



# Step-by-step guide for new businesses



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

For any further assistance please engage the ERS Contact Centre: +268 2406 4050, WhatsApp +268 7606 3735 or e-mail at [info@ers.org.sz](mailto:info@ers.org.sz)

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



## 1. Registration for tax purposes

### INCOME TAX:

- Every “person” who earns or makes income in Eswatini must register for income tax. Included are a company, a sole trader, a company director, a partnership, a trust.

*\*An employee receiving only employment income is not supposed to register for TIN, save for persons whose income is 2 Million and above.*

### 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);
  - A director of a private company (if such director is ordinarily resident in Eswatini, or such company is managed and controlled or has its registered office in Eswatini); and
  - Any person who is notified by the Commissioner General 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 ERS monthly. Such payment should be made to the ERS before the 14<sup>th</sup> of the following month.

### 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  $\frac{1}{4}$  of the threshold (E125, 000) has or is expected to be reached – Must register for VAT.

*The turnaround time for TIN registration is four (4) working days.*

- Only businesses registered for VAT and in possession of a VAT Certificate must charge VAT.

#### **NOTE:**

- A business that is registered for tax purposes is allocated 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 national Personal Identification Number (PIN) suffices.
- When the obligation to register for 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?**

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

#### **WHEN AN INCORPORATED OR PRIVATE ENTITY CLOSES 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 Eswatini is required to appoint a Public Officer to represent the company in all their tax obligations. The office of the public officer must be always filled and the Commissioner General is notified where there is a change of public officer.

#### **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 taxes due.
- Proper business records are kept in the premises of the business and that such records are availed as and when required by ERS.
- Withholding and remittance of taxes is complied with where applicable.
- The company complies with any other provisions under the tax laws administered by ERS.

#### **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. Supporting company financial statements must be attached.
- Taxpayers are expected to submit their returns no later than the stipulated period:

Taxpayer Segment	Filing Deadline
- Not registered for VAT (Individuals and companies)	<b>31 October</b>
- Individuals with employment income	<b>30 November</b>
- VAT registered (companies and individuals)	<b>31 December</b>

- Taxpayers whose year-end is different from 30 June must submit **within 120 days after their financial year-end.**
- Submission due dates may be altered through 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 14<sup>th</sup> of the following month.
- PAYE Reconciliation – on or before 30th 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 non-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 ERS for the exhaustive list of all the types of payments liable for withholding tax.

#### VAT:

- 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 30<sup>th</sup> June, the VAT return and payment is due no later than 27<sup>th</sup> July.*

#### VAT REVERSE CHARGE:

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

*Note: This provision does not apply to VAT registered businesses with full right to input tax deduction.*

*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 ERS.*

## HOW TO SUBMIT A TAX RETURN

- Income Tax, VAT and monthly PAYE returns must be submitted on E-Tax.
- 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 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 ERS.

## Enforcement 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 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. In case of a loss, E20-00 for each day during which the default continues.

### PAYE

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

### Provisional Tax

- Failure to submit an estimate of taxable income on time, late payment and underestimation of taxable income-20% of provisional tax due for that period
- 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

### 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.

## 5. Payments and Referencing

### Modes of payment:

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

1. Electronic Funds Transfer as well as bank Transfers (Account to Account)
2. Direct bank deposits (cash and cheques)- Only ERS branded deposit slips must be used for this type of transaction; every bank has these deposit slips.
3. Point of sale gadgets (speed-points). The ERS has speed-points that cater for both Debit and Credit Cards at all commercial border posts as well as our Service Centres.

Speed points are available at:

- Manzini; Matsapha; Siteki; and Mbabane Corporate Place service centres
- Ngwenya, Lavumisa, Mahamba, Matsamo, Mananga, Sicunusa, Lomahasha, and Mhlumeni border posts
- King III Airport, Inland Container Depot, and AGOA)

4. MTN mobile money \*007\*3\*4#

- The payment mode is only available for TIN registered Taxpayers
- It works for all ERS payment codes except for Graded Tax
- It has a transacting limit of E4 000 per transaction
- It has a 1-day lead time for clearance of payments into the relevant ERS system.

5. MTN Momo Pay

- The payment is available for all ERS tax payments including graded tax
- Payment reflects same day
- Available at ERS Service Centres

*\* 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.*

### Referencing of Payments:

The following information is required when referencing a payment through direct deposits, inter account transfer and EFT

- **TIN|Tax item code|Calendar year|The first three letters of the calendar month** for which the payment is being made

**Example:** A payment for a taxpayer whose TIN is 100123456 paying VAT in respect of December 2021 would be referenced as follows: **100123456VT2021DEC**

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

#### ERS 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	12251676	10974386	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.

### Tax item Codes for referencing payments:

TAX ITEM	TAX CODE
<b>Company Tax</b>	
Tax Assessed	CT
<b>Individual Tax</b>	
PAYE	IT
Tax Assessed	IT
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>	
Lotteries and Gaming	LG
Fuel Tax	FT
Graded Tax - Individuals	GT
Graded Tax - Employers	IT
PAYE Reconciliation	PR
PAYE Reconciliation - Penalty	PR
<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