

4% livestock tax to be abolished soon

The Income Tax Bill no.36 of 2025 which was published on the 15th of December 2025 proposes to annihilate the 4% livestock Withholding Tax. We will analyse what the contemplated annihilation means to the business community, especially those who are in livestock farming. In this article, words importing the masculine shall be deemed to include the feminine.

The 4% tax

Currently, any buyer of livestock for slaughter is required to deduct 4% Withholding Tax from the seller. As an example, if BMC buys livestock from any farmer at a P100 000.00, it is required to deduct P4000.00 as a livestock Withholding Tax. The said Withholding Tax is then used by the farmer (where the farmer is subject to income tax as a credit against his final tax). However, farmers who operate as individuals, and do not own more than 300 cattle or 1800 goats or sheep, are not supposed to pay any further tax after the said 4% WHT. This therefore makes the WHT the final tax which is not creditable against their final income tax. The said tax was introduced a couple of years ago, and at introduction it caused a lot of discomfort amongst farmers.

The discomfort emanated from the fact that the Income Tax Act which levies the WHT already provided an exemption on the income of individual farmers who own not more than 300 cattle or 1800 goats or sheep. Despite the said exemption, the 4% was introduced resulting in a contradiction in the law and hence the discomfort amongst farmers. Despite the said discomfort and contradiction in the law, the tax remains in force and as we write, it is still law. The obvious complication of the said WHT is that it resulted in exempt income being subject to tax. We are aware that the Botswana National Beef Producers Union was really displeased with this tax due to the matters stated above.

The Bill

The above-mentioned Bill seeks to abolish the 4% WHT, meaning that upon its commencement, farmers would not suffer the 4% Withholding Tax. The Bill is still being debated in Parliament, and once approved it is expected to commence as from the 1st of July 2026. If the Bill sails through, then farmers have everything to celebrate; the abolishment of the said 4% livestock tax.

Conclusion

The mooted abolishment of the 4% WHT will result in a sudden decline in expenses for, especially the small livestock farmers, as they will not have to suffer any tax. It will further erase a contradiction between section 30 and section 58 of the Income Tax Act. For farmers who were subject to Corporate Income Tax, the abolishment simply translates into more cash

in their hands as they will not suffer the WHT when they sell their livestock. For BURS, the abolishment immediately results in reduced tax collections, albeit not that significant.

Tax hint: If you have never had a tax audit/review conducted by a tax consultancy firm to check whether you are tax compliant, or should it be apparent that you are not certain that your tax affairs are in good order, then don't wait for the taxman to pounce on you, as that can be very costly. Contact us today so we can help you fix your tax affairs whilst you still have time.

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