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Act

No. 12 of 2024

I assent

DR. LAZARUS MCCARTHY CHAKWERA
PRESIDENT
18th April, 2024

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An Act to amend the Taxation Act

ENACTED by the Parliament of Malawi as follows—

Short title and commencement

1.—(1) This Act may be cited as the Taxation (Amendment) Act, 2024.

(2) Part II shall come into force on a date to be appointed by the Minister, by a notice published in the *Gazette*.

PART—I

Amendment of s. 39 to Cap. 41:01

2. The Taxation Act (hereinafter referred to as the "principal Act") is amended, in section 39—

(*a*) paragraph (*d*), by deleting the word "and" appearing immediately after the word ";";

(*b*) paragraph (*e*), by deleting the full stop at the end of the paragraph and substituting therefor, the words "; and"; and

(*c*) by inserting a new paragraph (*f*), as follows—

"(*f*) any sum donated by the taxpayer during the year of assessment, into the Disaster Risk Management Trust Fund.".

Amendment of s.39A of the principal Act

3. Section 39A of the principal Act is amended by deleting subsection (1) and substituting therefor, a new subsection (1) as follows—

"(1).—There shall be allowed as a deduction of fifty per centum for any amount paid as a social contribution directly into the—

(*a*) building of a public hospital or school;

(*b*) sponsoring of youth sporting development activities; or

(*c*) construction of a borehole, water kiosk and other water supply facilities, as determined by the Minister by notice published in the *Gazette*.".

Amendment of s. 76A (1) of the principal Act

4. Section 76A(1) of the principal Act is amended by deleting the words "and having a place of effective management".

Amendment of s. 91B of the principal Act

5. Section 91B of the principal Act is amended by deleting subsection (1) and substituting therefor, a new subsection (1) as follows—

"(1) A person operating a commercial passenger motor vehicle of less than thirty-three seats, including the driver, shall be liable to pay a tax known as a presumptive tax, which shall be payable quarterly in equal instalments, at the rate specified in the *Eleventh Schedule*:

Provided that the Commissioner General shall graduate the person into the income tax regime applicable to income for individual businesses or corporations, as the case may be, if he believes that there are reasonable grounds to warrant the decision.".

Amendment of the *Second Schedule* to the principal Act

6. The *Second Schedule* to the principal Act is amended by inserting, immediately after paragraph 4, a new paragraph 5 as follows—

"5. The lessor shall transfer the right to claim capital allowances to the lessee, where a capital asset is subject to a finance lease.".

Amendment of the *Eleventh Schedule* to the principal Act

7. The *Eleventh Schedule* to the principal Act is amended—

(*a*) under paragraph (*c*), by deleting subparagraph (ii) and substituting therefor, a new subparagraph (ii) as follows—

"(ii) an additional tax of ten percent shall be charged on any taxable income above ten billion kwacha;";

(*b*) under paragraph (*h*), by deleting the word "earnings" and substituting therefor, the word "returns";

(*c*) by deleting paragraph (i) and substituting therefor, a new paragraph (i) as follows—

"(*i*) in the case of presumptive tax for commercial passenger carrying vehicles, at K5,000 per seat"; and

(*d*) deleting the APPENDIX and substituting therefor, a new APPENDIX as follows—

"APPENDIX

A—TABLE OF RATES OF INCOME TAX ON TAXABLE INCOME OTHER THAN EMPLOYMENT INCOME

Annual Taxable Income . .	*Rate*
First K1, 800, 000	0%
Excess of K1, 800, 000. . . .	30%

B—TABLE OF RATES OF INCOME TAX ON EMPLOYMENT INCOME

Annual Taxable Income	*Rate*
First K1, 800, 000	0%
Next K4, 200, 000	25%
Next K24, 600, 000	30%
Excess of K30, 600, 000 . .	35%".

Amendment of the *Fourteenth Schedule* to the principal Act

8. The *Fourteenth Schedule* to the principal Act is amended—

(*a*) by deleting paragraph (*c*) and substituting therefor, a new paragraph (*c*) as follows—

"(*c*) Payment for any supplies to traders and institutions . . . . 9 3%";

(*b*) under paragraph (*e*), by deleting the words "individual banking agents" and substituting therefor, the words "individual agents recruited by an e-money service provider";

(*c*) by deleting paragraph (*g*) and substituting therefor, a new paragraph (*g*) as follows—

"(*g*) Payment for farm produce 4 1%";

(*d*) by deleting paragraph (l) and substituting therefor, a new paragraph (l) as follows—

"(*l*) Interest—

(*i*) Interest realised from investment of life assurance premiums and pension contributions 15%

(ii) Other . . .. . 7 20%";

(*e*) by deleting note 4 and substituting therefor, a new note 4 as follows—

"4. The tax withheld from income from sale of farm produce shall be a final tax."; and

(*f*) by inserting, immediately after note 8, a new note 9 as follows—

"9. Paragraph (c) shall not apply to the supply of food.".

Amendment of the *Fifteenth Schedule* of the principal Act

9. The *Fifteenth Schedule* of the principal Act is amended by—

(*a*) deleting paragraph 21 and substituting therefor a new paragraph 21 as follows—

"21. Issuance of an explosives licence or permit under the Explosives Act by the Malawi Police Service."; and

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(*b*) inserting new paragraphs 23 and 24, as follows—

"23. Issuance of a minerals export permit.

24. Application and renewal of industrial rebate licence.".

PART—II

Amendment of s. 45 of the principal Act

10. Section 45 of the principal Act is amended in—

(*a*) paragraph (*i*), by deleting the word "and" appearing immediately after the word ";";

(*b*) paragraph (*j*), by deleting the word "and" appearing immediately after the word ";";

(*c*) paragraph (*k*), by deleting the full stop at the end of the paragraph and substituting therefor, the words "; and" ; and

(*d*) by inserting a new paragraph (l), as follows—

"(*l*) any expenditure where the invoices of the transactions are not generated from an electronic tax invoicing system, except where the transactions have been exempted in accordance with the Value Added Tax Act.".

Cap. 42:02

Passed in Parliament this twenty seventh day of March, two thousand and twenty-four.

FIONA KALEMBA
Clerk of Parliament