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**TAXATION**

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## CHAPTER 41:01

## TAXATION

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## TAXATION

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## CHAPTER 41:01

## TAXATION

An Act to provide for the taxation of incomes, graduated tax  
and minimum tax and for purposes ancillary thereto

[1ST JANUARY, 1964]

46 of 1963  
12 of 1964  
(N)\*  
19 of 1964  
(N)\*  
37 of 1964  
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12 of 1987  
20 of 1987  
4 of 1988  
1 of 1990

PART I  
PRELIMINARY

1. This Act may be cited as the Taxation Act.
2. In this Act, unless inconsistent with the context—  
'agent' includes any partnership, company or any other body  
of persons, corporate or unincorporate, when acting as an  
agent;  
'assessable income' means assessable income as defined in  
section 11;  
'assessed loss' means any amount by which the amounts  
allowed to be deducted under Part III, Division 2, and  
Part IV, from assessable income (as defined in Part III,  
Division 1) of any person exceed such income;

G.N.  
219/1964(N)  
137/1966  
194/1967  
Short title

Interpreta-  
tion of  
certain  
general  
terms  
12 of 1987  
1 of 1990

“beneficiary with a vested right”, in relation to income the subject of a trust created by a trust instrument, means a person named or identified in the trust instrument who has at the time the income is derived an immediate certain right to the present or future enjoyment of the income;

\*Ordinances No. 12 of 1964(N) and No. 19 of 1964(N) came into operation on 1st January, 1964 (see Ordinance No. 5 of 1965, s. 18).

†The amendments of this Act sections 17, 26, 39 and 70, in the First Schedule and in the Eleventh Schedule have effect in respect of income tax for the year of assessment ending 31st March, 1968, and subsequent years of assessments. The amendments of this Act in the Appendix to the Eleventh Schedule have effect in respect of income tax for the year of assessment ending 31st March, 1969, and subsequent years of assessment.

‡The amendments of this Act in section 16 and the Fifth Schedule have effect in respect of income tax for the year of assessment commencing 1st April, 1965, and subsequent years of assessment. The amendment of this Act, in section 124 and in the First Schedule have effect in respect of income tax for the year of assessment commencing 1st April, 1968, and subsequent years of assessment.

§The amendment to section 109 of this Act is deemed to have come into operation on the 1st of April, 1963. The amendments made by the Act to section 105 and the First Schedule have effect for the year of assessment commencing on the 1st of April, 1967, and all subsequent years. The provisions of the new section 29 added by the Act apply for the year of assessment commencing on the 1st of April, 1969. The amendment by section 22 (the repeal and re-enactment of Part X— Appeals—is effective from 1st May, 1969). Other amendments effected by the Act apply to the year of assessment commencing on the 1st of April, 1969, and subsequent years.

The amendments effected by this Act to sections 26, 28, 39, 72, 73 and to the Eleventh Schedule apply for the year of assessment commencing on the 1st of April, 1970, and all subsequent years. The amendment to paragraph 3 of the Third Schedule is deemed to have applied for the year of assessment commencing on the 1st of April, 1968, and to all subsequent years. The amendment to paragraph 2 of the Fifth Schedule is deemed to have applied to the year of assessment commencing on the 1st of April, 1963, and for all subsequent years. The amendments to the Second Schedule and to paragraph 1 (c) and 1 (d) of the Eleventh Schedule apply for the year of assessment commencing on the 1st of April, 1969, and all subsequent years. The amendment to section 61 of the Principal Act, paragraph (b) of the First Schedule, subparagraph (1) (b) of the Eleventh Schedule, and the insertion of a new section 62, and the proviso to subparagraph (ix) of the First Schedule are effective from 1st August, 1969.

¶The amendments effected by this Act to section 56 and the First Schedule apply for the year of assessment commencing on the 1st of April, 1970, and all subsequent years, save that the amendment which inserted paragraph (ii), immediately following paragraph (i) is deemed to have come into operation on the 1st of July, 1966.

The amendment to section 105 (6) effected by this Act is deemed to have come into operation on the 1st of April, 1967. The amendment to section 58 (3) by this Act is effective from 1st April, 1970, save any balance of expenditure remaining in respect of water conservation works carried out in previous years is to be allowed in the assessment made for the year ending 31st March, 1971. The amendment to paragraph 1 (d) (ii) of the Twelfth Schedule effected by this Act is deemed to have applied for the year of assessment commencing on the 1st of April, 1970, and all subsequent years of assessment. The amendments effected by this Act to sections 40 and 56, the Second Schedule and the Eleventh Schedule Part I (Appendix) shall come, or be deemed to have come into operation for the year of assessment commencing on the 1st of April, 1971, and all subsequent years of assessment.

The amendments effected by this Act to section 56 and the First Schedule apply for the year of assessment commencing on the 1st of April, 1970, and all subsequent years, save that the amendment which inserted paragraph (ii), immediately following paragraph (i) is deemed to have come into operation on the 1st of July, 1966.

The amendment to section 105 (6) effected by this Act is deemed to have come into operation on the 1st of April, 1967. The amendment to section 58 (3) by this Act is effective from 1st April, 1970, save any balance of expenditure remaining in respect of water conservation works carried out in previous years is to be allowed in the assessment made for the year ending 31st March, 1971. The amendment to paragraph 1 (d) (ii) of the Twelfth Schedule effected by this Act is deemed to have applied for the year of assessment commencing on the 1st of April, 1970, and all subsequent years of assessment. The amendments effected by this Act to sections 40 and 56, the Second Schedule and the Eleventh Schedule Part I (Appendix) shall come, or be deemed to have come into operation for the year of assessment commencing on the 1st of April, 1971, and all subsequent years of assessment.

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- “child” includes a step-child, a lawfully adopted child, and a child for whom by custom an individual is responsible;
- “collector” means a person other than a tax authority to whom the Commissioner has delegated any of the functions conferred or imposed upon the Commissioner by this Act;
- “company” includes any association wheresoever incorporated;
- “earnings” means the total amount in cash paid at a rate which does not exceed K1,400 per annum received by or accrued to or in favour of an employee in respect of work done or services rendered in Malawi, and whether paid or payable daily, weekly, monthly or at other intervals, including any cash paid in lieu of notice to terminate employment, but excluding any amount received as a war disability pension or widow’s war pension, or as an old age pension paid out of public funds or as an award, benefit, or compensation paid under any written law in respect of injury, disease or disablement suffered in employment;
- “employee” or “employed person” means any person who has entered into or works under a contract or agreement, expressed or implied, oral or written, for any work or labour whatsoever;
- “employer” includes any person or public authority who pays a wage or salary to an employee in Malawi;
- “functions” includes powers and duties;
- “graduated tax” means tax which is chargeable upon earnings, as provided in section 140;
- “income” means income as defined in section 11;
- “income tax” means tax payable under this Act, other than graduated tax or minimum tax;
- “income the subject of a trust to which no beneficiary is entitled” means income the subject of a trust created by a trust instrument which—
- (a) is not paid to or applied to the benefit of—
    - (i) a beneficiary with a vested right; or
    - (ii) a person who would but for—
      - (A) the conferment on the trustee by the trust instrument of a discretion so to pay or apply the income; and
      - (B) the happening of some event stipulated in the trust instrument other than the exercise of that discretion, be a beneficiary with a vested right; or
  - (b) is not income deemed by virtue of section 72 to have been received or have accrued to or in favour of the person by whom the trust instrument was made; or
  - (c) is not accumulated in terms of the trust instrument for the future benefit of a beneficiary with a vested right;



- “insolvency” and “bankruptcy” shall be construed in accordance with any enactment in force in Malawi relating to insolvency and bankruptcy and as including an assignment to or arrangement or composition with creditors made in terms of any enactment in force in Malawi relating to those matters and “insolvent” and “bankrupt” shall be construed accordingly;
- “married woman” means a woman married by law or by custom, who is not a woman referred to in paragraphs (c) and (d) of the definition of “spouse”;
- “mineral” includes any valuable crystalline or earthly substance forming part of or found within the earth and produced or deposited there by natural agencies but does not include any clay (other than fire-clay), gravel, sand, stone (other than limestone) or other like substance ordinarily won by the method of surface-working known as quarrying;
- “mining operations” means—
- (a) any operations for the purpose of winning a mineral from the earth; and
  - (b) any operations for the purpose of winning a mineral from any substance or constituent of the earth which are carried on in conjunction with operations referred to in paragraph (a) by the person carrying on those operations; and
  - (c) such operations for the purpose of winning a mineral from any substance or constituent of the earth which are not carried on in conjunction with operations referred to in paragraph (a) or by a person carrying on those operations as the Commissioner may determine to be mining operations for the purposes of this Act; and “mine”, whether used as a noun or a verb, shall be construed accordingly;
- “minimum tax” means tax payable by individuals as provided in section 130;
- “minor child” means a child who is under twenty-one years of age and is unmarried;
- “parent” includes a person liable at law or by custom to maintain a child;
- “pension fund” means—
- (a) a superannuation, pension, widows’ or orphans’ fund established by any enactment whatsoever, whether in force in Malawi or elsewhere;
  - (b) a scheme or fund, other than a fund defined in paragraph (a), which the Commissioner approves or is deemed to have approved as a pension fund under section 65;

- “period of assessment” means any period in respect of which any tax leviable under this Act is chargeable and includes for the purposes of the charging, levying and collection of tax in respect of any period ended on or before the 31st day of March, 1963, any period in respect of which tax was chargeable under the Income Tax Act, of the former Federation of Rhodesia and Nyasaland; 16 of 1954 (F)
- “permanent establishment” includes an office or other fixed place of business through which business activity is carried on; 12 of 1987
- “person resident in Malawi” includes— 12 of 1987
- (a) any individual present in Malawi for an aggregate of 183 or more days in the year of assessment;
  - (b) any trust, estate or partnership established or otherwise organized under any written law of Malawi;
  - (c) any company incorporated in Malawi;
- “previous law” means any law relating to income tax applicable in the former Nyasaland, or the former Federation of Rhodesia and Nyasaland, or in Malawi, which was in force before the coming into operation of this Act;
- “provident fund” means a fund approved by the Commissioner as a provident fund under section 65;
- “spouse” does not include—
- (a) a husband who is separated from his wife under a judicial order or written agreement of separation; or
  - (b) a husband who—
    - (i) is living apart from his wife; and
    - (ii) is not wholly maintaining his wife; or
  - (c) a wife who is separated from her husband under a judicial order or written agreement of separation; or
  - (d) a wife who—
    - (i) is living apart from her husband; or
    - (ii) is not wholly maintained by her husband;
- “statutory corporation” means a body, other than a private society, incorporated by or in terms of a law in force in Malawi for special purposes specified in or under the law;
- “tax” or “the tax” means the appropriate tax payable under this Act;
- “taxpayer” means any person chargeable with tax, and, for the purposes of any provision relating to any return, includes every person required by this Act to furnish such return;
- “taxable income” means income as defined in section 28 and is assessable income after deduction of allowable deductions;
- “this Act” includes any rules made under this Act;

“trade” includes every profession, trade, business, employment, calling, occupation, or venture, including the letting of any property;

“trustee” includes—

(a) the administrator or executor of a deceased estate; and

(b) the trustee of an insolvent or bankrupt estate or assignee, person having the conduct of an order of composition or trustee under a deed of arrangement in an insolvent or bankrupt estate; and

(c) the legal representative of any individual under a legal disability or other person having, whether in an official or private capacity, the possession, disposal, control or management of the property of an individual under a legal disability; and

(d) the person having the administration or control of property subject to a *usufruct*, *fidei-cummissum* or other limited interest;

and “trust”, “property the subject of a trust” and “income the subject of a trust” shall be construed accordingly;

“trust instrument” means a deed, will, contract of settlement or other disposition, including a verbal declaration, by which a trust is created;

1 of 1985

“withholding tax” means the amount of tax deductible under section 102A;

“year of assessment” means any period of twelve months in respect of which the tax leviable under this Act is chargeable.

Commissioner of Taxes  
G.N.  
194/1967

3.—(1) There shall be constituted the office of Commissioner of Taxes (hereinafter referred to as “the Commissioner”) which shall be a public office the holder of which shall be charged with the general administration of this Act.

(2) The Commissioner shall at all times conform with the general directions of the Minister.

## PART II

### ADMINISTRATION

Delegation of functions by Commissioner

14 of 1969

4.—(1) All officers appointed for the purpose of carrying out this Act shall be under the direction and control of the Commissioner and shall perform such duties as the Commissioner may direct, and the Commissioner may, in writing and subject to such limitations as he may think fit, delegate to such officers or to any administrative officer any of the functions conferred or imposed on him by this Act.

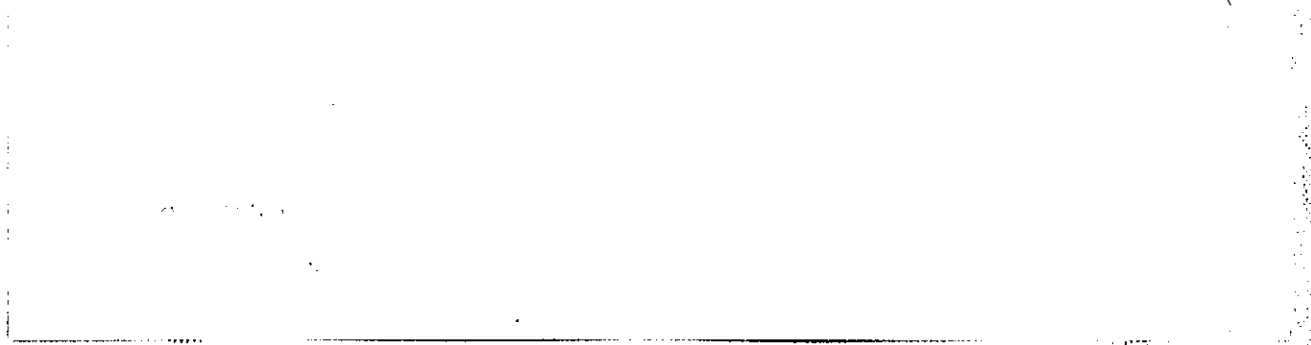
(2) Nothing in this section shall be deemed to confer upon any person other than the Commissioner any of the functions of the Commissioner under this section or section 5 or to prevent the exercise of any function by the Commissioner in person

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and the Commissioner shall have in relation to any act of any other officer the same powers as if the act had been done by himself.

(3) Any reference in this Act to the Commissioner shall be deemed to include in respect of matters as to which any other

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officer has exercised any function conferred upon him by this Act a reference to that other officer.

5.—(1) The Commissioner shall furnish to the Minister annually for presentation to the National Assembly a report on the working of this Act. Report by  
Commis-  
sioner

(2) In such report the Commissioner shall draw attention to any breaches or evasions of this Act which have come under his notice.

6.—(1) For the purposes of this section, "officer" means a person who is or has been appointed or employed by the Government, and who by reason of that appointment or employment, or in the course of that employment, may acquire or has acquired information respecting the affairs of any other person, disclosed or obtained under this Act or any previous law and shall include a Special Arbitrator and any assessor appointed under section 98 (3). Officers to  
observe  
secrecy  
  
14 of 1969

(2) Subject to this section, every officer shall preserve and aid in preserving secrecy with regard to all matters that may come to his knowledge in the performance of his duties in connexion with this Act, and shall not communicate any such matter to any person whomsoever other than the taxpayer concerned, or his lawful representative, nor suffer or permit any person to have access to any records in the possession or custody of the Commissioner except in the performance of his duties under this Act:

Provided that the Commissioner may prepare and publish statistics showing the total amount of income or taxable income received by any class or classes of persons from all or any particular sources during any year of assessment as declared in returns made to the Commissioner.

