Tax Alert

VAT on remote services and reverse charge VAT (Update)

This alert updates the earlier guidance on VAT on remote services to reflect Botswana's new VAT framework and its impact on the remote services and reverse charge VAT rules.

What has changed

- The **Value Added Tax Act, 2026** and **Value Added Tax Regulations, 2026** came into operation on **1 July 2026**.
- The VAT (Amendment) Act, 2025—which first introduced VAT on remote services—has been **repealed and re-enacted** under the new law.
- The remote services and reverse charge provisions are now in the new legislation, with more detailed compliance rules.

When a foreign supplier does not have to register

- Non-resident suppliers must generally register once taxable supplies to Botswana customers exceed **P500,000** in any 12-month (or shorter) period.
- **No registration is required** where the supplier solely and exclusively makes remote services that are **reverse charged supplies**—i.e. supplies only to VAT-registered persons, Government entities or large unregistered persons.
- In those cases, the compliance obligation shifts to the Botswana recipient.

Let's talk

To get assistance, please contact

Rudi Binedell
Country Senior Partner & Tax Leader
+267 370 9700
rudi.binedell@pwc.com

Nilusha Weeraratne
Associate Director
+267 370 9700
nilusha.weeraratne@pwc.com

Masa Selerio
Senior Manager
+267 370 9700
masa.selerio@pwc.com

Pauline Kgabomotse
Manager
+267 370 9700
pauline.kgabomotse@pwc.com

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Key dates

The following key dates were set out in the **BURS Public Notice of 29 May 2026** and remain valid under the new legislation:

- **1 June 2026** – registration of non-resident suppliers of remote services commences;
- **1 August 2026** – Government entities and large unregistered persons (annual turnover of P1,000,000) commence registration, and registered persons start accounting for reverse charged supplies; and
- **1 October 2026** – charging of VAT by non-resident suppliers of remote services commences.

The first return due dates by VAT category are:

Category	Tax period	Return due date
A	Aug/Sep	28 October 2026
B	Sep/Oct	28 November 2026
C	August	28 September 2026

Supplies imported before transition into the new reporting requirements continue to be reported through the Declaration of VAT due on Imported Service (Form VAT.017.1). The implementation of VAT on inbound tourism products will be communicated separately.

Reverse charge VAT – compliance process

Where the reverse charge applies, the **Botswana recipient self-accounts for VAT at 14%** on the value of the imported service. Key steps:

- Capture and classify the foreign supplier invoice as a remote/imported service under the VAT Act and Regulation 14.
- Confirm the reverse charge conditions are met (foreign supplier, in-scope recipient, and a service taxable if supplied locally).
- Prepare a **recipient-created tax invoice** at the time of supply, with all Schedule 4 particulars.
- Declare output VAT and claim input VAT (full, partial or nil, depending on the recipient's profile) in the VAT return.
- File and pay within **28 days** after the tax period and retain the supporting audit file.

The recipient-created tax invoice is the required document to support the input VAT claim, so accurate documentation is essential.

What this means for taxpayers

- For most taxpayers, the **overall VAT cost should not change**—this is essentially a replacement for the VAT on imported services under the repealed VAT Act (Cap. 50:03).
- A fully taxable registered person offsetting output VAT with an equal input credit remains broadly **VAT-neutral**.
- The **compliance burden increases**: identifying in-scope foreign suppliers, preparing recipient-created tax invoices, self-accounting for VAT, and retaining a complete document.
- The revenue authority now receives **more detailed cross-border payment information**, which may be used to assess wider exposures—including **withholding tax** and potential **permanent establishment** implications for the foreign supplier.
- Taxpayers should consider these transactions **holistically**, not just from a VAT perspective.

How PwC can assist

- **Training your team** on remote services and reverse charge VAT rules and the related compliance process.
- **Analysing your transactions** with foreign suppliers to determine VAT applicability, registration vs. reverse charge, and input VAT recovery.

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