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Botswana: the African resident non domiciled location?

Introduction

In previous articles posted on this website reference has been made to the host of countries now offering “resident non domiciled” schemes or complete tax exemptions to new arrivals. With the drive by countries to attract high net worth individuals to their countries it is apparent that such individuals, if they are prepared to relocate themselves, can achieve significant tax benefits at least for their investment income. With certain countries they can also achieve significantly reduced rates of tax on current income. Obviously operational companies will continue to be taxed in their country of operation.

The countries mentioned in the article were predominately based in Europe or Asia with only Mauritius mentioned as an African possibility. This article seeks to present Botswana as a somewhat unlikely but interesting alternative.

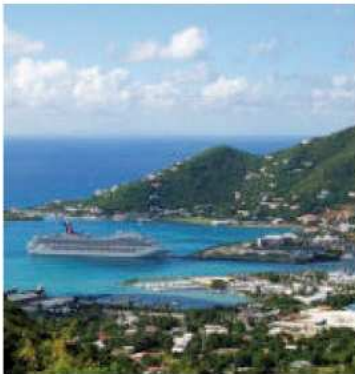
What is a “resident non domiciled” scheme?

Most of the schemes on offer from countries such as the United Kingdom, Ireland, Malta etc provide that the individual will only be taxed on income sourced in that country and that any income earned outside the country of residence will only be taxed if remitted to that country. Some countries go further and offer a beneficial low rate of tax if the income is remitted. Examples of this approach are found in Malta and Portugal.

Why Botswana?

Botswana is likely to appeal to a somewhat select group of individuals who would like some of the advantages on offer from relocation, but would rather spend their time on a game farm in the Tuli Block rather than spending time commuting in London. We highlight below some of the factors that make Botswana of some interest:

The first point to note is that Botswana does not have any exchange controls;



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Secondly Botswana taxes on a source based system, so any foreign income or capital gains are not taxed unless there is a specific deeming provision. This puts it in the same position as Hong Kong for example;

Botswana source income is taxed at a rate of 25% over 144 000 Pula, again significantly lower than neighbouring countries;

Botswana is only a very short flight away from Windhoek or Johannesburg.

Conclusion

Whilst Botswana is likely to have only a limited appeal, it highlights the fact that significant benefits can be achieved by those individuals prepared to relocate and take up residence in a country offering those benefits. Furthermore, for those desiring to enjoy an African lifestyle. this can be achieved without having to move to a European or Far Eastern location.

Key Contact:

If you require advice or assistance in regard to any of the matters raised in this article, please contact your usual contact or

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