(3) No officer appointed or employed in carrying out this Act shall be required to produce in any court any return, document or assessment or to divulge or to communicate to any court any matter or thing coming under his notice in the performance of his duties under this Act except as may be necessary for the purposes of carrying this Act into effect or for the purpose of any prosecution for an offence committed in relation to any tax on income:

Provided that nothing in this provision shall prevent such officer from being required to disclose such information relating to any taxpayer as that taxpayer may request or authorize to be disclosed.

(4) Where any agreement or arrangement with any other country with respect to relief for double taxation of income or profit includes provision for the exchange of information with

that country for the purpose of implementing that relief or preventing avoidance of tax, the obligations as to secrecy imposed by this section shall not prevent the disclosure of such information to the authorized officers of the Government of such country.

(5) Notwithstanding anything contained in this section the Commissioner shall permit the Auditor General or any officer duly authorized in that behalf by the Auditor General to have such access to any records or documents as may be necessary for the performance of his official duties and the Auditor General and any such officer shall be deemed to be an officer employed in carrying out this Act for the purposes of this section.

(6) The Commissioner and every officer shall, before acting under this Act, take and subscribe, before a magistrate or commissioner for oaths, the appropriate oath of fidelity or secrecy set out in the Ninth Schedule.

(7) Every person who, in contravention of this section or of the true intent of the oath of fidelity or secrecy taken by him and without lawful excuse, reveals to any person whomsoever any matter or thing which has come to his knowledge in the course of his official duties, or suffers or permits any person to have access to any records in the possession or custody of the Commissioner, shall be liable to a fine of K200 and to imprisonment for two years.

(8) Any person who acts in the execution of his office before he has taken the oath prescribed in terms of this section shall be liable to a fine of K20.

Forms  
14 of 1969

7. The Commissioner may from time to time approve the form of returns, claims, statements, notices and all such other forms as may be required for the administration of this Act.

Service of  
documents

8. Any notice or document required or authorized under this Act to be served upon any person shall be sufficiently and effectively served—

(a) if personally served upon him; or

(b) if left with some adult person apparently resident at, occupying, or employed at his last known abode, office or place of business in Malaŵi; or

(c) if sent by post addressed to such last known place of abode, whether inside or outside of Malaŵi, office or place of business, or to any post office box rented in the name of such person or the employer of such person, in which case the term "post" means registered or unregistered post and, unless the contrary is proved, the service shall be deemed to have been effected at the time at which the notice would be delivered in the ordinary course of post;

(d) if affixed at such last known place of abode, office or place of business in which case such person shall be deemed to have received the notice or document on the fourteenth day after the affixing.

9.—(1) Where a collector is of the opinion that by reason of the illiteracy or infirmity of any person, such person would not understand the meaning of any written notice, request, advice, decision, form or other document, he may direct that the substance of such document shall be communicated to such person in such manner as he may deem fit and section 8 shall not apply.

Service of oral notices

(2) A certificate in the prescribed form by any Chief, Sub-Chief, village headman, or by a messenger in the public service or in the employment of a Chief or a local authority that, in accordance with the direction of a collector, the effect of any such document has been communicated to such person shall be admitted as evidence that such communication was made on the date specified on the certificate without proof of the signature of the person signing it.

10.—(1) Notices given by the Commissioner under this Act may be signed by any officer authorized by him on his behalf and any notice purporting to be signed by order of the Commissioner shall be as valid and effectual as if signed by himself.

Validity of documents

(2) Every form, notice, demand, or other document issued or given by or on behalf of the Commissioner or any other officer authorized under this Act shall be valid if the name of the Commissioner or officer by whom the same is issued or given is printed or written thereon.

### PART III

#### INCOME

##### *Division 1—Determination of Assessable Income*

11. The income of a person shall include the total amount in cash or otherwise, received by or accrued to or in favour of the person in any year or period of assessment from a source within or deemed to be within Malawi and his assessable income shall be that income excluding—

Income and assessable income

(a) any amount (not being an amount included in "assessable income" by virtue of any of the provisions of this Act) so received or accrued which is proved by the taxpayer to be of a capital nature; and

(b) any amount exempt from tax under this Act.

12.—(1) Income shall be deemed to have accrued to a person notwithstanding that such income has been invested, accumulated or otherwise capitalized by him or that such income has not been actually paid over to him but remains due and payable to him or has been credited in an account or re-invested or accumulated or capitalized or otherwise dealt with in his name or on his behalf,

Special circumstances in which income deemed to have accrued

L.R.O. 1/1973



and a complete statement of all such income shall be included by any person in the returns by him under this Act.

(2) Income received by or accrued to or in favour of a married woman shall be deemed to be income received by or accrued to or in favour of her husband.

Exemption **13.**—(1) There shall be exempt from tax all that income specified in the First Schedule.

(2) Where any income is exempt from income tax, the exemption shall be limited to the specified or original recipient of the income and shall not extend to persons receiving payments from that recipient, although the payments may be made wholly or in part out of that income.

(3) The exemption of any income from income tax shall not exempt any person from furnishing any return or information which is required by the Commissioner.

Income—  
annuities

**14.**—(1) The income of a taxpayer shall include the amount of any annuity, excluding, in the case of an annuity which has been purchased, that part of the amount of the annuity which represents the undeducted purchase price.

(2) Subject to the next succeeding subsection, the amount to be excluded under the last preceding subsection from the amount of the annuity derived by a taxpayer during a year of assessment—

(a) in the case of an annuity payable until the death of the taxpayer or for a term that will not end before his death, is an amount ascertained by dividing the undeducted purchase price of the annuity by the number of years in the complete expectation of life of the taxpayer, as ascertained by reference to the applicable life tables, at the time when the annuity first commenced to be derived; and

(b) in the case of an annuity payable for a term of years certain, is an amount ascertained by dividing the undeducted purchase price of the annuity by the number of years in the term.

(3) Where the amount of an annuity derived by the taxpayer during a year of assessment is more than, or less than, the amount payable for the whole year the amount to be excluded from the amount so derived is the amount which bears to the amount which but for this subsection would be the amount to be so excluded the same proportion as the amount so derived bears to the amount payable for a whole year.

(4) For the purposes of this section “the undeducted purchase price” in relation to an annuity, means so much of the purchase price of the annuity paid by the taxpayer as has not been allowed and is not allowable as a deduction and in respect of which a

rebate or abatement of income tax has not been allowed and is not allowable in assessments for income tax under this Act or any previous law.

(5) Notwithstanding the foregoing provisions of this section, <sup>4 of 1988</sup> in the case of a pension, if a taxpayer has other income in addition to the pension, then, income tax on the pension shall be calculated as if the pension was the only income of the taxpayer and that the pension shall not be taken into account in calculating income tax on such other income.

15. A taxpayer shall include income arising from the sale by <sup>Income—</sup> the taxpayer of any property acquired by him for the purpose <sup>casual</sup> of profit-making by sale, or from the carrying on or carrying <sup>profits</sup> out of any profit-making undertaking or scheme.

\*16.—(1) The income of a taxpayer shall include any amount <sup>Income—</sup> received or accrued in respect of services rendered or to be <sup>payments</sup> rendered whether due and payable under any contract of em- <sup>for services</sup> ployment or service or not but, subject to subsection (3), shall exclude any contract gratuity.

(2) For the purposes of this section—  
“contract gratuity” means a gratuity paid under a written con-  
tract of employment upon expiry, termination, renewal or <sup>18 of 1968</sup> extension of such contract, which is paid to an employee who is not during such employment a member of a pension fund other than a pension fund to which he is a voluntary contributor and in respect of which no contributions are payable by his employer out of which a pension will be paid to such employee in respect of such employment:

Provided that, save as otherwise provided in contracts entered into before 1st April, 1990, a gratuity shall be excluded <sup>25 of 1972</sup> from income to the extent only of— <sup>1 of 1990</sup>

- (a) an amount equal to twenty-five per cent of the salary accrued over the period of employment; or
- (b) K40,000,

whichever amount is the lesser.

(3) No amount paid as a contract gratuity by an employer other than the Government shall be excluded from the assessable income of a taxpayer, unless the provision of the contract providing for the payment of such contract gratuity is similar to and comparable with such provision in contracts between the Government and its employees and has been approved by the Commissioner. The Commissioner shall not approve any

<sup>1</sup> See section 3 of Act No. 11 of 1966 for transitional provisions in respect of 14 of 1969 contract gratuities in the year of assessment ended 31st March, 1966, and between 1st April and 31st December, 1966.

provision for the payment of a contract gratuity contained in a contract entered into between a company and any person other than a person—

(a) whose time, in the opinion of the Commissioner, is wholly or almost wholly occupied in the service of the company; and

(b) who is unable either directly or indirectly to control more than five per centum of the voting rights attaching to all classes of shares of the company.

Income—  
sums  
received on  
cessation of  
employment

17.—(1) Any amount received or accrued by reason of the cessation of the employment of a person or his withdrawal from or the winding-up of a pension fund or in commutation of amounts due under a contract of employment or service which is not—

(a) an amount referred to in section 16;

(b) an annuity;

(c) a payment in commutation of a pension made from a pension fund or from the public funds of the Government;

(d) a payment on account of ill-health or disability;

7 of 1968

(e) an amount received or accrued by way of a terminal benefit to which the Fourth Schedule relates; or

(f) an amount received by or accrued to an employee from a provident fund,

shall be included in income.

14 of 1969

(2) A single terminal payment to an employee in lieu of paid leave shall be assessed to tax as if such leave had been taken by the employee immediately after the cessation of the employment and he had been paid accordingly.

Income—  
expenses and  
benefits

18.—(1) Any sum paid by an employer in respect of expenses to an employee shall be treated as a perquisite of the office or employment of that employee and included in his assessable income:

Provided that the employee may claim as a deduction the amount of any such payment as is expended by him wholly and exclusively in performing the duties of his office.

(2) Where an employer incurs expense in or in connexion with the provision for any of his employees of living or other accommodation, of entertainment, of domestic or other services, or other benefits or facilities of whatsoever nature so much of the expense incurred by the employer in provision of the benefit as is not made good to the employer by the employee shall be treated as a payment under subsection (1).

(3) Any reference in this section to expense incurred in or in connexion with any matter includes a reference to a proper portion of any expense incurred partly in or in connexion with the matter.

**19.** Where an asset which continues to belong to the employer is used wholly or in part in the making of any such provision as is mentioned in section 18 (2), the employer shall be deemed for the purposes of that subsection to incur (in addition to any other expenses incurred by him in connexion with the asset) annual expense in connexion therewith of an amount equal to the annual value of the use of the asset:

Expenses  
and benefits,  
Asset  
belonging to  
employer

Provided that where any sum by way of rent or hire is payable by the employer in respect of the asset—

(a) if the annual amount of the rent or hire is equal to or greater than the annual value of the use of the asset, this section shall not apply; or

(b) if the annual amount of the rent or hire is less than the annual value of the use of the asset, rent or hire shall be left out of account for the purposes of section 18 (2).

**20.—(1)** If an employer furnishes to the Commissioner a statement of the cases and the circumstances in which payments of a particular nature are made or things of a particular nature are provided for any of his employees and the Commissioner is satisfied that no additional tax would fall to be paid if the two preceding sections and this section were to apply in relation to payments made or things provided by the employer in accordance with the statement, he shall notify the employer accordingly and where such notification is given the two preceding sections and this section shall not apply in relation to payments made or things provided by the employer in accordance with the statement:

Expenses  
and benefits,  
Employer  
may furnish  
statement

Provided that such notification can be revoked or amended on notice being given by the Commissioner.

(2) For the purpose of this and the two preceding sections, "employer" includes a body corporate and "employee" a director.

**21.** Sections 18, 19 and 20 shall not apply in the case of persons whose annual taxable income after the addition of expenses and benefits within the meaning of sections 18 and 19 does not exceed K3,000.

Sections  
18, 19 and  
20 not to  
apply  
in certain  
cases  
1 of 1985  
1 of 1990

**22.** Any amount paid by the Government to its employees in respect of or in connexion with leave passages to any country outside Malawi and any comparable amount similarly paid by any other employer under a contract with an employee, which has been approved by the Commissioner, shall not be treated as a benefit within the meaning of section 18, 19 or 20.

Income—  
passages

- Premiums      **23.** There shall be included in income any amount received or accrued from another person as a premium or like consideration paid by such other person for the right of use or occupation of land or buildings or for the right of use of plant or machinery or for the use of any patent, design, trade-mark or copyright or any other property which, in the opinion of the Commissioner, is of a similar nature.
- Timber sales  
14 of 1971      **24.** Where land is sold or otherwise disposed of for valuable consideration and there is timber growing on such land which, in the opinion of the Commissioner, has been grown as timber for sale, the market selling value as defined in section 50 of such timber at the time such land is sold or so disposed of shall be included in income.
- General      **25.** There shall be included in income—  
     (a) the amount of any balancing charge determined in terms of the Second Schedule; and  
     (b) any amount recovered or recouped during the year of assessment in respect of amounts allowed as a deduction under division 2 of this part of this Act or under any previous law whether in that or any previous year of assessment.
- Dividends  
7 of 1968  
19 of 1969  
5 of 1977  
4 of 1982      **26.—(1)** The gross dividend as defined in subsection (2) attributable to taxable income of a company incorporated in Malawi in the year of assessment accrued to or in favour of an individual subject to tax and resident in Malawi or to an individual engaged in business in Malawi shall be included in income.
- 19 of 1969  
5 of 1977  
4 of 1982  
10 of 1983      (2) For the purposes of this section gross dividend shall be determined by adding to the amount of the dividend accrued to or in favour of the individual an amount equal to the amount of such dividend.
- (3) The difference between the gross dividend and the dividend accrued to or in favour of the individual shall be deducted from the tax payable on taxable income, and where this amount exceeds the tax payable the excess shall be refunded to the individual.
- (4) For the purposes of this section a dividend shall be deemed to have accrued—  
     (a) if the resolution declaring the dividend stated that the dividend was to be paid to shareholders registered on a date in the future, on that future date; or  
     (b) in any other case, on the date of the resolution declaring the dividend.
- 4 of 1982      (5) In this section, "individual" means an individual who is liable to income tax under paragraph 1 (a) of the Eleventh Schedule.

27.—(1) An amount shall be deemed to have accrued to any person from a source within Malawi whenever it has been received by or has accrued to or in favour of such person—

Income deemed to have accrued in Malawi



(a) as remuneration for any services rendered or work of labour done by such person in the carrying on in Malawi of any trade, whether the payment for such service or work or labour is made or is to be made by a person resident in or out of Malawi, and wherever payment for such services or work or labour is made or is to be made;

(b) by virtue of any pension or annuity granted to such person by—

(i) any person wheresoever resident; or

(ii) the Government for services rendered, wheresoever payment of such pension or annuity is made and wheresoever the funds from which payment is made are situated:

Provided that—

(i) no pension or annuity shall be deemed to be derived from a source within Malawi if the service or employment for which it was granted was performed wholly outside Malawi. For the purposes of this proviso the service or employment in respect of which a pension or annuity was granted shall be deemed to have been performed within Malawi if the remuneration for the service or employment was deemed to have accrued from a source within Malawi by virtue of paragraph (c);

(ii) if the service or employment in respect of which any pension or annuity (other than a pension or annuity granted in respect of employment by the Government or any local authority or any statutory corporation) was granted, was performed partly within Malawi and partly elsewhere, only a proportionate part of such pension or annuity shall be deemed to be derived from a source within Malawi. Such proportionate part shall be calculated in accordance with the ratio that the period of service or employment within Malawi bears to the total period of service or employment, in respect of which such pension or annuity was granted;

(c) by virtue of any services rendered by such person to the Government or any local authority or any statutory corporation, notwithstanding that such services are rendered outside Malawi:

Provided that this provision shall apply only if the person rendering the services is resident outside Malawi solely for the purpose of rendering such services;

(d) from a person in or out of Malawi who may claim or would otherwise claim a deduction for such amount, in connexion with a permanent establishment in Malawi, as remuneration for services rendered or work or labour done, wherever such services, work or labour may have been rendered or done.



