

Swaziland

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A. At a glance

Corporate Income Tax Rate (%)	27.5
Capital Gains Tax Rate (%)	0
Branch Tax Rate (%)	27.5
Withholding Tax (%) (a)	
Dividends	15 (b)
Interest	10
Royalties from Patents, Know-how, etc.	15
Management Charges	15
Nonresident Contractors and Professionals	15 (c)
Nonresident Entertainers and Sports Persons	15
Branch Remittance Tax	15 (d)
Net Operating Losses (Years)	
Carryback	0
Carryforward	Unlimited

- (a) For purposes of the withholding taxes, nonresident companies are companies that are neither registered nor incorporated in Swaziland.
- (b) This withholding tax applies to dividends paid to nonresidents. See Section B.
- (c) This withholding tax is imposed on the payment after deduction of direct costs of materials used in construction operations.
- (d) This tax is imposed on the deemed repatriated income of the branch of a nonresident company. However, for the branch of a company registered in Botswana, Lesotho, Mozambique, Namibia or South Africa, the rate of the tax is reduced to 12.5%.

B. Taxes on corporate income and gains

Corporate income tax. Domestic and foreign companies are taxed on all income received or accrued from a source in Swaziland or deemed to be from a source in Swaziland.

Rate of corporate tax. The corporate tax rate is 27.5%.

Administration. The tax year runs from 1 July to 30 June. Corporate taxpayers may obtain permission to pay tax on a different fiscal year-end. Tax returns are due within 30 days after the notice given by the Commissioner of Taxes. Taxpayers unable to submit returns within 30 days must apply for an extension and submit an estimate of their income for the year.

Companies must pay provisional tax based on their estimated annual tax liability in two installments during their financial year. The installments must be paid by the end of the sixth month of the financial year and by the end of the financial year. A third (“topping-up”) payment of any balance of tax due must be made within six months after the end of the financial year.

Dividends. Dividends paid to resident companies are exempt from tax. A 15% withholding tax is imposed on dividends paid to non-residents, including companies. The rate is reduced to 12.5% if the dividend is paid to a company incorporated or registered in the Southern African Customs Union (SACU; the SACU consists of Botswana, Lesotho, Namibia, South Africa and Swaziland), provided the company is not a subsidiary or branch of a company incorporated or registered outside the SACU.

Foreign tax relief. No specific provisions for foreign tax relief exists, except under double tax agreements.

C. Determination of trading income

General. Income tax is levied on all taxable income received by or accrued to any person from a source within Swaziland or deemed to be within Swaziland. Taxable income includes all income other than capital gains and losses and exempt income.

Expenses, other than those of a capital nature, incurred in Swaziland for the production of income may be deducted from income. Expenses incurred outside Swaziland in the production of income are deductible at the discretion of the Commissioner of Taxes.

Expenses specifically allowed include interest on business-related loans, repairs and maintenance, and bad and doubtful debts. In general, expenses that are not wholly or necessarily incurred in the production of income are not deductible.

Inventories. In general, inventories are valued using the last-in, first-out (LIFO), first-in, first-out (FIFO) or weighted-average methods.

Provisions. Provisions are not normally allowed as deductions in computing taxable income.

Depreciation. An annual depreciation allowance, calculated using a declining-balance method, is available for most capital expenditures. An annual depreciation allowance is also available for industrial buildings and hotels. The straight-line method may be used if prior permission is obtained from the Commissioner of Taxes.

An initial allowance of 50% is granted for investments in plant and machinery used in manufacturing, industrial buildings and hotels.

Relief for trading losses. Trading losses are deductible in the year sustained and may be carried forward without limitation. Losses may not be carried back.

D. Value-added tax

Value-added tax (VAT) is charged on the supply of goods and services in Swaziland as well as on the importation of goods and services. The VAT rates are the standard rate of 14% and a 0% rate.

E. Foreign-exchange controls

Foreign-exchange controls are not imposed within the Common Monetary Area, which includes Lesotho, South Africa and Swaziland. Transactions outside this area are regulated by the Central

Bank of Swaziland in cooperation with authorized dealers. Residents outside the Common Monetary Area may open nonresident accounts.

Foreign-exchange controls are imposed on imports as well as on the repatriation of capital, profits, interest, royalties, fees and income of expatriate personnel. These transactions require prior approval from the Central Bank of Swaziland, but approval is generally granted.

F. Treaty withholding tax rates

	Dividends	Interest	Royalties	Management fees
	%	%	%	%
Mauritius	7.5	5	7.5	0
South Africa	10/15 (a)	10	10	10
United Kingdom	15	0	0	0
Non-treaty countries	15 (b)	10	15	15

(a) The 10% rate applies if the shareholder holds at least 25% of the capital. The 15% rate applies in all other cases.

(b) See Section B.