revealed in the course of financial crisis spilled over Russia in 1998. Although, recovery is taking place the further problems of reducing fiscal deficits, fiscal transparency improvement, banking sector enhancement, and overall poverty alleviation have to be addressed in adequate and timely manner by Kyrgyz Republic authorities.

## **2.4) Brazil**

Brazil is the fifth largest country in the world with a total area of 8,547,403.5 sq. km. The country is located in South America's central eastern area, encompassing about 47 % of the continental area. The current population is estimated to be around 167.7 million inhabitants.

The Brazilian tax policy and administration is under the jurisdiction of the Ministry of Finance. The **Secretariat of Federal Revenue (SRF)**, established as an organ of the Ministry of Finance by the Decree n° 63,659 in 1968, is responsible for conducting the planning, the supervision, the execution, the control and the assessment of all activities related to the federal taxes and customs duty.

The country is divided in 10 Regional Taxation Bureaus and 578 Tax Offices.

The number of employees of the SRF was 19,687 in December 1999. Main staff represents 69.8% of this employees and supporting staff represents 30.2%. Distribution of the staff is as follows: 95.8% to the Regional and Local units and 4.2% to the Central Level. The SRF recruits main staff members through a national contest and a university graduation is required to be recruited.

The Brazilian tax system is defined by the Federal Constitution of 1988. The current taxes in force in the country divided by competence are:

**Federal taxes:** import tax, export tax, rural property tax, income tax (individual and corporate),

tax on industrialized products (federal value added tax) and tax on financial operations. The following contributions established to finance the social security are also under the competence of the SRF: contribution to the finance of the social security system, social integration plan/program of assistance to civil servant, social contribution on net profits and the provisory contribution on financial transactions.

**State taxes:** inheritance and gift taxes, vehicle property tax and tax on the circulation of merchandises and services (state value added tax).

**Municipal taxes:** urban real estate property tax, real estate acquisition tax and tax on services.

The Brazilian Constitution endows the central government, each of the 26 states, the federal district and all the 5,548 municipalities with the competence to rule and collect their own taxes. To correct regional disequilibrium and to promote a better distribution of the revenues between these entities according to their necessities the Constitution establishes a transfer of revenues between them.

In 1999, the gross tax burden in Brazil, considered the three government partners and the social security system totalized 30,27% of the GDP. The Union, the States and the Municipalities contributed with 70.4%, 25.6% e 4.0%, respectively.

All federal taxes are self assessed and the liabilities are paid to the commercial banks, never directly to the tax officials or to the tax offices. Even when the tax authorities assess the liability (in case of tax examinations procedures) the payment is made through the banks.

## **2.5) Botswana**

The population of Botswana is about 1,5 million. There are four tax offices in the country. The head office is located in the capital city Gaborone.

Direct taxes are administered by the Department of Taxes. Currently there is no self-assessment in Botswana; official assessments are raised in the Tax office. Although there is no self-assessment some big companies have been designated by the commissioner of Taxes to pay taxes on current year basis. First they estimate their income for the year with reference to the past years income and thereafter they pay taxes quarterly.

Other noticeable features of the Botswana tax are that fringe benefits are taxable; this includes housing benefit, car allowance, education allowance etc. Standard rules are set for the taxation of these benefits. The 1999 budget speech extended the Pay As You Earn (withholding at source) tax to these benefits.

The Department of Taxes is in the process of introducing self-assessment.

Customs & Excise and Sales tax are under the administration of the Department of Customs and Excise. Administration of these taxes is much easier than income tax because they are supposed to be paid immediately after assessment.

The Government of Botswana is in the process of introducing value added in replacement of the existing sales tax.

About 70% of the tax revenues are from the mineral sector. The taxes mentioned above are the main taxes for Botswana.

### 3) Comparative Tables

In this section we present a series of comparative tables between the five countries. For each country two tables are indicated: one for macroeconomic indicators and another one for the taxation system.