(2) Pensions payable to pensioners of the Government of the former Federation of Rhodesia and Nyasaland shall be deemed to arise or not to arise from a source within Malawi in accordance with the provisions contained in the Twelfth Schedule.

(3) Any interest paid by reason of the deferment of the payment of any amount or any part of any amount referred to in paragraph (r) of the First Schedule shall be deemed to have accrued from a source within Malawi notwithstanding that such interest shall have been paid outside Malawi from a source outside Malawi.

12 of 1987

(4) Any dividend attributable to taxable income of a company incorporated in Malawi shall be deemed to arise from a source within Malawi.

(5) Any amount incurred, claimed or claimable in connexion with a permanent establishment in Malawi shall be deemed to arise from a source within Malawi, regardless of the place of residence of the recipient, or the place of payment, of such amount.

#### *Division 2—Deductions*

##### *Determination of Taxable Income*

Allowable deductions in determining taxable income

28.—(1) For the purpose of determining the taxable income of any taxpayer, there shall be deducted from the assessable income of such taxpayer the amounts of any expenditure and losses (not being expenditure and losses of a capital nature) wholly and exclusively incurred by the taxpayer for the purposes of his trade or in the production of the income.

(2) Where a taxpayer claims to deduct an amount which might be regarded as deductible under two or more headings by virtue of any of the provisions of this Act, he shall not be entitled to claim that such amount shall be deducted more than once but shall elect under which one of these headings he wishes to claim such amount as a deduction.

19 of 1969

(3) Notwithstanding the provisions of subsection (1) and of section 45 for the purposes of determining the taxable income of any taxpayer who is an individual there shall be deducted from the assessable income of such taxpayer the amount of any sum paid by him to any building society registered under the Building Societies Act by way of interest on moneys advanced by such society on the security of a dwelling house owned by such taxpayer:

Cap. 32:01

Provided that no amount which is deductible under subsection (1) may be deducted under this subsection.

29. [Repealed by 10 of 1983]

30. [Repealed by 10 of 1983]

**31. [Repealed by 4 of 1988]**

**32. Sums actually expended by the taxpayer during the year of assessment for repairs not being expenditure of a capital nature—** Allowable deductions—repairs

(a) to any premises or part of premises occupied for the purpose of his trade; or

(b) resulting from the letting of property; or

(c) of articles, implements, plant, machinery and utensils employed by him for the purpose of his trade, shall be an allowable deduction.

**33. There shall be allowed as a deduction from assessable income capital allowances as provided in the Second Schedule.** Allowable deductions—capital allowances

**34.—(1) An allowance shall be made in respect of any premium or consideration in the nature of a premium paid by any taxpayer for the right of use or occupation of land or buildings, or for the right of use of plant or machinery, or for the use of any patent, design, trade-mark, copyright or any other property which, in the opinion of the Commissioner, is of a similar nature, where such land, buildings, plant, machinery, patent, design, trade-mark, copyright, or property is used for the production of income or from which income is derived but such allowance shall not exceed for any year of assessment such portion of the amount so paid as is equal to the amount of the premium or consideration divided by the number of years for which the right of occupation or use is granted:** Allowable deductions—premiums paid

Provided that—

(a) where the period for which the right of occupation or use is granted exceeds 25 years, the deduction shall be one twenty-fifth of such premium or consideration; and

(b) where the taxpayer acquires the ownership of land or buildings, plant or machinery, patent, design, trade-mark, or copyright or other property in respect of which an allowance has been made in terms of this paragraph, then from the date he acquires such ownership he shall cease to be entitled to any allowance under this paragraph in respect thereof.

(2) For the purposes of this section, the amount of any premium or consideration in the nature of a premium shall be reduced by the total amount of any similar allowance made under any previous law.

**35. There shall be allowed as a deduction bad debts proved to be such to the satisfaction of the Commissioner and which have become bad during the year of assessment if the amount of the debt is included in the current year of assessment or was included in any previous year in the taxpayer's assessable income either in terms of the Act or any previous law.** Allowable deductions—bad debts

Allowable  
deductions—  
doubtful  
debts

36.—(1) There shall be allowed as a deduction doubtful debts to the extent that they are estimated to be doubtful if the amounts of such debts are included in the current year of assessment or were included in any previous year of assessment in the taxpayer's income either in terms of this Act or any previous law. Such allowance shall be included in the income of the taxpayer in the following year. For the first year of assessment under this Act any such allowance made for the last year of assessment in terms of any previous law shall be deemed to have been made in terms of this Act.

(2) Where in any year of assessment a taxpayer receives an amount in respect of a debt for which a deduction has been allowed to him under this Act or any previous law, his assessable income shall include that amount.

Allowable  
deductions—  
export  
allowance  
Cap. 39:04  
4 of 1988

36A.—(1) There shall be allowed as a deduction an amount (hereinafter referred to as an "export allowance") determined under section 14 of the Export Incentives Act in respect of exports made during the year of assessment.

(2) No deduction of an export allowance shall be made unless the Commissioner is satisfied that the taxable income from which the deduction is to be made has been determined in accordance with the provisions of this Act.

Allowable  
deductions—  
pension  
funds and  
provident  
funds  
14 of 1969

37. There shall be allowed as a deduction—

(a) an amount to be determined in accordance with the provisions of the Fifth Schedule in respect of ordinary contributions as defined in that Schedule which are made in the year of assessment to a pension fund;

(b) any contribution, other than any ordinary contribution as defined in the Fifth Schedule, by an employer to a pension fund which is made for the purpose of ensuring that the moneys in the fund are sufficient to meet all payments to be made in terms of the rules of the fund:

Provided that the Commissioner may direct that such a contribution by an employer to a pension fund shall be treated as an expense to be spread over such period of years as the Commissioner may determine;

14 of 1969

(c) an amount contributed by an employer to a provident fund; and

4 of 1981

(d) contributions to the Parliamentary Pensions Premium Fund made by a member of the National Assembly pursuant to section 11 of the Parliamentary Pensions (Enabling Provisions) Act.

Cap. 2:06

**38.** Where income arises from the sale of timber a deduction shall be allowed—

Allowable deductions—  
sale of timber

(a) in respect of such income from the sale of, or the sale of the right to fell, timber which was growing on the land at the time of the acquisition of the ownership of such land by the taxpayer, an amount determined as follows—

(i) where such land was acquired by the taxpayer for valuable consideration, so much of the value of such consideration as the Commissioner thinks just and reasonable as representing the cost of the standing timber;

(ii) where no valuable consideration was given by the taxpayer for such land, an allowance fixed by the Commissioner as representing the value of the standing timber at the time that the taxpayer acquired such land;

(iii) where the taxpayer sells the timber the amount to be deducted for any year of assessment shall be the portion attributable to the timber sold during that year; and

(b) in respect of income from the sale by the taxpayer of timber, the right to fell and dispose of which was not acquired with the land on which the timber was grown, so much of the consideration for which the timber was acquired as is attributable to the amount of the timber sold by the taxpayer in the year of assessment.

**39.** There shall be allowed as a deduction—

Allowable deductions—  
research,  
etc.  
1 of 1990

(a) the amount of any expenditure, not being expenditure of a capital nature, incurred by the taxpayer during the year of assessment on experiments and research relating to his trade;

(b) any sum contributed by the taxpayer during the year of assessment to any scientific or educational society or institution or other body of a public character approved by the Minister if the taxpayer has stipulated that the sum must be utilized by such society, institution, or body, as the case may be, solely for the purpose of industrial research or scientific experimental work connected with the trade of the taxpayer;

(c) any sum contributed by the taxpayer during the year of assessment in the form of a grant, bursary, or scholarship to enable any other person to take a course of technical education related to the trade of such taxpayer at any educational institution approved by the Minister;

(d) individual donations of not less than K20 made during the year of assessment by the taxpayer to any such charitable organization as the Minister may from time to time by notice published in the *Gazette* approve for the purposes of this paragraph;

1 of 1990

Provided that no deduction exceeding K10,000 shall be allowed to any such taxpayer under this paragraph in respect of any one year of assessment.

Allowable  
deductions—  
annuity  
payment

**40.** Any amount paid by way of annuity, allowance or pension during the year of assessment by any taxpayer—

(a) to a former employee who has retired from the taxpayer's employ on the grounds of ill-health, infirmity or old age; or

(b) to any person who is dependent for his maintenance upon a former employee of such taxpayer or (where such former employee of such taxpayer is deceased) was so dependent immediately prior to his death,

shall be allowed as a deduction:

Provided that the deduction under paragraph (b) shall not exceed in respect of persons so dependent on any one retired or deceased employee the sum of K1,200.

41.—(1) In arriving at the taxable income of a taxpayer derived from a manufacturing business begun on or after the 1st day of April, 1963, there shall be allowed the amount of any expenditure which—

Allowable deductions—  
new  
businesses  
initial  
expenditure

(a) is incurred by the taxpayer, not more than eighteen months before beginning the business, in the course of establishing the business; and

(b) would have been allowed as a deduction had it been incurred after the beginning of the business.

(2) For the purpose of this section a “manufacturing business” is one carried on in buildings within the definition of industrial building contained in paragraph 8 of the Second Schedule.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. This is essential for ensuring the integrity of the financial statements and for providing a clear audit trail.

2. The second part of the document outlines the various methods used to collect and analyze data. These methods include interviews, surveys, and the use of statistical software to identify trends and patterns in the data.

Category	Value	Unit
Item 1	100	kg
Item 2	200	kg
Item 3	300	kg
Item 4	400	kg
Item 5	500	kg
Item 6	600	kg
Item 7	700	kg
Item 8	800	kg
Item 9	900	kg
Item 10	1000	kg

42. From the amount of assessable income there shall be deducted any assessed loss arising solely out of trading operations in Malawi, whether determined under this Act or any previous law, incurred by the taxpayer in any previous year of assessment to the extent to which such assessed loss has not been allowed as a deduction from his income of a previous year of assessment:

Allowance  
of losses—  
general

Provided that—

(a) a deduction under this section shall be made as far as possible in the first year of assessment after that in which the assessed loss was incurred and, in so far as it cannot be made, then in the next year of assessment and so on;

(b) no person who—

(i) has been adjudged or otherwise declared or become insolvent or bankrupt; or

(ii) has made a conveyance or assignment of his property or estate for the benefit of his creditors or an arrangement with his creditors releasing him, wholly or partially, from his debts,

shall be entitled to carry forward an assessed loss incurred before the date he was adjudged or otherwise declared or became insolvent or bankrupt or made the conveyance, assignment or arrangement, as the case may be;

(c) an assessed loss shall be reduced by the amount or value of any benefit received by or accruing to a person resulting from a concession granted by, or a compromise made with, any of his creditors whereby his liabilities have been reduced or extinguished, if such liabilities arose in the ordinary course of trade.

43.—(1) If during any year of assessment there is a change in the shareholding of a company with an assessed loss or in the shareholding of a company which directly or indirectly controls any company with an assessed loss and the Commissioner is satisfied that such change has been effected solely or mainly in pursuance of or in connexion with any scheme for taking advantage of such assessed loss no assessed loss incurred prior to that change shall be deductible.

Allowance  
of losses—  
change in  
shareholding  
in company

(2) For the purposes of this section a company shall be deemed to be controlled by another company if the majority of the voting rights attaching to all classes of its shares are held directly or indirectly by such other company.

44. If a company with an assessed loss (hereinafter referred to as the "old company")—

(a) was incorporated outside Malawi; and

(b) carried on its principal business within Malawi; and

Allowance  
of losses—  
formation of  
new  
company



(c) is about to be wound up voluntarily in its country of incorporation for the purpose of the transfer of the whole of its business and property wherever situated to a company which will be or has been incorporated under Malawi law (hereinafter referred to as the "new company") for the sole purpose of acquiring the whole of the business and property wherever situated of the old company; and

(d) the sole consideration for the transfer referred to in paragraph (c) will be the issue to the members of the old company of shares in the new company in proportion to their shareholding in the old company; and

(e) no shares in the new company will be available for issue to any persons other than members of the old company,

the new company shall be allowed as a deduction after the transfer referred to in paragraph (c) has been effected the assessed loss of the old company to the extent to which that assessed loss has not been allowed as a deduction to the old company in a previous year of assessment.

Deductions  
not to be  
made  
10 of 1983

45. No deduction shall in any case be made in respect of any of the following matters—

(a) the cost incurred by any taxpayer in the maintenance of himself, his family or establishment;

(b) domestic or private expenses of the taxpayer including the cost of travel between the taxpayer's residence and place of work;

(c) any loss or expense which is recoverable under any insurance contract or indemnity;

(d) tax upon the income of the taxpayer or interest payable thereon whether charged in terms of this Act or any law of any country whatsoever;

(e) income carried to any reserve fund or capitalized in any way;

(f) any expenses incurred in respect of any amounts received or accrued which are not included in the term "income" as defined in this Act;

(g) save as is provided in section 37 any contribution made by a taxpayer to a fund established for the purpose of providing pensions for employees or the widows, children, dependants or nominees of deceased employees or for all or any of those purposes;

14 of 1969

(h) save as is provided in section 37 any contribution made by a taxpayer to a fund established for the purpose of providing sickness, accident, unemployment or other benefits for employees or the widows, children or nominees of deceased employees or for all or any of these purposes;

(i) any expense in respect of which a subsidy has been or will be received.

46. No deduction shall, as regards income derived from any trade, be made in respect of any of the following matters—

Deductions not admissible as regards income derived from trade

(a) the rent of, or cost of repairs to, any premises not occupied for the purposes of trade, or any dwelling house or domestic premises, except such part thereof as may be occupied for the purposes of trade;

(b) interest which might have been earned on any capital employed in trade.

*Division 3—Stock and Work in Progress*

47.—(1) Where a taxpayer carries on any business, the value, ascertained under this Division, of all trading stock and work in progress on hand at the end of any accounting year shall be taken into account in ascertaining whether or not the taxpayer has a taxable income.

Trading stock and work in progress to be taken into account

(2) Where the value of all trading stock and work in progress on hand at the end of the accounting year exceeds the value of all trading stock or work in progress on hand at the beginning of that year, the assessable income of the taxpayer shall include the amount at the excess.

(3) Where the value of all trading stock and work in progress on hand at the beginning of the accounting year exceeds the value of all trading stock and work in progress on hand at the end of that year, the amount of the excess shall be an allowable deduction.

48. Trading stock and work in progress shall be valued on the basis of the cost price or market selling value of each item of trading stock or of all work in progress, as the case may be, at the end of the accounting year:

Valuation of stock and work in progress at end of year

Provided that, by agreement with the Commissioner, a taxpayer may elect to adopt any basis which conforms to recognized accountancy practice and is not contrary to this Act, but where such basis is elected the election shall be binding for future accounting periods unless the Commissioner otherwise agrees and any change shall be upon such terms and conditions as he may impose.

49. The value of trading stock and work in progress to be taken into account at the beginning of the accounting year shall be its value as ascertained under this Act or any previous law at the end of the immediately preceding accounting year.

Valuation of stock and work in progress at beginning of year

50. For the purpose of this Division—

“cost” means the historical cost of bringing the relevant item of stock to its existing condition and location;

Definition of cost and market selling value

14 of 1971 "market selling value" means the expected realizable value of the relevant item of stock in the taxpayer's normal selling market,

the value of work in progress shall include overhead charges to the extent of the recognized accountancy practice for the type of business.

