



# Step-by-step guide for new businesses



- ❖ Registration for tax purposes
- ❖ Requirement to appoint a Public Officer
- ❖ Tax Returns and payments
- ❖ Record keeping
- ❖ Punitive measures for non-compliance
- ❖ Payments and Referencing

For any further assistance please engage the

SRA Contact Centre: 2406 4050 or e-mail at [info@sra.org.sz](mailto:info@sra.org.sz)

For more information visit the SRA website: [www.sra.org.sz](http://www.sra.org.sz)



## 1. Registration for tax purposes

### INCOME TAX:

- Every “person” who earns or makes income in Swaziland must register for income tax. “Person” includes:
  - A company;
  - An individual (Sole Trader);
  - A partnership;
  - A trust;
  - The estate of a deceased person; and an insolvent estate

*\*An employee is not supposed to register for TIN, unless they have multiple income streams sourced in Swaziland.*

### PROVISIONAL TAX:

- Provisional tax is not a separate tax but a mechanism to pay **income tax** by making part payments of the annual tax liability at various intervals during the year in which the income is earned based on estimated taxable income.
- The following are expected to register for provisional tax:
  - A company;
  - A person (who derives income other than remuneration);
  - The director of a private company (if such director is ordinarily resident in Swaziland, or such company is managed and controlled or has its registered office in Swaziland); and
  - Any person who is notified by the Commissioner that he or she is a provisional taxpayer must register for provisional tax.

### PAY AS YOU EARN (PAYE):

- Every person who becomes an employer should apply to be registered for PAYE purposes.
- An employer who pays remuneration to an employee, must deduct employees’ tax (PAYE) from the remuneration of employees and pay the tax deducted to the SRA on a monthly basis.
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### VALUE ADDED TAX (VAT):

- Persons with taxable turnover of E500,000 (threshold) in any consecutive 12-month period; or
- Where at the end or onset of any 3month period ¼ of the threshold (E125, 000) has or is expected to be reached – Must register for VAT.

- A VAT certificate is issued after 15 days of applying. A VAT Certificate is mandatory if registered for VAT.

#### **NOTE:**

- A business that is registered for tax purposes is allotted a Taxpayer Identification Number (TIN).
- Having a TIN **does not** mean you are automatically registered for VAT.
- Having a TIN **does not** mean you are automatically linked to the ASYCUDA system;
  - A taxpayer who commercially imports & exports goods, must indicate their intention to do so and produce TIN confirmation letter in order to be linked to the ASYCUDA system. Once linked, the taxpayer remains on the system.
  - For individuals, a PIN suffices.
- When the obligation to register additional tax type(s) arises, a taxpayer who already has a TIN should register for the additional tax type(s) using the same TIN.

#### **HOW TO REGISTER?**

- Tax payers can get the TIN application form from SRA website or at any nearest tax office as well as at the SRA Headquarters.
- Fill and submit a TIN Application Form to any SRA Service Center, or at the SRA Headquarters.
- TIN registration takes 4 working days.

#### **COMMISSIONER'S FINANCIAL YEAR END**

- After TIN registration, the taxpayer automatically defaults to Commissioner's financial year (i.e., 1<sup>st</sup> July to 30 June).
- One can elect a different financial year end by making a 'Change of year end' application which must be approved by the Commissioner General.

#### **WHEN AN INCORPORATED OR PRIVATE ENTITY CLOSSES DOWN**

- The Commissioner General must be informed in writing/through an email, and the following documents must be attached, depending on your business nature;
  - Deregistration certificate from Registrar of Companies
  - Letter revoking trading license from Ministry of Commerce
  - Cancellation of permit from Ministry of Public Works and transport.

#### **2. Requirement to appoint a Public Officer**

- A company carrying on business in Swaziland is required to appoint a Public Officer to represent the company in all their tax obligations.

#### **The Duties of the Public Officer include ensuring that:**

- All communication of the company to the Commissioner General is signed by him or her.
- Timeous submission of tax returns and payment of all due taxes.
- Proper business records are kept in the premises of the business and that such records are availed as and when required by SRA.
- Withholding and remittance of taxes is complied with where applicable.
- The company complies with any other provisions under the tax laws administered by SRA.

#### **The duties of a company include ensuring that:**

- The office of the public officer is filled at all times.
- The Commissioner General is notified where there is a change of public officer.

#### **How to apply to be a Public officer:**

- Submit completed "Application to be Public Officer". The application must be accompanied by the following documents:
  - A resolution by the company board of directors wherein the appointment was made.
  - An acceptance letter signed by the appointed person.
  - A certified copy of an ID document of the person appointed as public officer.
  - A valid certified copy of the working permit where the person appointed is not a Swazi National.