#### Macroeconomic Indicators 1998

Items	Indonesia (in billion rupiah)	China (\$ bn)	Kyrgyz (in mln. som)	Brazil (in million reais)	Botwana (in billion Pula)
GDP	376,051	979.7	34,181.4	899,814	20.4
GNP	348,086	958.4	32,433.0	877,451	---
GDP growth rate (%)	-13.2	7.8	2.0	- 0.1	8.5
GDP per capita	(in thousand rupiah) 5,051	759.9	(in som) 7,431	(in reais) 6,192	(in thousand Pula) 13.0
Inflation rate (%)	77.7	-2.6	16.8	1.65	6.5

#### Macroeconomic Indicators 1999

Items	Indonesia (in billion rupiah)	China (\$ bn)	Kyrgyz (in mln. som)	Brazil (in million reais)	Botwana (in billion Pula)
GDP	376,902	971.4	48,321.1	1,011,930	23.3
GNP	354,768	989.4	47,411.4	978,781	---
GDP growth rate (%)	0.2	7.1	3.6	1.0	4.5
GDP per capita	(in thousand rupiah) 5,305	793.9	(in som) 10,504	(in reais) 6,172	(in thousand Pula) 14.4
Inflation rate (%)	2.0	-3.0	39.9	8.94	7.2

### 3.1) Indonesia

#### Taxation System

Items	Indonesia
<b>I. General Information</b>	(FY is from April to March) (FY 1999/2000)
1. Tax Revenue	
(1) National Tax	
(2) Local Tax	
(3) Total	94,739 (billion rupiah)
2. Tax Burden Ratio to National Income	
(1) National Tax	
(2) Local Tax	
(3) Total	66.6%
3. Composition of National Tax Revenue (Ratio)	(FY 1999/2000)
(1) Direct Taxes	Income Tax           42.8%
	Land & Building Tax   3.4%
	Sub-Total           46.2%
	Value Added Tax     36.5%
	Other Taxes          17.3%
	Sub-Total           53.8%
(2) Indirect Taxes	Total                 100%
<b>II. Income Tax System</b>	
1. Method of Assessment	Self-assessment
2. Period of Taxation	
(1) Individual	Calendar year
(2) Corporation	Accounting period
3. Tax Rate	
(1) Individual	5% - 35%
(2) Corporation	10% - 30%
4. Due Date for Filing Tax Return	
(1) Individual	Within 3 months after accounting period
(2) Corporation	Within 3 months after accounting period
5. Time Limit on Assessment	Deficient case 3 (years) Non-filing case 5 (year) Fraud case unlimited
6. Obligation of Bookkeeping	Yes
7. What kind of fine or imprisonment is Imposed in the case of Evasion	Imprisonment not more than 6 years or Fine not more than 4 times the amount Of the indebted tax, or both
8. Withholding system is applied to	Interest, Dividend, Wages and Salaries, Remuneration and Fee, etc.
<b>III. Value Added Tax System</b>	
1. Taxpayer Registration System	Yes
2. Method of Assessment	Self-assessment
3. Period of Taxation	
(1) Sole proprietor	Calendar year
(2) Corporation	Accounting period
4. Tax Rate	10%
5. Due Date for Filing	

(1) Sole proprietor	No later than 20 days after tax period
(2) Corporation	No later than 20 days after tax period
6. Time Limit on Assessment	Deficient case 10 (years) Non-filing case 10(years) Fraud case unlimited
7. Obligation of Bookkeeping	Yes
8. What kind of fine or imprisonment is Imposed in the case of Evasion	Imprisonment not more than 6 years or Fine not more than 4 times the amount Of the indebted tax, or both
IV. Tax Administration	
1. Organization Structure	
(1) Outline of Organization	(As of May 2000) Directorate General of Taxes (1) Regional Tax Offices (15) - District Tax Offices (141) - Tax Audit & Investigation Offices (55) - Land & Building Tax Service Offices (107)
(2) What organization is in charge of Tax Policy and Tax System	Directorate General of Taxes, Ministry of Finance
2. Number of Personnel	(As March 1999) 27,645 persons
3. Number of Taxpayers	(1999 in thousand) Income Tax 1,340 Corporation Tax 646 Withholding Income Tax 129
4. Audit System	
(1) Direct Taxes	
a. Field Examination	Yes
b. Criminal Investigation	Yes
(2) Indirect Taxes	
a. Field Examination	Yes
b. Criminal Investigation	Yes
5. Computer Processing System	
(1) When did your country introduce Computer Processing System	1986 and 1997 for Land & Building Tax
(2) Computer Processing System is applied to	- Clerical work on Income Tax, VAT, Land & Building Tax, etc - Tax return issuance, revenue monitoring, etc
6. Tax Consultation System	Yes
7. Outline of Appellate System	Taxpayer – (1) Tax Office (if not acceptable) (2) Tax Court (BPSP)