Domestic consumption 51. The value of trading stock taken by the taxpayer for his domestic or private consumption or use shall be—

(a) in the case of non-farming stock an amount equal to the cost price to the taxpayer or the market selling value of such stock at the time the stock was taken, whichever the taxpayer may elect;

(b) in the case of farming stock an amount which the Commissioner accepts to be a fair and reasonable valuation at the time such stock was taken.

Gifts and sales

52. Where—

(a) the taxpayer disposes by sale, gift or otherwise of property being trading stock, standing or growing crops or trees which have been planted and tended for the purpose of sale; and

(b) that property constitutes or constituted the whole or part of the assets of a business which is or was carried on by the taxpayer; and

(c) the disposal was not in the ordinary course of carrying on that business,

the market selling value of that property at the date of disposal shall be included in the assessable income of the taxpayer, and the person acquiring that property shall be deemed to have purchased at a price equal to that value.

Valuation of livestock 14 of 1971

53. Livestock shall be valued at cost or market selling value and sections 47 to 52 inclusive shall apply.

*Division 4—Determination of Taxable Income  
Where Adequate Books and Records are kept*

Books of account

54.—(1) Every person carrying on a business shall keep sufficient records of his income and expenditure to enable his assessable income and allowable deductions to be readily ascertained and shall retain such records for at least seven years after the completion of the transaction, acts or operation to which they relate:

Provided that this subsection shall not require the preservation of any records—

(a) in respect of which the Commissioner has notified the taxpayer that their preservation is not required; or

(b) of a company which has gone into liquidation and which has been finally dissolved.

(2) If a taxpayer fails or refuses to keep books or accounts which, in the opinion of the Commissioner, are adequate for the purposes of this Act the Commissioner shall by notice in writing require such person to keep such records, books and accounts as the Commissioner considers to be adequate in such form and in such language as may be specified in the said notice. 14 of 1969

55.—(1) Where a taxpayer makes up his accounts for a period of 12 months ending on some day other than the 31st March, the Commissioner may in his discretion accept such accounts for assessment in respect of the assessment year ending the 31st March prior or subsequent to the closing date of such accounts, and no part of such assessment shall be charged to tax in any other year of assessment. Any return in respect of which accounts have been so accepted shall be deemed for all purposes of this Act to be a return for such year of assessment: Period of accounts

Provided that where the accounts of any taxpayer have been accepted for a year or period ending on some date other than the 31st March, either under this Act or any previous law, all subsequent accounts of such taxpayer shall, unless the Commissioner otherwise agrees, and upon such terms and conditions as he may impose, be made up for each succeeding period of 12 months ending on such other date.

(2) Where a taxpayer whose accounts have been accepted in terms of subsection (1) ceases to trade, there shall be returned for assessment accounts which shall include all income which has been received by or accrued to such taxpayer in the period between the closing date of the last accounts so accepted for the immediately preceding year of assessment and the date when such taxpayer ceased to trade.

(3) Where such period exceeds 12 months, separate accounts shall be rendered for a 12-month period ending on the date accepted as the closing date of his accounts under subsection (1) and for the balance of the period in excess of 12 months.

(4) The taxable income determined on the basis of such accounts shall be charged to tax as follows—

(a) if the period is in excess of 12 months, the taxable income determined on the basis of the accounts rendered for 12 months as required in terms of subsection (3) shall be deemed to be the taxable income for the year of assessment succeeding that in which the taxable income based on the accounts for the immediately preceding year of assessment was assessed, and the taxable income for the remaining period shall be deemed to be the taxable income of the following year of assessment;

(b) if the period is one of less than 12 months, the taxable income based on the accounts rendered in terms of paragraph (a) shall be deemed to be the taxable income of the year of assessment succeeding that in which the taxable income based on the accounts for the immediately preceding year was assessed:

Provided that, where a taxpayer has rendered accounts for assessment and the whole or part of the taxable income determined from such accounts has been charged to tax in more than one year of assessment, either under this Act or under any previous law, then when such taxpayer ceases to operate the taxable income for the last year of assessment shall be reduced by an estimate of the taxable income which has been so charged to tax in more than one year of assessment. If such estimate exceeds the taxable income for the last year of assessment the taxable income for the penultimate year of assessment shall be reduced by the amount of such excess.

The said taxable income shall be assessed as the taxable income of such taxpayer notwithstanding that such taxpayer may not have been in existence during any portion of such year of assessment.

*Division 5—Businesses carried on Partly in and Partly out of Malawi and Businesses Controlled Abroad*

Profits of  
non-resident  
persons from  
sale of  
exported  
produce  
14 of 1971

56.—(1) Where a non-resident person produces, grows, mines, creates, manufactures, fabricates, improves, packs, preserves, or constructs in whole or in part anything within Malawi, and exports the same without sale prior to the export thereof, he shall be deemed to have derived from a source within Malawi a taxable income corresponding to the proportionate part of any profit ultimately derived from the sale thereof outside Malawi.

(2) The taxpayer shall submit to the Commissioner proposals for the determination of the taxable income deemed to be derived from a source within Malawi.

(3) The Commissioner shall consider the proposals submitted under the provisions of subsection (2) and, if he is of the opinion that the taxable income calculated in accordance therewith approaches as closely as possible to that which might be expected to ensure if the general provisions of this Act were applied, he may accept the same, and the taxable income as determined for any year of assessment shall be deemed to be the taxable income of such person or company for that year.

(4) Should no such proposals be submitted, or if the Commissioner is not satisfied with the proposals so submitted, the Commissioner may determine the taxable income in such manner as appears to him most appropriate, having regard to the circumstances of the case.

(5) The foregoing provisions of this section shall apply *mutatis mutandis* to the determination of an assessed loss.

57.—(1) Where the trade of any person, other than a person carrying on the business of insurance, extends to any country outside Malawi and the Commissioner is satisfied that it is impossible or impracticable to ascertain the taxable income derived by such person from sources in Malawi in the manner otherwise provided in this Act, such person shall submit to the Commissioner proposals for the determination of his taxable income in some alternative manner.

Persons carrying on business which extends beyond Malawi

(2) The Commissioner shall consider the proposals submitted in terms of subsection (1) and, if of opinion that the taxable income calculated in accordance therewith approaches as closely as possible to that which might be expected to ensure if the general provisions of this Act were applied, may accept the same, and the taxable income so determined for any year of assessment shall be deemed to be the taxable income of such person or company for that year.

(3) Should no such proposals be submitted, or if the Commissioner is not satisfied with the proposals so submitted, the Commissioner may determine the taxable income in such manner as appears to him most appropriate, having regard to the circumstances of the case.

(4) The foregoing provisions shall apply, *mutatis mutandis*, to the determination of an assessed loss.

#### PART IV

##### SPECIAL TRADES AND CASES

58.—(1) Notwithstanding anything contained in this Act, this section shall apply to the determination of the taxable income derived by any person (hereinafter referred to as a farmer) from pastoral, agricultural, or other farming operations.

Taxation of income derived from farming

(2) There shall be admissible as a deduction in the determination of the taxable income derived by any farmer during any year of assessment expenditure incurred during that year of assessment on—

- |   |            |
|---|------------|
| (a) the stumping, levelling and clearing of lands;  | 27 of 1970 |
| (b) works for the prevention of soil erosion;   |            |
| (c) boreholes;  |            |
| (d) wells;  | 27 of 1970 |
| (e) aerial and geophysical surveys;   |            |
| (f) any water control work in connexion with the cultivation and growing of rice, sugar or such other crop as the Minister may approve. | 27 of 1970 |

For the purposes of this paragraph "water control work" includes any canal, channel, dyke, furrow and any flood control structure, whether of a permanent nature or otherwise.

14 of 1971

(3)—(a) In this subsection, unless inconsistent with the context—

"expenditure incurred", in relation to the cost of any work done by any other person for which a farmer has become liable in terms of any law relating to natural resources, means the amounts actually paid by him during the year of assessment in respect of such costs;

"water conservation work" means any reservoir, weir, dam or embankment constructed for the impounding of water.

(b) Subject to this subsection there shall be admissible as a deduction in the determination of taxable income derived by any farmer any expenditure incurred by him on any water conservation work during the year of assessment, and any amounts paid by him during the year of assessment towards the cost of any water conservation work done by any person for which such farmer has become liable in terms of any Malawi law relating to natural resources.

(4) (a) Any farmer who derives taxable income from the growing of timber may elect that such taxable income shall be determined in accordance with the following rules—

(i) the cost of planting the timber shall be carried forward until such time as the timber has reached maturity;

(ii) to the cost of planting mentioned in subparagraph (i) there shall be added annually until the timber has reached maturity an amount (hereinafter called the fixed percentage) equal to five per centum of such cost;

(iii) whenever timber which has been grown by such farmer is sold, there shall be deducted from the proceeds of such sale a proportionate part of the sum of the cost of planting and the total of the fixed percentage added annually, and the remaining amount shall be included in the taxable income or assessed loss, as the case may be, of such farmer;

(iv) there shall be added to the taxable income or deducted from the assessed loss, as the case may be, of such farmer in each year of assessment the amount of the annual fixed percentage determined under subparagraph (ii);

(v) there shall be deducted from the taxable income or added to the assessed loss, as the case may be, of such farmer all expenditure including deductions made under sections 33 and 34 and the Second Schedule incurred on the maintenance and upkeep of such timber;

(vi) any election made in terms of this subsection or under any similar provisions of any previous law shall be binding in

respect of all subsequent years of assessment and may be made only in respect of timber planted after the 1st day of April, 1950.

(b) For the purposes of the first year of assessment under this Act the opening value of any timber to which this subsection applies shall be deemed to be the closing value in the last year of assessment under any previous law.

(5) Notwithstanding any provisions in this Act no expenditure incurred by a farmer shall be allowed as a deduction from assessable income or form the subject of capital allowances to the extent that it has been recovered by means of a subsidy.

59.—(1) The assessable income of any producers' co-operative agricultural society registered under the provisions of any Malawi law relating to such society shall be exempt from income tax if such assessable income is derived from transactions or dealings carried out in furtherance of all or any of the objects set out in the Sixth Schedule.

Co-operative  
agricultural  
societies

(2) Every producers' co-operative agricultural society registered under any Malawi law which is not exempt from income tax on certain of its assessable income under subsection (1) shall submit proposals to the Commissioner for the determination of its taxable income.

(3) The Commissioner shall consider the proposals submitted in terms of subsection (2) and, if of opinion that the taxable income calculated in accordance therewith approaches as closely as possible to that which might be expected to ensue if the general provisions of this Act were applied, may accept the same, and the taxable income so determined for any year of assessment shall be deemed to be the taxable income of such society for that year.

(4) Should no such proposals be submitted, or if the Commissioner is not satisfied with the proposals so submitted, the Commissioner may determine the taxable income in such manner as appears to him most appropriate having regard to the circumstances of the case.

(5) The foregoing provisions shall apply, *mutatis mutandis*, to the determination of an assessed loss.

60.—(1) The taxable income of any co-operative society other than a co-operative society within section 59 shall be liable to income tax notwithstanding that it arises from transactions of the co-operative society with its members.

Consumers'  
co-operative  
societies  
16 of 1969

(2) The taxable income of any co-operative society other than one within section 59 shall be deemed to be an amount equivalent



19 of 1969 to six and one-quarter per centum of the turnover of such co-operative society and shall be charged at the rate applicable to companies.

(3) No rebate or bonus based on purchases made by a member from a co-operative society to which this section applies shall be included in his assessable income except where the price of such purchases is allowable as a deduction in ascertaining his taxable income of any year of assessment.

(4) For the purposes of this section "turnover" means the total amount in cash or otherwise received by or accrued to the co-operative society in question from the sale of goods or from services rendered.

Clubs, etc.  
formed, etc.  
for pleasure  
or recreation

61.—(1) The taxable income of any club, society or association formed, organized or operated solely or principally for pleasure or recreation shall be liable to income tax notwithstanding that it arises from transactions of such club, society or association with its members.

19 of 1969

(2) The taxable income of any such club, society or association shall be deemed to be an amount equivalent to six and one-quarter per centum of all receipts by, or accruals to, or in favour of, it from sales of goods, cinematograph performances, stage plays, and gambling machines, and shall be charged at the rate applicable to companies. Receipts and accruals of the kind hereinbefore mentioned may be taken into account in determining the liability under this subsection of any such club, society or association notwithstanding that they are received by, or accrue to, or in favour of, any person in his capacity as a trustee for such clubs, society or association.

(3) For the purposes of this section "stage play" includes any tragedy, comedy, play, opera, farce, revue, variety, burlesque, interlude, melodrama, pantomime, dialogue, prologue, epilogue or other dramatic entertainment.

(4) The Commissioner may make Rules with respect to the assessment, charge, collection and recovery of income tax in respect of all taxable income to which this section applies and, in particular, and without prejudice to the generality of the foregoing power, such Rules may include provision—

(a) for determining when such income tax shall be payable;

(b) for the production to, and inspection by, persons authorized by the Commissioner of documents and records for the purpose of satisfying themselves that such income tax has been, and is being, paid and accounted for in accordance with the Rules; and

(c) for appeals with respect to matters arising under the Rules which would not otherwise be the subject of an appeal.

62. Interest received from a building society registered in Malawi shall be included in the assessable income of the recipient. Building society interest

63.—(1) The taxable income or assessed loss of any person carrying on the business of insurance, other than life assurance, including funeral insurance shall, insofar as it is derived from such business, be determined in accordance with the provisions of the Seventh Schedule: Insurance business 4 of 1982 10 of 1983

Provided that where any such person derived income from any source other than insurance, the total taxable income or total assessed loss of such person shall, subject to the special determination of that part thereof which relates to the business of insurance, be determined in accordance with the general provisions of this Act.

(2) Income from investments (including the letting of any property) arising from the business of life assurance shall be liable to income tax to the extent such income excludes income from investments attributable to pension, provident and annuity funds. The taxable income shall be determined in accordance with the formula— 1 of 1985

Taxable Income = T1 - E, where—

T1 = Gross taxable investment income

E = The lesser of E1 and E2 where—

E1 = Expenses relating to taxable investment income;

E2 = Expenses relating to taxable investment income restricted to 70 per cent of gross taxable investment income.

Expenses relating to taxable investment income shall include commissions, contractual bonuses and management expenses.

64. If any taxpayer has entered into any agreement with any other person in respect of any property the effect of which is that, in the case of moveable property, the ownership shall pass or, in the case of immoveable property, transfer shall be effected from the taxpayer to that other person upon or after receipt by the taxpayer of the whole or a certain portion of the amount payable to the taxpayer under the agreement, the whole of that amount shall, for the purposes of this Act, be deemed to have accrued to the taxpayer on the date on which the agreement was entered into: Hire purchase or other agreements providing for postponement of ownership of property

Provided that—

(a) in the case of movable property—

(i) the Commissioner, taking into consideration any allowance he has made under section 35 or section 36 may make such further allowance as under the special circumstances

of the trade of the taxpayer seems to him reasonable in respect of all amounts which are deemed to have accrued under such agreement but which have not been received at the close of the taxpayer's accounting period;

(ii) any allowance so made shall be included as assessable income in his return for the following year of assessment and shall form part of the assessable income of the said taxpayer;

(iii) if any such agreement has been ceded or otherwise disposed of for valuable consideration by the taxpayer, then no such allowance shall be made by the Commissioner in the year of assessment in which cession or disposal took place;

(b) in the case of immoveable property—

(i) the Commissioner shall deduct an allowance determined by the fraction which has as its numerator that portion of the amount deemed to have accrued under such agreement which is not receivable at the close of the taxpayer's accounting period, multiplied by an amount equal to the difference between the sum receivable under the agreement and the cost to the taxpayer of the immovable property so disposed of and as its denominator the sum receivable by the taxpayer under the agreement.