***\*Any other person acting on behalf of the Public Officer must produce a Power of Attorney.***



### 3. Tax Returns and Payments

#### INCOME TAX RETURNS:

- ALL registered business, must submit an income tax return annually with supporting company financial statements.
- Taxpayers are expected to furnish their returns no later than the stipulated period:

Taxpayer Segment	Filing Deadline
- Non-VAT registered entities	<b>31 October</b>
Individuals: - Individuals with employment income - Individuals with other income - High Net Worth Individuals and Special Groups	<b>30 November</b>
- Large Companies (managed under the Large Taxpayer Unit) - VAT registered entities	<b>31 December</b>
- Taxpayers using approved financial year-end different from 30 June	<b>Within 120 days after the approved financial year</b>

- Filing due dates may be altered though the Commissioner General's Annual Legal Notice.

#### PROVISIONAL TAX

- The first payment is due within six months of the commencement of the financial year (no later than **31<sup>st</sup> December** if using Commissioner's Financial Year).
- The second payment is due not later than the last day of the financial year (no later than **30<sup>th</sup> June** if using Commissioner's Financial Year).
- Payments of monthly instalments where the taxpayer has requested and the Commissioner General has approved are allowed.

#### PAY AS YOU EARN (PAYE)

- All payments and returns should be made on or before the 7<sup>th</sup> of the following month.
- PAYE Reconciliation – on or before 30<sup>th</sup> September



### WITHHOLDING TAX

- Withholding tax is a tax withheld on certain types of payments and includes;
  - Interest paid to residents – tax to be withheld at the rate of 10%
  - Dividends paid to residents - tax to be withheld at the rate of 10%
- The person making such payments has the responsibility of deducting the tax from the payments made and remitting the amount to the Commissioner General. It is not refundable.
- The company that makes such payments must maintain a record showing in relation to the dividend payment of the *dividend* and tax withheld from the dividend payment.
- Payment on tax withheld from dividend income must be paid within 15 days from date of payment
- The company shall issue a tax certificate to the shareholder as proof of payment of the tax withheld

**Note:** Taxpayers should contact SRA for the exhaustive list of all the types of payments liable for withholding tax.

#### VAT:

- The VAT return and payment is due within 20 days after the end of the tax period.
- For **e-tax registered taxpayers**, the VAT return and payment is due within 27 days after the end of the tax period.

**Example:** For a tax period ending on the 31<sup>st</sup> July, the VAT return and payment is due no later than 20<sup>th</sup> August, or no later than the 27<sup>th</sup> August for e-tax registered taxpayers.

#### VAT REVERSE CHARGE:

Under this provision, importers of taxable services are responsible for calculating VAT from the amount charged for the services rendered by the foreign supplier and pay it over to SRA within 30 days of the invoice date.

**Example:** A Swazi business engages a Foreign Service provider to do a job in Swaziland at a price of E100, 000. After the job is done the Swazi business must calculate VAT at 15% of E100, 000 and pay the E15, 000 to SRA.



## HOW TO SUBMIT A TAX RETURN

- Complete and submit ALL returns online **except** for the PAYE Reconciliation.
- Employers are required to download a soft copy of the PAYE Reconciliation spreadsheet from the SRA website ([www.sra.org.sz](http://www.sra.org.sz)) and e-mail the completed soft copy to:
  - relevant Customer Relations Manager (CRM) for Large Taxpayers; or
  - [Paye\\_SME@sra.org.sz](mailto:Paye_SME@sra.org.sz) for Medium and Small Taxpayers (i.e., SMEs)
- Late submission of returns and non-payment of the tax due attracts penalties.

**NOTE: Businesses registered for tax but not yet operational or that have not been operating in the year of assessment are also required to submit a nil return and further notify the Commissioner General in writing, giving reasons why business is not operating.**

### 4. Record Keeping

#### INCOME TAX:

- Business records should be kept in the business premises in English or SiSwati for a period of 5 years.
- Business records include books of account whether manual or in electronic format, and any documents relating to the business activity.

#### VAT:

- Records to be kept in Swaziland in English or SiSwati for a period of 5 years:
- Business records include original tax invoices, credit and debit notes received and issued;
- Customs documentation relating to import/exports; and
- Such other documents as requested by SRA.



### 5. Punitive measures for non-compliance

#### NON – REGISTRATION FOR TAX PURPOSES:

- Non-registration is an offence and is liable on conviction to a fine of up to E15 000 or to imprisonment for a term of up to 6 years or to both.

#### LATE RETURN SUBMISSION AND PAYMENT:

##### ▪ VAT

- Both late filing and late payment carry a separate penalty of 2% of the payable

##### ▪ Income Tax

- Penalty for late submission and payment is 20% of amount outstanding in addition an interest of 18% per annum
- Up to E20-00 for each day during which the default continues in the case of a loss.