## 3.2) China

### Taxation System

Items	China
I. General Information	(FY is from January 1 to December 31)
1. Tax Revenue	(FY1999)
(1) National Tax	579 (billion yuan)
(2) Local Tax	453 (billion yuan)
(3) Total	1,032 (billion yuan)
2. Tax Burden Ratio to National Income	
(1) National Tax	50.7%
(2) Local Tax	39.7%
(3) Total	90.4%
3. Composition of National Tax Revenue (Ratio)	
(1) Direct Taxes	18.2%
	8.4%
	26.6%
(2) Indirect Taxes	72.5%
	0.9%
	73.4%
	100%
II. Income Tax System	
1. Method of Assessment	Self-assessment
2. Period of Taxation	
(1) Individual	Calendar year
(2) Corporation	Calendar year
3. Tax Rate	
(1) Individual	5%-45%
(2) Corporation	30%
4. Due Date for Filing Tax Return	
(1) Individual	Incomes from wages and salaries file return on monthly basis; the others file final return within 3 months after the end of each year
	Within 4 months after the end of each year
(2) Corporation	
5. Time Limit on Assessment	3-10 years
	3-10 years
	Fraud case unlimited
6. Obligation of Bookkeeping	Yes
7. What kind of fine or imprisonment is imposed in the case of Evasion	Fine not more than 5 times the amount of tax which has not been paid or underpaid Criminal liabilities when violence or menace is used to obstruct tax officials
8. Withholding system is applied to	Interest, Dividend, Wages and Salaries. Natural resources tax
III. Value Added Tax System	
1. Taxpayer Registration System	Yes
2. Method of Assessment	Self-assessment

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3. Period of Taxation	
(1) Sole proprietor	Calendar year
(2) Corporation	Calendar year
4. Tax Rate	6%, 13%, 17%
5. Due Date for Filing	
(1) Sole proprietor	Not later than 10 days after tax period
(2) Corporation	Not later than 10 days after tax period
6. Time Limit on Assessment	3-10 years 3-10 years
	Fraud case unlimited
7. Obligation of Bookkeeping	Yes
8. What kind of fine or imprisonment is Imposed in the case of Evasion	Fine not more than 4 times the amount
IV. Tax Administration	
1. Organization Structure	
(1) Outline of Organization	State Administration of Taxation (1) Provincial Tax Offices (30) District Tax Offices
(2) What organization is in charge of Tax Policy and Tax System	State Administration of Taxation Ministry of Finance As of December 1999 454,697 persons
2. Number of Personnel	
3. Number of Taxpayers	n.a. n.a. n.a.
4. Audit System	
(1) Direct Taxes	
a. Field Examination	Yes
b. Criminal Investigation	Yes
(2) Indirect Taxes	
a. Field Examination	Yes
b. Criminal Investigation	Yes
5. Computer Processing System	
(1) When did your country introduce Computer Processing System	n.a.
(2) Computer Processing System is applied to	n.a. n.a. n.a.
6. Tax Consultation System	Yes
7. Outline of Appellate System	The tax authorities at a higher lever take charge of reconsideration within 60 days from the date of receipt the application The People's court takes charge of the legal proceedings applied with 15 days after reconsideration

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### 3.3) Kyrgyz Republic

#### Taxation System

Items	Kyrgyz Republic
I. General Information	(FY is from January 1 to December 31)
1. Tax Revenue	(FY 1999)
(1) Republican Budget Tax	4 900.3 mln. som
(2) Local Budget Tax	1 053.7 mln. som
(3) Total	5 954.0 mln. som
2. Tax Burden Ratio to GDP	
(1) Republican Budget Tax	10.1%
(2) Local Budget Tax	2.2%
(3) Total	12.3%
3. Composition of Total Tax Revenue (Ratio)	(FY 1999)
(1) Direct Taxes	Personal Income Tax 9.2%
	Corporate Income Tax 9.5%
	Land Tax 3.3%
	Other Taxes 16.0%
	Sub-Total 38.0%
(2) Indirect Taxes	Value Added Tax 37.8%
	Other Indirect Taxes 24.2%
	Sub-Total 62.0%
	Total 100.0%
II. Income Tax System	
1. Method of Assessment	Self-assessment
2. Period of Taxation	
(1) Individual	Calendar year
(2) Corporation	Calendar year
3. Tax Rate	
(1) Individual	5% - 33%
(2) Corporation	30%
4. Due Date for Filing Tax Return	
(1) Individual	Till March 1, after fiscal/calendar year
(2) Corporation	Till March 1, after fiscal/calendar year
5. Time Limit on Assessment	Individuals: Deficient case 3 years Non-filing case 3 year Fraud case unlimited Legal entities: Deficient case 6 years Non-filing case 6 years Fraud case unlimited
6. Obligation of Bookkeeping	Yes
7. What kind of fine or imprisonment is imposed in the case of evasion	Imprisonment not more than 5 years Fine not more than 25% of the amount of the indebted tax, or both
8. Withholding system is applied to	Interest, Dividend, Wages and Salaries, Remuneration and Fee, etc.
III. Value Added Tax System	
1. Taxpayer Registration System	Yes
2. Method of Assessment	Self-assessment