For the purposes of this subparagraph, "cost to the taxpayer of the immoveable property" shall include such proportion of development and other charges as, in the opinion of the Commissioner, is fair and reasonable;

(ii) any allowance so deducted shall be included as assessable income in his return for the following year of assessment and shall form part of such income of the said taxpayer;

(iii) if any such agreement is ceded or otherwise disposed of for valuable consideration by the taxpayer, then no such allowance shall be made by the Commissioner in the year of assessment in which such cession or disposal took place.

Approval of  
pension fund  
or provident  
fund  
14 of 1969

65. The Commissioner may, subject to such limitations or conditions as he may determine, approve any pension fund or provident fund for the purposes of this Act if he is satisfied that the Third Schedule is complied with:

Provided that—

(a) pension funds approved on or before the 31st day of December, 1963, shall be deemed to have been approved under this section; and

(b) the Commissioner may withdraw his approval or may vary any limitations or conditions upon any alteration which in his opinion is material being made in any pension fund which he has approved.

PART V  
TAXATION OF COMPANIES  
*Division 1—Income Tax*

**66.** Subject to this Act income tax shall be charged, levied and paid for each year of assessment upon the income of every company at the company rate of income tax as specified in the Eleventh Schedule upon the taxable income of any company received or accrued from sources within or deemed to be within Malawi.

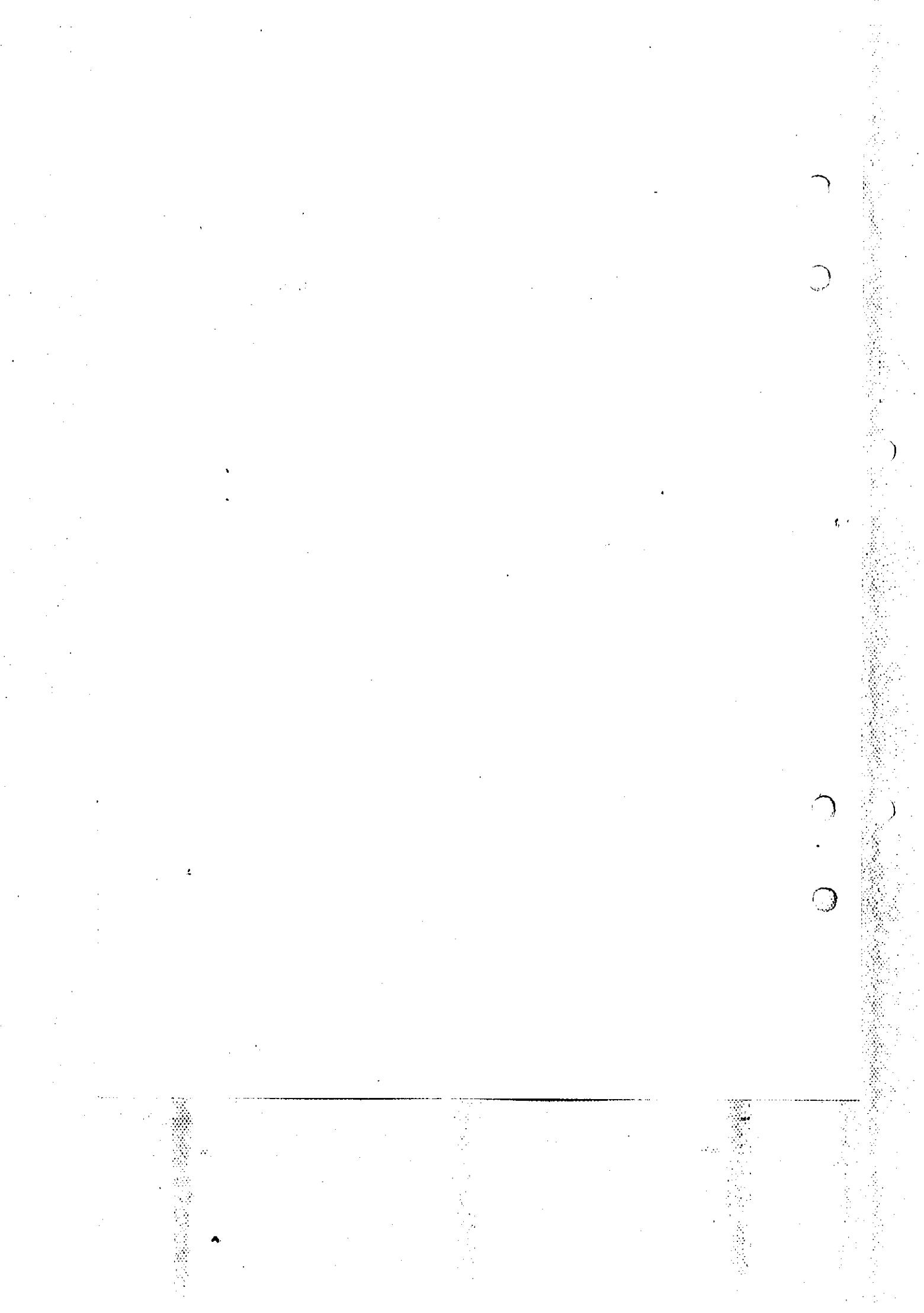
Charge  
1 of 1990

**67.—(1)** Every company which carries on a trade or has an office or other established place of business in Malawi shall at all times be represented by an individual residing therein.

Public  
officers of  
companies

(2) Such individual shall be a person approved by the Commissioner and shall be appointed by the company or by an agent or attorney who has authority to appoint such a representative for the purposes of this Act:

Provided that, in the event of any company being placed in voluntary or compulsory liquidation the receiver or liquidator



duly appointed shall be required to exercise in respect of that company all the functions and assume all the responsibilities of a public officer under this Act during the continuance of such liquidation.

(3) The representative shall be called the public officer of the company and shall be appointed in the case of a company which on the 1st day of January, 1964, so carried on a trade, or had an office or other established place of business in Malaŵi, within two months after such date and in the case of a company which thereafter begins to carry on a trade, or establishes an office or other place of business in Malaŵi, within one month from the establishment of such office or other place of business.

(4) In default of any such appointment, the public officer of any company shall be such managing director, director, secretary or other officer of the company as the Commissioner may designate for that purpose.

(5) Every such company, within the period prescribed by subsection (3), shall also appoint a place within Malaŵi at which any notice or other instruments under this Act affecting the company may be served or delivered, or to which any such notice or documents may be sent.

(6) No appointment shall be deemed to have been made under subsection (3) or (5) until notice thereof specifying the name of the public officer and an address for service or delivery of notices and documents has been given to the Commissioner.

(7) Every such company shall keep the office of the public officer constantly filled and shall at all times maintain a place for the service or delivery of notices in accordance with subsection (5) and every change of public officer or of the place for the service or delivery of notices shall be notified to the Commissioner within 30 days of such change taking effect.

(8) Every notice, process or proceeding which under this Act may be given to, served upon, or taken against any company may be given to, served upon, or taken against its public officer, and if at any time there is no public officer then any such notice, process or proceeding may be given to, served upon, or taken against any officer or person acting or appearing to act in the management of the business or affairs of such company or as agent for such company.

(9) Every public officer shall be answerable for the doing of such acts, matters, or things as are required to be done under this Act by a taxpayer, and in the case of default shall be liable to the penalties provided in respect of defaults by a taxpayer.

(10) Everything done by any public officer which he is required to do in his representative capacity shall be deemed to have been done by the company which he represents.

(11) The absence or non-appointment of a public officer shall not exonerate any company from the necessity of complying with this Act, but the company shall in all respects be subject to and liable to comply with this Act, as if there were no requirement to appoint such officer.

(12) Any public officer appointed under the provisions of any previous law, and holding office on the 1st day of January, 1964, shall, provided that no objection to his continuance in office is raised by the Commissioner, be deemed to be a public officer appointed under this Act.

Duty of  
companies  
to furnish  
returns

68.—(1) Every company incorporated or registered under any law which awards any bonus shares, debentures, or securities, or pays any liquidation dividends to shareholders in such company in respect of shares held by them, shall furnish to the Commissioner, upon such payment or award, a return giving the full name and address of each shareholder and the amount or value of such payment or award to each such shareholder.

(2) Every company shall file with the Commissioner a copy of the memorandum and articles of association constituting the company and copies of all amendments thereto.

Notification  
of dividend  
declared  
7 of 1968

69. The public officer of a company incorporated in Malawi shall, within 30 days of the declaration by the company of a dividend furnish to the Commissioner—

(a) a copy of the resolution declaring the dividend; and

(b) a statement containing in respect of each person to whom a dividend has accrued—

(i) the name and address of the person;

(ii) the amount of the dividend accrued; and

(iii) the date on which the dividend was declared.

Dealings by  
a company  
in another  
company's  
shares

70.—(1) Where a company which has an assessed loss purchases a controlling shareholding in another company with an undistributed profit, any dividend declared by the last mentioned company shall not be included in the taxable income of the first mentioned company.

(2) Where a company dealing in shares and liable to tax in respect of profits arising from such dealing (hereinafter referred to as "the first company") purchases a controlling interest in a company with an undistributed profit (hereinafter referred to as "the second company") and the second company declares a dividend payable to the first company, the shares of the second

company then being sold by the first company at a loss, such dividend shall not be included in the taxable income of the first company.

## PART VI

### INDIVIDUALS

71.—(1) Subject to this Act income tax shall be charged, levied and paid for each year of assessment upon the income of any individual received or accrued from a source within or deemed to be within Malawi upon that individual's total taxable income ascertained under this Act at the rate specified in the Eleventh Schedule. Charge 10 of 1983

(2) Notwithstanding that an individual is liable to or has paid graduated tax or minimum tax, subsection (1) shall apply to such individual if he is assessed to income tax by the Commissioner under this Act: 6 of 1972

Provided that any graduated tax or minimum tax paid in respect of a year of assessment for which income tax is chargeable under this Act shall be allowed as a credit against such income tax.

72.—(1) If, in pursuance or by reason of a gift, donation, settlement or other disposition taxable income accrues to or in favour of or is paid to or applied to the benefit of or is accrued for the future benefit of a minor child, whether legitimate or illegitimate, of the person by whom the gift, donation, settlement or other disposition was made, the taxable income so accruing, paid, applied or accumulated shall be deemed to be taxable income received by or accrued to or in favour of the person by whom the gift, donation, settlement or other disposition was made. Deemed taxable income

(2) If—

(a) in pursuance or by reason of a gift, donation, settlement or other disposition made by a person taxable income accrues to or in favour of or is paid to or applied to the benefit of a minor child, whether legitimate or illegitimate, of some other person; and

(b) the parent or the spouse or a near relative of the parent of the child has made a gift, donation, settlement, or other disposition or given some consideration to or in favour of the person or the spouse or a near relative of the person by whom the gift, donation, settlement or other disposition referred to in paragraph (a) was made,

such income so accruing, paid, applied or accumulated, shall be deemed to be taxable income received by or accrued to or in favour of the parent of the child. 19 of 1969



(3) If any person has made in any deed of gift, donation, settlement or other disposition, a stipulation to the effect that the beneficiaries thereof, or some of them, shall not receive the taxable income thereunder, or some portion of that income, until the happening of some event, whether fixed or contingent, so much of any taxable income as would, in consequence of the gift, donation, settlement or other disposition, but for such stipulation, be received by or accrued to or in favour of or be deemed to be received by or to accrue to or in favour of the beneficiaries, shall, until the happening of that event, or the death of that person, whichever first takes place, be deemed to be the taxable income of that person.

(4) If any deed of gift, donation, settlement or other disposition contains any stipulation that the right to receive any taxable income thereby conferred may, under powers retained by the person by whom that right is conferred, be revoked or conferred upon another, so much of any taxable income as in consequence of the gift, donation, settlement or other disposition, is received by or to accrue to or in favour of or is deemed to be received by or to accrue to or in favour of the person on whom that right is conferred, shall be deemed to be the taxable income only of that person by whom it is conferred, so long as he retains those powers.

Income of  
married  
women and  
minor  
children  
19 of 1969

73.—(1) Income deemed to be the income of a taxpayer under section 12 (2) shall be included in his return of income required to be furnished by him under this Act.

(2) If the Commissioner thinks fit he may by notice in writing require a married woman to whose income the provisions of subsection (1) apply to furnish such information as he may require.

(3) Where any income deemed to be the income of a taxpayer under section 12 (2) comprises in whole or in part the wife's earned income the liability to tax of such taxpayer shall, instead of being determined under the other provisions of this Act, be determined as if—

(a) his income does not include the wife's earned income; and

(b) there were added to the tax payable by him an amount equal to the tax which would be payable by him if his only income were the wife's earned income.

(4) In this section "wife's earned income" means—

(a) income derived from any business carried on by the wife in her own right and in which her husband is not employed and is not a partner;

(b) emoluments received by, or accrued to, the wife in respect of services rendered or to be rendered by her whether payable under any contract of employment or service or not and any amounts assessable under section 16, 17, 18, 19 or 20 other than any such emoluments or amounts accrued to, or received by the wife from, or paid to, or in favour of, the wife by—

(i) her husband;

(ii) a partnership in which her husband is a partner;

(iii) a company of which either the husband or the wife is a director other than a director whose time, in the opinion of the Commissioner, is wholly or almost wholly occupied in the service of the company and who is unable either directly or indirectly to control more than five per centum of the voting rights attaching to all classes of shares of the company.

(5) In the event of the death of the husband during any year in respect of which income of his wife is deemed his income, the income of the wife for the period elapsing between the date of such death and the last day of the year of assessment shall be returned as the separate taxable income of such wife.

(6) Every parent shall be required to include in his return—

(a) any taxable income received by or accrued to or in favour of, or deemed to have been received by or accrued to or in favour of any of his minor children, either directly or indirectly, from himself or his wife, together with such particulars thereof as may be prescribed or required by the Commissioner; and

(b) any taxable income deemed to be his in terms of section 72.

74. Persons carrying on any trade in partnership shall make a joint return as partners in respect of such trade, together with such particulars as may from time to time be prescribed and each partner shall be separately and individually liable for the rendering of the joint return, but the partners shall be liable to income tax only in their separate individual capacities. Separate assessments shall be made upon partners. Partnership

## PART VII

### TRUSTEES

75.—(1) In this section—

“ascertained beneficiary”, in relation to assessable income received or accruing by virtue of an asset in a deceased estate or the proceeds or any part of the proceeds of an asset in a deceased estate, means a person named or identified in the will of the deceased person who, by reason of the provisions of the will, acquires on the death of the deceased person an immediate certain right to claim the present or

Special provisions in connexion with income derived from assets in deceased and insolvent or bankrupt estates

future enjoyment of the assessable income so received or accruing;

“asset in a deceased estate” does not include a right to claim an amount which became due and payable before the death of the deceased person.

(2) So much of the assessable income received or accruing by virtue of an asset in a deceased estate of the proceeds or any part of the proceeds of an asset in a deceased estate during the period beginning immediately after the death of the deceased person and ending immediately before a person, other than a person who acquires the asset in pursuance of the realization of the assets in the deceased estate, becomes entitled to the transfer from the deceased estate of the asset or the proceeds or part of the proceeds of the asset, as the case may be, as is received by or accrues to or in favour of an ascertained beneficiary shall be treated for the purposes of this Act as assessable income of the ascertained beneficiary and not as assessable income received in or accruing to the deceased estate.

(3) Assessable income received or accruing by virtue of an asset in a deceased estate or an asset in an insolvent or bankrupt estate or the proceeds or any part of the proceeds of an asset in a deceased or insolvent or bankrupt estate during the period beginning immediately after a person becomes entitled to the transfer from the deceased or insolvent or bankrupt estate of the asset or the proceeds or part of the proceeds of the asset, as the case may be, and ending immediately before the transfer from the deceased or insolvent or bankrupt estate of the asset or the proceeds or part of the proceeds of the asset, as the case may be, shall, unless the effect of a condition governing the transfer is to provide that the assessable income so received or accruing shall continue to be assessable income of the deceased or insolvent or bankrupt estate, be treated for the purposes of this Act—

(a) in the case of assessable income which is not assessable income the subject of a trust to which no beneficiary is entitled as assessable income of the person who has immediately after the transfer an immediate certain right to the present or future enjoyment of the assessable income so received or accruing; and

(b) in the case of assessable income the subject of a trust to which no beneficiary is entitled, as assessable income of the trust,

and not as assessable income received in or accruing to the deceased or insolvent or bankrupt estate.