##### ▪ PAYE

- PAYE late payment penalty is also 20% of the amount outstanding and 18% interest per annum
- PAYE Reconciliation - E30-00 for each day the default continues

##### ▪ Provisional Tax

- Failure to submit an estimate of taxable income on time-20% of provisional tax due for that period
- Late Payment of Provisional Tax- 20% of outstanding amount
- Penalty for under-estimation of taxable income is 20% of difference between estimate of taxable income and the lesser between basic amount and ninety percent of actual taxable income
- Amount not paid in full during relevant period-18% per annum of outstanding amount, calculated from the day payment was due until the day when payment is made
- Penalty for failure to make an estimate and payment, is 20% of the return amount outstanding in addition to normal tax due.

##### ▪ Withholding tax

A person who fails to deduct and remit such tax shall be personally liable to pay the full amount of the tax to be withheld or withheld as if it were tax due and payable by the company, with interest and penalties.

## 6. Payments and Referencing

### (i) Modes of payment:

Taxpayers may use any of the following modes to make payments:

#### ➤ No physical presence required- Payments made at the comfort of your home

Online banking

Cellphone banking

Bank App (FNB, Nedbank)

Mobile Money payments – (\*007#) Available for Domestic taxes only.

#### ➤ Physical presence required- SRA Payment Counter

(1) MoMo payments (payments made over the counter) accepted in all SRA collection points

(2) POS payments available in all SRA Collection points

(3) NO cash payments in all SRA inland service centers

#### ➤ Physical presence required – Nearest Bank

(1) ATM payments (subject to your bank)

(2) Bank deposit – cash only

**\* Payments must be made at least 48 hours before such payment is due. In the case of a prepayment of import VAT, payment must be made at least 48 hours before the goods arrive at the port of entry to avoid any unnecessary delays.**

### (ii) Referencing of Payments:

The following information is required when referencing a payment through **direct deposits, inter account transfers** and **electronic funds transfer (EFT)**.

- **TIN;**
- **Tax item code** which indicates what is being paid for;
- **Calendar year** for which the payment is being made; and
- **The first three letters of the calendar month** for which the payment is being made

**Example:** A payment for a taxpayer whose TIN is 100 123 456 paying VAT in respect of December 2012 would be referenced as follows: **100123456VT2012DEC**

**\*Failure to reference a payment correctly may delay payment processing by the SRA, thereby resulting in undue penalties and interests which will not be reversed.**

#### SRA TRANSACTIONAL ACCOUNTS

BANK	CUSTOMS	DOMESTIC TAXES	BRANCH CODE	SWIFT CODE
Swazi Bank	77024551228	77024551236	770009	SDSBS
Standard Bank	9110002961779	9110002748579	663164	SBICSZMX
First National Bank	62292706086	62265857965	280164	FIRNSZMX
Nedbank	020000501329	020000473716	360164	NESWSZMX
Swaziland Building Society	51000088831	51000091174	140166	NONE

**NOTE:** The Customs and Excise account is for payment of Customs and Excise duties and prepayment of import VAT. The Domestic taxes account is for all transactions in relation to domestic taxes as well as deferred import VAT.

### (iii) Tax item codes

TAX ITEM	TAX CODE
<b>Company Tax:</b>	
• Tax Assessed	CT
<b>Individual tax:</b>	
• PAYE	IT
• Tax Assessed	CT
• Penalty	IT
<b>Non-Resident Tax:</b>	
• NRT - Interest	NI
• NRT – Dividends	ND
• NRT – Artists	NA
• NRT – Contractors	NC
• NRT – Management Fees	NM
• NRT - Royalties	NR
• Branch Profit Tax	NB
<b>Provisional tax:</b>	
• Provisional tax – Individuals	PI
• Provisional tax – Companies	PC
<b>Withholding Tax:</b>	
• WHT – Interest Income	WI
• WHT – Dividend Income	WD
• WHT – Rental Income	WR
• WHT – Trust Beneficiaries	WT
• WHT – Penalties	WP
<b>Other:</b>	
• PAYE Reconciliation	PR
• PAYE Reconciliation - Penalty	PR
• Lotteries and Gaming	LG
• Fuel Tax	FT
• Alcohol and Tobacco Levy	AT
• Graded tax – Individuals	GT
• Graded Tax – Employers	IT
<b>VAT:</b>	
• Import VAT Prepayment	CU
• Import VAT Deferred	VT
• Domestic VAT – Returns	VT
• Import VAT Sekulula	VR
• Reverse Charge	RC
<b>Sales Tax:</b>	
• Sales Tax	ST
<b>Customs:</b>	
• Customs Duties	CD
• Excise	EX
• Motor Vehicles	CU
• Sundry Expenses	SE
• Customs Provisional	CP
• Penalty	PN
• Interest	CI