3. Period of Taxation	
(1) Sole proprietor	2 months
(2) Corporation	2 months
4. Tax Rate	20%
5. Due Date for Filing	
(1) Sole proprietor	Within 1 month after tax period
(2) Corporation	Within 1 month after tax period
6. Time Limit on Assessment	Individuals: Deficient case 3 years Non-filing case 3 year Fraud case unlimited Legal entities: Deficient case 6 years Non-filing case 6 years Fraud case unlimited
7. Obligation of Bookkeeping	Yes
8. What kind of fine or imprisonment is Imposed in the case of Evasion	Imprisonment not more than 5 years Fine not more than 25% of the amount of the indebted tax, or both
IV. Tax Administration	
1. Organization Structure	(As of May 2000)
(1) Outline of Organization	State Tax Inspectorate (1) Tax Police as Department of STI (1) Regional (Oblasts and Bishkek c.) Tax Offices (8) District Tax Offices (55) Government, Ministry of Finance
(2) What organization is in charge of Tax Policy and Tax System	
2. Number of Personnel	2,510 persons (As September 2000) (1999)
3. Number of Taxpayers	Income Tax 71 272 Corporation Tax 31 723
4. Audit System	
(1) Direct Taxes	Yes
a. Field Examination	Yes
b. Criminal Investigation	
(2) Indirect Taxes	Yes
a. Field Examination	Yes
b. Criminal Investigation	
5. Computer Processing System	1994
(1) When did your country introduce Computer Processing System	Only 11 district (rayon) tax inspectorates out of 55 are computerized
(2) Computer Processing System is applied to	- Clerical work on Income Tax, VAT,  - Tax return issuance, revenue monitoring, etc
6. Tax Consultation System	Yes By Non-Governmental Organization
7. Outline of Appellate System	Taxpayer – (1) Tax Office if not acceptable (2) Civil Court for individuals Arbitrage Court for legal entities

### 3.4) Brazil

#### Taxation System

Items	Brazil
I. General Information	(FY is from January to December)
1. Tax Revenue	(FY 1999)
(1) National Tax (including Social Security)	215.423 (million reais)
(2) State Tax	78.153 (million reais)
(3) Municipal Tax	12.154 (million reais)
(4) Total	305.731 (million reais)
2. Tax Burden Ratio to National Income (GDP)	
(1) National Tax (including Social Security)	21.33%
(2) State Tax	7.74%
(3) Municipal Tax	1.20%
(4) Total	30.27%
3. Composition of National Tax Revenue (Ratio)	(FY 1999)
(1) Direct Taxes	Income Tax 25.6%
	Rural Property Tax 0.1%
	Sub-Total 25.7%
(2) Indirect Taxes	Federal VAT 7.5%
	Customs Tax 3.6%
	Other Taxes 63.2%
	Sub-Total 74.3%
	Total 100.0%
II. Income Tax System	
1. Method of Assessment	Self-assessment
2. Period of Taxation	
(1) Individual	Calendar year
(2) Corporation	Quarterly basis
3. Tax Rate	
(1) Individual	15% - 27.5%
(2) Corporation	15% - 25%
4. Due Date for Filing Tax Return	
(1) Individual	April, 30 after accounting period
(2) Corporation	June, 30 after accounting period
5. Time Limit on Assessment	Deficient case 5 (years)
	Non-filing case 5 (years)
	Fraud case 5 (years)
6. Obligation of Bookkeeping	Yes
7. What kind of fine or imprisonment is Imposed in the case of Evasion	Imprisonment between 2 and 5 years and fine
8. Withholding system is applied to	Interest, wages and salaries, remuneration and fee, etc
III. Value Added Tax System	
1. Taxpayer Registration System	Yes
2. Method of Assessment	Self-assessment
3. Period of Taxation	
(1) Corporation	Each ten days
4. Tax Rate	Variable depending on the essentiality of the