(4) For the avoidance of doubt it is declared that—

(a) an amount received or accruing by virtue of a right forming part of the assets in a deceased estate which did not become due and payable before the death of the deceased person shall, subject to paragraph (b), be assessable income for the purposes of this Act if the amount would have been assessable income of the deceased person had it been received or been deemed to have been received by him or accrued or been deemed to have accrued to him or in his favour in his lifetime; and

(b) an amount received in a deceased estate which would have been assessable income of a deceased person had it been received or been deemed to have been received by him or accrued or been deemed to have accrued to him or in his favour in his lifetime shall not be assessable income for the purposes of this Act if—

(i) the deceased person had no right to claim the amount in his lifetime; and

(ii) the amount is received *ex gratia* or in pursuance of a gratuitous promise made after the death of the deceased person; and

(c) an amount received or forming part of the assets in a deceased estate—

(i) which became due and payable before the death of the deceased person; and

(ii) which the deceased person had a right to claim in his lifetime.

shall be assessable income received by or accruing to or in favour of the deceased person on the date the amount became due and payable if the amount would have been assessable income of the deceased person had it been received by him in his lifetime.

76. Tax shall be payable by a trust for each year of assessment at the rate specified in the Eleventh Schedule.

Tax payable  
by trust

PART VIIA  
NON-RESIDENTS

Liability for  
non-resident  
tax  
12 of 1987  
20 of 1987  
1 of 1990  
  
1 of 1990

**76A.**—(1) Subject to subsection (3), any income payable to a person, not being a person resident in Malawi, arising from a source within Malawi and not attributable to a permanent establishment of that person in Malawi shall be liable to a final tax at the rate of 15 per cent of the gross amount of such income.

(2) The tax payable under subsection (1) shall be deducted from the amount referred to therein upon—

- (a) accrual of the amount to such person; or
- (b) payment of the amount to such person whether directly to him or to his account in or outside Malawi; or
- (c) remittance of the amount to such person; or
- (d) crediting of the amount or of the value thereof in favour of such person,

and it shall be the responsibility of the person from whom the amount is due to deduct the tax and to remit it forthwith to the Commissioner.

(3) The tax payable under subsection (1) is not payable in respect of—

- (a) income and other amounts exempt from tax under the provisions of the First Schedule; and
- (b) any pension or annuity payment.

PART VIII

REPRESENTATIVE TAXPAYERS

Representa-  
tive taxpayers

**77.**—(1) For the purpose of this Act—  
“representative taxpayer” in relation to the assessable or taxable income—

(a) of a company, means the public officer of the company; and

(b) of a trust, means the trustee; and

(c) controlled or managed by an agent, including an agent to whom the provisions of section 81 relate, means the agent; and

(d) remitted or paid by a person in Malawi to a person temporarily or permanently absent from Malawi, means the person remitting or paying such income; and

(e) paid under a decree or order of a court or judge to a receiver or other person, means the receiver or other person whether or not—

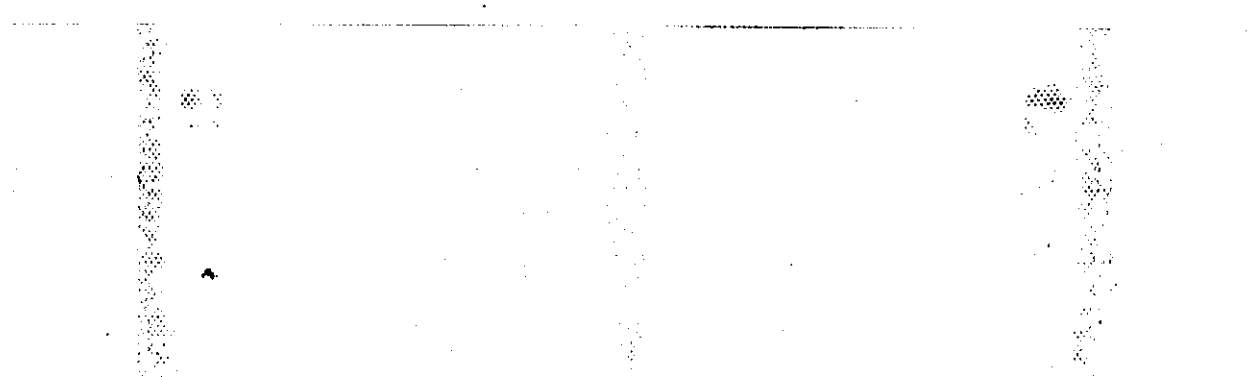
- (i) the receiver or other person is entitled to the benefit of such income; or

**78.—(1)** Subject to section 76 every representative taxpayer, in respect of the assessable or taxable income to which he is entitled in his representative capacity; or of which in such capacity he has the management, receipt, disposal, remittance, payment, or control, shall be subject in all respects to the same duties, responsibilities and liabilities as if such income were received by or accruing to or in favour of him beneficially and shall be liable to assessment in his own name in respect of such income, but any such assessment shall be deemed to be made upon him in his representative capacity only.

Liability of  
representa-  
tive taxpayer  
15 of 1973

**(2)** Any allowance, deduction, exemption, or right to deduct a loss which could be claimed by the person represented by him shall be allowed in the assessment made upon the representative taxpayer in his representative capacity.

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(ii) such income is receivable by or accrues to the beneficiary on a contingency or on the happening of an uncertain event; and

(f) in any year of assessment of a person whose property becomes the subject of a trust during that year by reason of his death or his becoming subject to a legal disability or of that person in any other year of assessment in respect of which a return was not made to the satisfaction of the Commissioner, means the trustee.

78.—(1) Subject to section 76 every representative taxpayer, in respect of the assessable or taxable income to which he is entitled in his representative capacity, or of which in such capacity he has the management, receipt, disposal, remittance, payment, or control, shall be subject in all respects to the same duties, responsibilities and liabilities as if such income were received by or accruing to or in favour of him beneficiary and shall be liable to assessment in his own name in respect of such income, but any such assessment shall be deemed to be made upon him in his representative capacity only.

Liability of  
representative taxpayer  
15 of 1973

(2) Any allowance, deduction, exemption, or right to deduct a loss which could be claimed by the person represented by him shall be allowed in the assessment made upon the representative taxpayer in his representative capacity.

(3) Any tax payable in respect of any assessment shall, save in the case of an assessment upon the public officer of a company, be recoverable from the representative taxpayer, but to the extent only of assets belonging to the person whom he represents which are in his possession or under his management, disposal or control.

(4) Any tax payable in respect of any assessment made upon a public officer of a company in his capacity as such shall be recoverable from the company of which he is the public officer.

78A. A trustee who has authorized the receipt of profits arising from trust property by, or by the agent of, the person entitled thereto, shall not, if—

Protection  
for certain  
trustees  
15 of 1973

(a) that person or agent actually received the profits under that authority; and

(b) the trustee makes the return as required by section 84 (1) of this Act,

be required to do any other act for the purpose of the assessment of that person to income tax.



Right and personal liability of representative taxpayer

**79.**—(1) Every representative taxpayer who as such pays any tax shall be entitled to recover from the person on whose behalf it is paid, or to retain out of any moneys that may be in his possession or may come to him in his representative capacity, so much as is required to indemnify him for payment.

(2) Every representative taxpayer shall be liable personally for any tax payable by him in his representative capacity, if, while it remains unpaid—

(a) he alienates, charges or disposes of taxable income in respect of which the tax is chargeable; or

(b) he disposes of, or parts with, any funds or money which is in his possession or comes to him after the tax is payable when from or out of such fund or money the tax could lawfully have been paid.

Company regarded as agent for absent shareholder

**80.** Where a shareholder or member of a company is absent from Malawi, such company shall, for the purposes of this Act, be deemed to be the agent for such shareholder or member and in respect of any income received by or accruing to him or in his favour as shareholder or member, have and exercise all the powers, duties and responsibilities of an agent for a taxpayer absent from Malawi.

Power to appoint agent

**81.**—(1) The Commissioner may, if he thinks it necessary, declare any person to be the agent of any other person, and the person so declared an agent shall be the agent of such other person for the purposes of this Act, and may be required to pay any tax due from any moneys, whether pensions, salaries, wages or any other assets of any kind whatsoever, which may be held by him for, or due by him to, the person whose agent he has been declared to be.

(2) For the purposes of facilitating the assessment of the taxable income of any person residing in the United Kingdom, and the collection of any tax payable by such person, the Commissioner may appoint an agent in the United Kingdom who shall perform such duties as may be assigned to him by the Commissioner.

Remedies of Commissioner against agent and trustee

**82.** Against all property of any kind vested in or under the control or management of any agent or trustee the Commissioner shall have the same remedies and in as full and ample a manner as he has against the property of any other person who is liable to pay tax.

Power to require information

**83.** For the purposes of sections 81 and 82 the Commissioner may require any person to give him information in respect of any moneys, funds, or other assets which may be held by him for, or due by him to, any other person.

## PART IX

## RETURNS, PROVISIONAL TAX AND ASSESSMENTS

**84.—(1)** Every person chargeable with income tax under this Act, shall within 180 days from the end of the year of assessment, as defined in this Act, or such longer time as the Commissioner may allow, prepare and deliver to the Commissioner a return of income in the form approved by the Commissioner for such year of assessment computed in accordance with the provisions of this Act.

Return of  
income  
1 of 1985  
4 of 1988  
1 of 1990

(2) Where an individual carries on several businesses from the combination of which he derives his taxable income, he shall, notwithstanding that such businesses have different accounting periods, elect, in writing to the Commissioner, one date as the end of his year of assessment in respect of his income from all his businesses, failing which election, 31st March shall be taken as the end of his year of assessment.

1 of 1990

(3) The Commissioner may, by notice in writing require any person to prepare and deliver to him, within 30 days of the date of issue of such notice, or such longer time as the Commissioner may allow, a return of income in the form approved by him for a year of assessment.

(4) Any person signing any such return of income shall be deemed for all purposes in connexion with this Act to be cognizant of all statements therein.

(5) All returns of income required to be furnished under this Act shall be delivered at or sent by post to the address given in the approved form:

Provided that in the case of an individual chargeable with income tax under this Act in respect only of his income from employment or pension or from both and in relation to which income P.A.Y.E. tax has been deducted, he shall not, except of his own volition, be required to prepare and deliver to the Commissioner a return in respect of such income.

4 of 1988

**84A.—(1)** Subject to the other provisions of this Act, every person chargeable with income tax under this Act shall, at the beginning of every year of assessment, estimate the total amount of income tax (herein referred to as "provisional tax") payable by him in respect of that year of assessment and shall, save as otherwise provided in subsection (2) in respect of seasonal income, pay such tax in quarterly instalments within 30 days after the end of each quarter of that year of assessment.

Payment of  
Provisional  
tax  
4 of 1988  
1 of 1990

(2) A person whose income for the year of assessment in question is estimated to include 75 per cent or more of seasonal income shall, before the end of the first quarter of that year of assessment, notify the Commissioner in writing of the time or times within that year when he shall pay his provisional tax either in whole or in part; but so, however, that the Commissioner may, either generally or specially having due regard to the circumstances in which the seasonal income in question is received, specify the date by which every such person shall be deemed able to pay a substantial part of his provisional tax; and, notwithstanding any written notification to the Commissioner, every such person shall, within 30 days from the date specified by the Commissioner, pay his provisional tax in accordance with subsection (3).

(3) The aggregate of the instalments of provisional tax payable under subsection (1) or the total amount of provisional tax payable under subsection (2), as the case may be, shall be an amount equal to either—

- (a) not less than 100 per cent of the income tax actually paid for the previous year of assessment; or
- (b) not less than 80 per cent of the actual income tax liability for the current year of assessment.

(4) In this section—

“seasonal income” means income that is ordinarily received from a given source during any period of six consecutive months of the year of assessment of the person receiving such income.

Exemption  
from  
provisional  
tax  
4 of 1988

**84B.** Section 84A shall not apply to any individual whose taxable income for the year of assessment in question is estimated—

- (a) not to exceed K6,000;
- (b) to exceed K6,000 but the whole of the income is from employment or from pension or from both employment and pension and in relation to which P.A.Y.E. tax is being deducted; and
- (c) to exceed K6,000 and to include non-employment or non-pension income of not more than K6,000.

Payment of  
balance of  
income tax  
4 of 1988

**84C.** When submitting a return of income under section 84, the person submitting the return shall pay the difference, if any, between—

- (a) the amount of tax calculated on the total taxable income as computed and disclosed in the return being submitted, on the one hand; and

- (b) on the other hand, the aggregate of—
- (i) the provisional tax paid under section 84A; and
  - (ii) the P.A.Y.E. tax paid under section 102; and
  - (iii) the withholding tax paid under section 102A; or
  - (iv) any one or any combination of (i), (ii) and (iii).

**84D.** Every person not otherwise covered by section 84C, except the person whose taxable income substantially comprises income from which P.A.Y.E. tax has been deducted, shall, at the time of submitting a return of income under section 84, pay income tax calculated on the total taxable income as computed and disclosed in the return being submitted.

Payment of  
tax  
4 of 1988

**84E.** A person who fails to pay any amount of tax in accordance with sections 84A, 84C and 84D shall be liable to pay—

Interest and  
penalty on  
delayed  
payment of  
tax  
4 of 1988

(a) interest equal to 15 per cent of the unpaid amount; plus

(b) a penalty at the rate of 5 per cent of the unpaid amount for every month or part thereof, subject to a maximum of four months, during which the amount remains unpaid:

Provided that the Commissioner may reduce or waive the amount of interest or penalty or both if, in his opinion, a satisfactory explanation for delayed payment is given.

**85.—(1)** Every person shall, if required by notice in writing by the Commissioner, furnish to him, in such form and at such time as may be prescribed or as the Commissioner may require, returns of all or any particular class of persons employed by him, and the earnings, salaries, wages, allowances, or pensions whether in money or otherwise, paid or allowed to each person so employed.

Duty to  
furnish  
returns as to  
employees,  
their earn-  
ings and  
other  
matters  
14 of 1969

(2) Every person carrying on a trade in Malawi shall, in such manner and form and at such times as may be prescribed, furnish to the Commissioner returns showing—

(a) all payments made to any person in respect of any share or interest in such trade;

(b) all moneys received by him from any person on deposit for any fixed time or period, with or without interest, and any amount of interest received or paid by him; and

(c) all such other information in his possession with regard to the income received by or accruing to or in favour of himself or any other person as may be prescribed or may be required by the Commissioner.

)

)

**86.—(1)** Notwithstanding anything to the contrary contained in any law relating to post offices or to post office savings banks or any other law, any officer in the public service of Malawi (in this section referred to as an officer in the public service) having in his custody any registers, books, accounts, records, returns, papers, documents, or proceedings, the inspection whereof may tend to secure any tax or to give proof or lead to the discovery of any fraud, offence, or omission in relation to any tax, shall, without fee or charge, permit the Commissioner, or any person authorized by the Commissioner, to inspect for such purpose such registers, books, accounts, records, returns, papers, documents, or proceedings, and to take such notes and extracts as he may deem necessary.

Commissioner to have access to all public records

(2) Every officer in the public service shall, if required by the Commissioner, furnish to him in such form and at such time as the Commissioner may require, such information as such officer in the public service is able to give from the registers, books, accounts, records, returns, papers, documents, or proceedings in his custody.

(3) In any legal proceedings, under this Act, civil or criminal, any such document as is referred to in subsection (1) which purports to be signed by the taxpayer or the accused, as the case may be, may on its mere production be received in evidence, unless such taxpayer or accused raises an objection that the signature is not his signature, in which case the court, before receiving such document in evidence, shall hear evidence as to whether or not the signature is that of the taxpayer or the accused, as the case may be:

Provided that no such document shall be tendered in evidence unless the taxpayer or accused, as the case may be, has been given not less than 10 days' written notice of the intention so to produce such document and an opportunity to inspect the same and make a copy thereof.

(4) Notwithstanding anything to the contrary contained in any law relating to post offices or to post office savings banks, in any legal proceedings under this Act whether civil or criminal, evidence may, if relevant to the inquiry, be admitted in regard to the transactions with any savings bank, of the spouse or minor children of the taxpayer or accused, as the case may be.

**87.—(1)** Every return required to be rendered by a taxpayer under this Act shall be accompanied by all such balance sheets, trading accounts, profits and loss accounts, and other accounts of whatsoever nature, as are necessary to support the information contained in the return, and all such accounts shall be authenticated by the signature of the person rendering the return.

Duty of person submitting accounts in support of return or preparing account for other persons

(2) If any person submits in support of any return furnished by him under this Act any balance sheet, statement of assets and liabilities, or account prepared by any other person, he shall, together with such balance sheet, statement, or account, submit a certificate or statement by such other person recording the extent of the examination by such other person of the books of account and of the documents from which the books of account were written up.

(3) Any person who has prepared any balance sheet, statement of assets and liabilities, or account for any other person shall furnish such other person with the certificate or statement required under subsection (2).

Production  
of docu-  
ments and  
evidence on  
oath  
14 of 1969

88.—(1) For the purpose of obtaining full information in respect of any part of the income of any person, the Commissioner may by notice in writing require any person to produce for examination by the Commissioner, or by any person appointed by him for that purpose, at such time and place as may be appointed by the Commissioner for that purpose any deeds, plans, instruments, books, accounts, trade lists, stock lists, or documents which the Commissioner may deem necessary for the purposes of this Act. Any person so producing any deed, plan, instrument, book, account, trade list, stock list or document which is not a ledger, cash book, journal, paid cheque, bank statement, deposit slip, stock sheet, invoice or other book of account required by this Act to be kept and retained by a person whose assessable income does not consist of salary, wages or similar compensation for personal services, may be allowed by the Commissioner any reasonable expenses necessarily incurred in producing it or obtaining and producing a copy of it.

(2) (a) The Commissioner may, by reasonable notice in writing, require any person entitled to or in receipt of any income, whether on his own behalf or as the representative of any person, or any person whom the Commissioner may deem able to furnish information, to attend at a time and place to be named by the Commissioner for the purpose of being examined on oath respecting the income of any such person, or any transactions or matters affecting the same, or any of them, or any part thereof.

(b) Where any statement has been made by any person as a result of his being examined on oath under this subsection, such statement shall be recorded in writing and shall be read over to or by the person making it, who, after making such corrections therein as he may think necessary, may sign it.

14 of 1969

(3) If any officer engaged in carrying out this Act who has, in relation to the affairs of a particular person, been authorized thereto by the Commissioner in writing or by telegram, satisfies a magistrate by statement made on oath that there are reasonable grounds for suspecting that such person has rendered himself

liable to a penalty under this Act, the magistrate may authorize such officer by warrant to exercise the following powers—

(a) without previous notice, at any reasonable time during the day enter any premises whatsoever and on such premises search for any moneys, books, records, accounts, or documents;

(b) in carrying out any such search, open or cause to be removed and opened any article in which he suspects any moneys, books, records, accounts or documents to be contained;

(c) seize any such books, records, accounts, or documents as in his opinion may afford evidence which may be material in assessing the liability of any person for any tax;

(d) retain any such books, records, accounts or documents for as long as they may be reasonably required for any assessment or for any criminal or other proceedings under this Act.

(4) Any officer authorized in accordance with subsection (3), when exercising any power under such subsection, shall on demand produce the warrant issued to him thereunder.

(5) The person to whose affairs, any books, records, accounts or documents seized under subsection (3) relate shall be entitled to examine and make extracts from them during office hours or such further hours as the Commissioner may, in his discretion, allow and under such supervision as the Commissioner may determine.

(6) The Commissioner, or any person authorized by him in writing, may administer oaths to persons examined in terms of this section. Any person who, after having been duly sworn, wilfully makes a false statement on any matter relevant to the inquiry, knowing such statement to be false or not knowing or believing it to be true, shall be liable to a fine of K400 and to imprisonment for one year.

89.—(1) In the following cases, namely where in respect of a year of assessment—

(a) a taxpayer makes default in furnishing any return or information; or

(b) the Commissioner is not satisfied with the return or information furnished by a taxpayer; or

(c) the Commissioner has reason to believe that a taxpayer is about to leave Malawi without furnishing a return or a satisfactory return,

the Commissioner may estimate the taxpayer's taxable income or assessed loss, notice whereof shall be given to the taxpayer.

Estimated  
income  
14 of 1969



(2) If it appears to the Commissioner that any taxpayer is unable from any cause to furnish an accurate return of income, the Commissioner may accept the taxpayer's estimate of the amount of his taxable income.

Assessment  
to tax  
10 of 1983

**90.**—(1) The Commissioner shall proceed to assess the liability to tax of every taxpayer as expeditiously as possible after the expiry of the time allowed to such taxpayer under section 84 for the delivery of a return of income.

(2) Where the Commissioner has estimated the taxable income or assessed loss of a taxpayer under section 89 (1) he may assess his liability to tax on the basis of such estimation.

(3) Where the Commissioner accepts the taxpayer's estimate under section 89 (2) he may assess him on such estimate, but may subsequently adjust such assessment upon the taxpayer submitting a satisfactory return of income.

Additional  
assessment  
14 of 1969

**91.**—(1) If the Commissioner discovers or is of the opinion at any time that any taxpayer has not been assessed or has been assessed at a less amount than that which ought to have been charged he may within the year of assessment or within six years after the expiration thereof and as often as may be necessary assess such person at such amount or additional amount as according to the best of his judgment ought to have been charged, and the provisions of this Act as to notice of assessment, appeal and other proceedings under this Act shall apply to such assessment or additional assessment and to the tax charged thereunder.

(2) Where any fraud or wilful default has been committed by or on behalf of any person in connexion with or in relation to tax for any year of assessment the Commissioner may, for the purpose of making good to the revenue of Malawi any loss of tax attributable to the fraud or wilful default, exercise the powers conferred by this section at any time, whether before or after the expiration of the period specified in this section:

14 of 1971 Provided that where the person by or on whose behalf the fraud or wilful default was committed has died an assessment on his personal representatives to tax for any year of assessment ending not earlier than six years before his death shall be made at any time before the end of the third year next following the year of assessment in which he died.

Assessments  
and notices  
thereof

**92.**—(1) All assessments required to be made under this Part shall, subject to section 4, be made by the Commissioner or under his direction.

(2) Notice of assessment and of the amount of tax payable, where tax is payable, shall be given to the taxpayer assessed.

(3) The Commissioner shall, in the notice of assessment, give notice to the taxpayer that any appeal against the assessment must be sent to him within 30 days after the date of such notice.

93. Complete copies of all notices of assessment made under this Part shall be filed in the office of the Commissioner and shall constitute the register of assessments for the purposes of this Act. Register of assessments

94. The register of assessments shall not be open to public inspection, but every taxpayer shall be entitled to copies certified by or on behalf of the Commissioner of his own notice of assessment. Inspection of register

## PART X

### APPEALS

95. In any appeal under this Act the burden of proof that any amount is exempt from or not liable to income tax, or is subject to any deduction or allowance in accordance with this Act shall be upon the person claiming such exemption, non-liability, deduction or allowance. Burden of proof  
14 of 1969

96.—(1) An appeal under this Act shall be made in accordance with the provisions of this Part and of the Eighth Schedule. Procedure on appeals

(2) The President may, from time to time, by order, amend the Eighth Schedule.

97.—(1) A taxpayer who is aggrieved by—

(a) any assessment made upon him by the Commissioner under this Act;

(b) any decision of the Commissioner in relation to an assessment; or

(c) the determination of a reduction of tax under section 123 or section 124,

may appeal to the Commissioner against such assessment, decision or determination in the prescribed manner. Appeal to Commissioner

(2) Where an appeal is made to the Commissioner under subsection (1) he—

(a) may amend the assessment, decision or determination or disallow the appeal;

(b) shall send to the appellant written notice of his decision on the appeal;

(c) shall record any amendment of the assessment in the assessment register.

Appeal to  
Special  
Arbitrator

**98.—(1)** A taxpayer aggrieved by a decision of the Commissioner under section 97 may appeal in the prescribed manner to a Special Arbitrator appointed either generally or specially for the purpose by the President.

(2) A Special Arbitrator shall have the powers of the High Court to summon and enforce the prompt attendance of witnesses, to hear and take evidence, and to control proceedings before it.

(3) A Special Arbitrator may appoint assessors to advise at any hearing but such assessors shall act solely in an advisory capacity and shall have no right of decision.

(4) Proceedings before a Special Arbitrator shall not be public and a Special Arbitrator shall exclude or require to withdraw from the place of hearing all or any persons whose attendance is not considered by him to be necessary, and shall take appropriate measures to preserve the anonymity of the taxpayer.

(5) A Special Arbitrator shall have power on an appeal duly made to him to amend the assessment, decision or determination in respect of which the appeal is made, may refer the matter back to the Commissioner for further investigation, or may disallow the appeal.

(6) A Special Arbitrator shall set out his findings of fact and decisions on points of law in a written judgment, a copy of which shall be supplied to the taxpayer and to the Commissioner on application and payment of any prescribed fee.

(7) The findings of fact contained in a judgment of a Special Arbitrator shall be final and conclusive:

Provided that the High Court, in the course of an appeal under section 101, may require the Special Arbitrator to make such further findings of fact as may be necessary for the determination of the appeal.

(8) The register of assessments shall be amended where necessary to give effect to the decision of a Special Arbitrator on an appeal.

Publication  
of decisions  
of Special  
Arbitrator

**99.—(1)** A Special Arbitrator may authorize the publication in such form as he may determine of any points of law or procedure decided by him. Particulars of the identity of the taxpayer and so far as possible of any information relating to his private affairs, shall be excluded from any such publication.

(2) Any person who, without the authority of the Special Arbitrator, publishes any report of the proceedings before him shall be guilty of an offence and liable to a fine of K1,000.

**100.**—(1) Notwithstanding the provisions of sections 97 and 98, an appeal by a taxpayer who is aggrieved by—

(a) any assessment made upon him by an administrative officer under powers delegated to him under this Act; or

(b) any decision of such administrative officer in relation to an assessment,

shall lie in the first place to the administrative officer concerned and the administrative officer shall have the same powers in respect of such appeal as are conferred on the Commissioner under section 97 (2).

(2) A taxpayer aggrieved by a decision of an administrative officer under subsection (1) may appeal in the prescribed manner to the Traditional Appeal Court exercising jurisdiction in the District concerned.

(3) In relation to appeals to a Traditional Appeal Court under subsection (2) the provisions of subsections (3), (4), (5), (6), (7) and (8) of section 98 and the provisions of section 99 shall apply with all necessary modifications as though for the references to "Special Arbitrator" there were references to "Traditional Appeal Court"

**101.** (1) Either party to proceedings before a Special Arbitrator under section 98 or a Traditional Appeal Court under section 100 may appeal in the prescribed manner to the High Court on a point of law:

Provided that in appeals from a Traditional Appeal Court the Commissioner shall replace the administrative officer as a party thereto.

(2) Proceedings before the High Court under this section shall not be public and the High Court shall exclude or require to withdraw from the place of hearing all or any persons whose attendance is not considered necessary, and shall take appropriate measures to preserve the anonymity of the taxpayer.

(3) The High Court may on an appeal—

(a) affirm, reverse or amend the decision on the point of law in respect of which the appeal is made;

(b) give such directions as it considers proper to ensure that effect is given to its decision;

(c) refer the matter back to the Special Arbitrator or Traditional Appeal Court from which the appeal was made, for further investigation and further findings of fact;

(d) make such order as to costs as it deems fit.

(4) The register of assessments shall be amended where necessary to give effect to the decision of the High Court on the appeal.

Appeals  
from assess-  
ments, etc., by  
administra-  
tive officers

Appeal to  
High Court

(5) The High Court may authorize publication in such form as it may determine of any points of law or procedure decided by it. Particulars of the identity of the taxpayer and, so far as possible, of any information relating to his private affairs shall be excluded from any such publication.

(6) Any person who, without the authority of the High Court, publishes any report of the proceedings before it shall be guilty of an offence and liable to a fine of K1,000.

#### PART XI

#### COLLECTION AND RECOVERY OF TAX

##### *Division 1—Withholding Taxes*

Deduction  
of tax from  
salaries  
and wages  
—Pay As  
You Earn  
6 of 1972  
1 of 1985  
1 of 1990

**102.—(1)** On the making of any payment of, or on account of, any emolument at a rate exceeding K2,400 per annum received or accrued in respect of services rendered, whether payable under any contract of employment or service or not, whether paid or payable weekly or monthly or at other intervals, and including any amounts assessable under sections 16, 17, 18, 19 and 20, income tax shall, subject to and in accordance with any regulations made by the Minister under section 146, be deductible by the person making the payment, notwithstanding that when the payment is made no assessment has been made in respect of the emoluments and notwithstanding that the emoluments are in whole or in part emoluments for some year or period of assessment other than the year or period during which the payment is made.

(2) Regulations made with respect to the assessment, charge, collection and recovery of income tax in accordance with this section may in particular include provision for—

(a) requiring any person making any payment of, or on account of, emoluments to which this section applies, when he makes the payment to make a deduction calculated by reference to tax tables prepared by the Commissioner, and for rendering persons who are required to make any deduction accountable to the Commissioner;

(b) the production to and inspection by persons authorized by the Commissioner of wages sheets and other documents and records for the purpose of satisfying themselves that tax has been and is being deducted and accounted for in accordance with the regulations;

(c) the collection and recovery, whether by deduction from emoluments paid in a later period or otherwise of tax in respect of emoluments to which this section applies, which has not been deducted or otherwise recovered during the year;

(d) the personal liability of an employer to pay to the Commissioner the amount of any tax which the employer may fail to deduct contrary to this section or any regulation in respect thereof, and for the recovery by such employer of the amount of any tax so paid from the employee in respect of whose emoluments that amount was so paid, 10 of 1983

and any such regulations shall have effect notwithstanding anything in this Act relating to other methods of assessment and collection of income tax.

(3) The tax tables referred to in subsection (2) (a) shall be constructed so as to show that the income tax payable in respect of the year of assessment is at the rates for the time being specified in the Eleventh Schedule and that the income tax payable in respect of any week or month of that year is one fifty-second or one twelfth, respectively, of the income tax payable for that year. 10 of 1983

(4) The year of assessment for income tax payable under this section (otherwise referred to as P.A.Y.E.) shall be the year ending the 31st March in each year.