	product
5. Due Date for Filing	
(1) Corporation	June, 30 after accounting period
6. Time Limit on Assessment	Deficient case 5 (years)
	Non-filing case 5 (years)
	Fraud case 5 (years)
7. Obligation of Bookkeeping	Yes
8. What kind of fine or imprisonment is Imposed in the case of Evasion	Imprisonment between 2 and 5 years and fine
IV. Tax Administration	
1. Organization Structure	
(1) Outline of Organization	(As of February 2000)
	Secretariat of Federal Revenue (1)
	Regional Tax Bureaus (10)
	Tax Offices (578)
(2) What organization is in charge of Tax Policy and Tax System	Secretariat of Federal Revenue
	Ministry of Finance
2. Number of Personnel	(As of December 1999)
	19,687 persons
3. Number of Taxpayers	(1999 in thousand)
	Income Tax 10,284
	Corporation Tax 6,835
4. Audit System	
(1) Direct Taxes	
a. Field Examination	Yes
b. Criminal Investigation	No
(2) Indirect Taxes	
a. Field Examination	Yes
b. Criminal Investigation	No
5. Computer Processing System	
(1) When did your country introduce Computer Processing System	---
(2) Computer Processing System is applies to	- Clerical work on Income Tax, VAT, rural property tax, customs control, etc
	- Information processing, examination process of the different taxes, etc
	- Tax return issuance, revenue monitoring, etc
6. Tax Consultation System	Yes
7. Outline of Appellate System	Taxpayer => (1) Appeal Tax Office
	(2) Taxpayer's Council
	(3) Superior Chamber of Tax Appeals
	Taxpayer => Courts

### 3.5) Botswana

#### Taxation System

Items	Botswana
I. General Information	(FY is from July to June) (FY 1997/98)
(1) National Tax	
(2) Local Tax	
(3) Total	P6, 239.5
2. Tax Burden Ratio to National Income	
(1) National Tax	
(2) Local Tax	
(3) Total	About 60%
3. Composition of National Tax Revenue (Ratio)	(FY 1999/2000)
(1) Direct Taxes	Income Tax 73%
	Land & Building Tax N/A
	Sub-Total 73%
(2) Indirect Taxes	Value Added Tax N/A
	Other Taxes 27%
	Sub-Total 27 %
	Total 100%
II. Income Tax System	
1. Method of Assessment	Official assessment
2. Period of Taxation	
(1) Individual	Tax year July 1 to June 30
(2) Corporation	Tax Year July 1 to June 30 (Free to choose accounting period)
3. Tax Rate	
(1) Individual	5% - 25%
(2) Corporation	15% & 25%
	Lower rate for manufacturing companies
4. Due Date for Filing Tax Return	
(1) Individual	End of tax year June 30 to December 31
(2) Corporation	End of tax year June 30 to December 31
5. Time Limit on Assessment	4 years or after 4 years as the Commissioner may find it reasonable Fraud case unlimited
6. Obligation of Bookkeeping	Yes
7. What kind of fine or imprisonment is Imposed in the case of Evasion	2 years imprisonment and fine P4000
8. Withholding system is applied to	Interest, Dividend, Wages and Salaries, Management Fees PAYE Remuneration and Consultancy Fees, Royalties, Construction contracts with non-residents etc. Tax rate 15% and 10 %
III. Value Added Tax System	N/A, In process, VAT law Have Been Drafted
1. Taxpayer Registration System	
2. Method of Assessment	
3. Period of Taxation	

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(1) Sole proprietor	
(2) Corporation	
4. Tax Rate	
5. Due Date for Filing	
(1) Sole proprietor	
(2) Corporation	
6. Time Limit on Assessment	
7. Obligation of Bookkeeping	
8. What kind of fine or imprisonment is Imposed in the case of Evasion	
IV. Tax Administration	
1. Organization Structure	
(1) Outline of Organization	(As of May 2000) Department of Taxes (1) Regional Tax Offices (3) - District Tax Offices n/a - Tax Audit & Investigation Offices n/a - Land & Building Tax Service Offices n/a
(2) What organization is in charge of Tax Policy and Tax System	Department of Taxes, Ministry of Finance (As March 1998)
2. Number of Personnel	Persons 206
3. Number of Taxpayers	(1998 in thousand)
	Income Tax 22 185
	Corporation Tax 7 074
	Withholding Income Tax 4 921
4. Audit System	
(1) Direct Taxes	
a. Field Examination	Yes
b. Criminal Investigation	Yes
(2) Indirect Taxes	
a. Field Examination	Yes
b. Criminal Investigation	Yes
5. Computer Processing System	
(1) When did your country introduce Computer Processing System	1999
(2) Computer Processing System is applied to	- Clerical work on Income Tax - Tax return issuance, revenue monitoring, etc
6. Tax Consultation System	Yes
7. Outline of Appellate System	Taxpayer – (1) Tax Office (if not acceptable) (2) Board of Adjudicators (3) High Court

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