102A.—(1) Every person who makes any payment specified in the Fourteenth Schedule to any other person shall, before making such payment withhold tax in accordance with the rates specified in that Schedule subject to and in accordance with any regulations made by the Minister under section 146, notwithstanding that the recipient has not been assessed in respect of the amount in question: Deduction of tax from certain payments 1 of 1985 4 of 1988

Provided that where the recipient produces a valid withholding tax exemption certificate issued by the Commissioner, withholding tax shall not be deducted but so, however, that no exemption from payment of withholding tax shall be granted in respect of bank interest, and the expression "bank interest" shall have the meaning assigned to it in the Fourteenth Schedule. 4 of 1988

(2) Regulations made with respect to deduction of tax (otherwise referred to as withholding tax) from certain payments in accordance with this section may include provision for—

(a) requiring any person making any payment to which this section applies to deduct tax in the manner provided and for rendering persons required to withhold tax accountable to the Commissioner;

(b) the production to and inspection by persons authorized by the Commissioner of records and other documents for the purpose of satisfying themselves that tax is being withheld and accounted for in accordance with the regulations; and

(c) the personal liability of any person required to withhold tax to pay to the Commissioner the amount of any tax which

that person may fail to withhold contrary to this section or any regulation in respect thereof.

Priority of  
tax  
deduction at  
source  
1 of 1985

103. Every sum required to be deducted under sections 102 and 102A shall be a first charge on the payment to the recipient and shall be deducted prior to any other deduction whether such other deduction be deductible under any court order or under any other law.

Formal  
assessment  
to be  
unnecessary  
6 of 1972  
10 of 1983

104. No assessment need be made on a person in respect of his emoluments for any period during which tax was deducted from his emoluments if the tax deducted each week or month was the correct amount to be deducted in accordance with the tables and regulations prescribing their use:

Provided that if such deductions were incorrect in whole or in part with the result that tax has been over-paid the error may be corrected by means of an assessment and the tax over-paid shall be repaid to that person.

Credit for  
tax deducted  
at source  
1 of 1985

104A. Where withholding tax has been deducted under sections 102 and 102A, the tax so deducted shall be allowed as a credit against tax charged on assessments issued under sections 90 and 91.

*Division 2—Assessments Raised by the Commissioner*

Payment of  
Tax on  
assessment  
1 of 1985

105.—(1) Tax, not otherwise covered by a payment made under section 84A, shall become due and payable at the place stated in the notice of assessment served on the tax payer under section 92 within 45 days after the date of service of such notice.

(2) Notwithstanding that an appeal against an assessment has been made under section 97 the tax shall be paid in accordance with the assessment within 45 days of the service of the notice of assessment unless the Commissioner otherwise directs:

Provided that, if the Commissioner has reason to believe that the taxpayer may attempt to leave Malawi without intending to return without settling his liabilities under this Act, the Commissioner may require the taxpayer to pay the whole of such tax forthwith.

(3) When an appeal is settled any balance of tax shall be due and payable within 45 days of notification of settlement of the appeal.

(4) Where the assessment is reduced on appeal with the result that too much tax has been paid under subsection (2) the excess shall be refunded.

14 of 1969

(5) If tax is not paid on or before the dates provided in subsections (1), (2) or (3) a charge at the rate provided in subsection (6) shall be payable—

(a) where there is no appeal on so much of the tax as remains unpaid by the taxpayer during the period beginning on a date 45 days after the service of the notice; or

(b) where there is an appeal on so much of the tax as remains unpaid during the period beginning on a date 45 days after the service of the notice, unless the Commissioner in exercise of the power conferred by subsection (2) has directed that such tax is not payable pending the appeal, and on any balance of tax due on settlement of the appeal during the period beginning on a date 45 days after notification of settlement of the appeal.

(6) The charge referred to in subsection (5) shall be— 14 of 1969

(a) where the tax unpaid does not exceed K22, twenty-five per centum of the amount of such unpaid tax;

(b) where the tax unpaid exceeds K22, the rate of interest referred to in subsection (5) shall be three-quarters per centum per month in respect of the first month or part thereof, with the addition of one-quarter per centum per month for each additional month or part thereof and the final rate of interest shall apply for the whole period during which any tax has remained unpaid, so however that in no case shall the total interest payable be less than K5.50: 14 of 1969

Provided that the Commissioner may on good cause shown make such arrangements as he thinks fit with any taxpayer for payment of tax and may remit the whole or any part of the charge due under subsections (5) and (6) or may decide that no interest shall be charged.

(7) Any charge payable under subsections (5) and (6) shall be recoverable as if it was tax payable under this Act and shall not be allowable as a deduction in computing taxable income.





**106.** Subject to this Act the tax shall be payable—

(a) by a representative taxpayer in respect of any taxable income received or controlled by him in such representative capacity;

Persons by whom the tax is payable

(b) in respect of every other taxable income and in all other cases by the person by whom the taxable income is received or is deemed to have been received or to whom or in whose favour it accrues or is deemed to accrues or who is legally entitled to the receipt thereof:

Provided that any person may recover so much of the tax paid by him under this Act as is due to the inclusion in his taxable income of any such income deemed to have been received by him or to be such income of his, as the case may be, in terms of section 72 (1), (2), (3) or (4) from the person entitled, whether on his own behalf or in a representative capacity, to the receipt of the taxable income so included.

**107.—(1)** Any tax shall when it becomes due or is payable, be deemed to be a debt due to the Malawi Government and shall be payable to the Commissioner in the manner and at the place prescribed, and may be sued for and recovered by the Commissioner in any court of competent jurisdiction.

Recovery of tax

(2) Notwithstanding anything contained in any Malawi law relating to magistrates courts any amount whatsoever due and payable under this Act shall be recoverable by action in the court of the magistrate having jurisdiction in respect of the person by whom such amount is payable under this Act.

(3) (a) If any person neglects or refuses to pay any tax due and payable upon demand made by the collector, the collector may, upon the authority of a certificate by the Commissioner that such tax is due and payable, for non-payment thereof distrain such person by his goods and chattels without any further authority than such certificate and his warrant of appointment.

(b) A distress levied by the collector shall be kept by the collector for five days at the costs and charges of the person neglecting or refusing to pay, and if the person aforesaid does not pay the sum due, together with the costs and charges, within the said five days, the distress shall be sold by public auction for payment of the sum due and all costs and charges. The costs and charges of taking, keeping and selling the distress shall be retained by the collector, and any overplus coming by the distress, after the deduction of the costs and charges and of the sum due, shall be restored to the owner of the goods distrained.

(4) If any tax due and payable by a man in respect of the income of a woman which is deemed in terms of section 12 (2) to be income accrued to him during a period while he was married to that woman is outstanding after his assets in Malawi have

been distrained or otherwise attached in any manner whatsoever, that woman shall be chargeable with such tax and, after a notification to her by the Commissioner for the purposes of section 105 (1) that outstanding tax shall become due and payable by her in accordance with such notification and that man shall be released from the payment of the amount of such outstanding tax as is recovered by the Commissioner from such woman.

(5) (a) If any tax due and payable by a partner in any business, which is referable to the taxable income derived from the partnership business is outstanding after his assets in Malawi, other than his interest in the assets of the partnership, have been distrained or otherwise attached in any manner whatsoever, the partnership shall be chargeable with such tax, and after a notification to it by the Commissioner for the purposes of section 105 (1), that outstanding tax shall become due and payable by it in accordance with such notification and that partner shall be released from the payment of the amount of such outstanding tax which is recovered by the Commissioner from the partnership:

Provided that the amount of tax recoverable from the partnership shall not exceed the value of such partner's interest in the assets of the partnership.

(b) The amount of tax so referable in terms of paragraph (a) shall be the proportion of the total tax due by the partner determined in accordance with the ratio that the partner's taxable income derived from the partnership business bears to his total income.

(6) So much of any tax payable by any person under this Act as is due to the inclusion in his income of any income deemed to have been received by or accrued to him or to be his income, as the case may be, in terms of section 72 (1), (2), (3) or (4), may be recovered by the Commissioner from the assets by which the income so included was produced.

Form of  
proceedings

108.—(1) Proceedings in any court for the recovery of any tax shall be deemed to be proceedings for the recovery of a debt validly acknowledged in writing by the debtor.

(2) In any action or proceedings for the recovery of any tax it shall not be competent for the defendant to question the correctness of any assessment, notwithstanding that an appeal may have been lodged thereto.

Production  
of register of  
assessments  
14 of 1969

109. The production of any register of assessments or of any document under the hand of the Commissioner or of any officer duly authorized by him purporting to be a copy of, or extract from, any such register of assessments shall be conclusive evidence of the making of any assessment referred to therein and, except in the case of proceedings on appeal against an assessment, shall be

conclusive evidence that the amount and all the particulars of such assessment appearing in such register or document are correct.

**110.—(1)** Any person who shall leave or attempt to leave Malaŵi by land, water or air without intending to return without settling his liabilities under this Act or making such arrangements for the payment of any tax which is or may become due as are satisfactory to the Commissioner shall be liable to a penalty of K100.

Payment of  
tax by  
persons  
leaving  
Malaŵi

(2) The Commissioner shall give a tax clearance certificate to any such person when either he has settled his liability or made satisfactory arrangements for the payment of tax.

**111.—(1)** For the purpose of securing the payment of tax a taxpayer who is the owner of any land situated in Malaŵi may, by notice in writing to the Commissioner, request that his interest in such land be the subject of security for tax of an amount specified therein.

Security for  
payment  
of tax  
14 of 1969

(2) If the Commissioner in his discretion accepts such security for the payment of such tax he may, by notice in writing, notify the Registrar responsible for the registration of titles to such land and encumbrances thereover of such request and such Registrar shall, without fee, register such notification as if it were an instrument of mortgage over or charge on, as the case may be, such land duly made in accordance with the laws of Malaŵi and thereupon such notification shall, subject to subsection (3) and any prior mortgage or charge, operate as a legal mortgage over or charge on such land to secure such amount.

(3) On being satisfied that any such tax has been paid or that security therefor is no longer required, the Commissioner shall notify the Registrar responsible of the cancellation of such notification and such Registrar shall, with fee, record such cancellation and thereupon such notification shall cease to operate as a mortgage over or charge on such land.

## PART XII

### PENALTIES

**112.—(1)** Any person who—

(a) fails to comply with any notice served on him by the Commissioner under this Act or any rules made thereunder;

(b) gives any incorrect information or omits any relevant information from any statement required to be made to the Commissioner under section 20;

(c) fails to keep records, books or accounts required to be kept under section 54;

Liability  
for penalties  
14 of 1969  
1 of 1990

L.R.O. 1/1991

(d) being a public officer of a company, fails to furnish to the Commissioner documents and particulars relating to the notification of dividend declared, as required under section 69;

(e) fails to furnish to the Commissioner returns or particulars relating to persons employed by him as required under section 85; or

(f) fails to furnish any other person with a certificate as required under section 87 (3);

1 of 1990

(g) fails to deduct the tax due, or to remit to the Commissioner tax deducted, under section 76A,

shall be liable to a penalty not exceeding K100.

(2) Any company which—

(a) fails to comply with any of the provisions of section 67 relating to the appointment of public officers; or

(b) fails to furnish to the Commissioner a return of payments made to shareholders as required under section 68 (1) or fails to file with the Commissioner a copy of the memorandum and articles of association or any amendments thereto as required under section 68 (2),

shall be liable to a penalty not exceeding K100.

(3) Any taxpayer who—

(a) fails to furnish or makes default in furnishing to the Commissioner a return of income in respect of any year of assessment; or

(b) omits from his return of income in respect of any year of assessment any amount which should have been included therein; or

(c) in his return of income in respect of any year of assessment deducts or sets off any amount the deduction or setting-off of which is not allowed under the Act; or

(d) claims any allowance in respect of any year of assessment, which he is not entitled to claim under this Act,

shall be liable to a penalty not exceeding K100 and shall in addition be liable to a penalty not exceeding an amount equal to the difference between the amount of the tax with which he ought to be charged and the amount of the tax, if any, with which he has been charged for such year of assessment.

(4) Any taxpayer who with intent to defraud—

14 of 1969

(a) commits any of the acts or omissions referred to in subsection (3); or

**(b) makes any false statement or gives any false information when complying with any notice served on him under this Act; or**

**(c) in relation to any year of assessment prepares or maintains, or authorizes or causes the preparation or maintenance of, any**

(b) makes any false statement or gives any false information when complying with any notice served on him under this Act; or

(c) in relation to any year of assessment prepares or maintains, or authorizes or causes the preparation or maintenance of, any

false books or accounts or other records, or falsifies or authorizes or causes the falsification of any books accounts or other records; or

(d) makes any false claim for repayment of any tax for any year of assessment,

shall be liable to a penalty not exceeding K1,000 or twice the difference between the amount of the tax with which he ought to be charged and the amount of the tax, if any, with which he has been charged for such year of assessment, whichever is the greater.

**113.—**(1) Any penalty incurred under this Act shall be imposed by the Commissioner and any such imposition of a penalty shall be subject to the same rights of appeal as if it were an assessment under this Act, and all the provisions of this Act relating to assessments, appeals and the collection and recovery of tax shall apply to such imposition and penalty.

Imposition of penalty

(2) Payment of a penalty imposed under this Act shall in no way operate as a discharge of the liability of a taxpayer to pay the full amount of tax chargeable under this Act.

**114.** For the purposes of section 112 of this Act, any accounts submitted on behalf of any person shall be deemed to have been submitted by him unless he proves that they were submitted without his consent or connivance.

Accounts deemed to have been submitted by person 14 of 1969

**115.** Any person who assists in or induce the making or delivery for any purposes of income tax of any return, accounts, statement or declaration which he knows to be incorrect shall be liable to a fine of K1,000.

Assisting in making incorrect returns

**116.** Any person who obstructs or hinders an officer in the discharge of his duty under the Act or the rules shall be liable to a fine of K100.

Obstruction of officers

**117.** Any person who without lawful justification or excuse incites any person to refuse to pay any tax payable by him under this Act shall be liable to a fine of K100.

Inciting a person to refuse to pay tax

**118.—**(1) Proceedings for the recovery of any penalty incurred under this Act in connexion with or in relation to assessments of income tax made by the Commissioner may be commenced at any time within six years next after the date on which it was incurred:

Time limit for penalty proceedings 14 of 1969

Provided that where the amount of the penalty to which a person is liable under this Act is to be determined by reference to tax charged in an assessment for any year, proceedings for the recovery of the penalty shall not be out of time by reason that



they are commenced after such period if they are commenced within three years from the first determination of the amount of that tax.

14 of 1969

(2) The time limited by subsection (1) for commencing proceedings for the recovery of any penalty from any person in connexion with or in relation to any income tax covered by any assessment shall, where any form of fraud or wilful default has been committed by him or on his behalf in connexion with or in relation to that tax, be extended so as to authorize the commencement of such proceedings at any time within three years from the final determination of the amount of tax covered by the assessment.

For the purposes of this subsection, the amount of the tax covered by any assessment shall not be deemed to be finally determined until the assessment can no longer be varied, whether on appeal or by the order of any court.

(3) Nothing in subsection (2) shall extend the time for the bringing of any proceedings against the personal representatives of any person by whom or on whose behalf any form of fraud or wilful default has been committed.

Liability  
of officers  
of company  
14 of 1969

**119.** Where a company is liable to a penalty under this Act every person who, at the time of the act or omission rendering the company liable to such penalty was a public officer, director, general manager, secretary or other similar officer of such company or was purporting to act in such capacity shall also be liable to the same penalty unless he proves that such act or omission was done or omitted without his knowledge or consent and that he exercised due diligence to prevent such act or omission having regard to the nature of his functions in such capacity and in all the circumstances.

Recovery of  
tax repaid in  
consequence  
of fraud or  
negligence

**120.** Where in consequence of a person's fraud, wilful default or negligence, any tax has been repaid which ought not to have been repaid the amount thereof may be recovered by assessment, but without prejudice to the right of the Commissioner to recover such tax by means of civil proceedings.

Saving for  
criminal  
proceedings,  
etc.  
14 of 1969

**121.—(1)** Save as is otherwise provided, none of the provisions of this Act, including the imposition of penalties shall affect or be a bar to criminal proceedings for any offence.

(2) Statements made or documents produced to the Commissioner by or on behalf of any person for the purposes of this Act, shall be admissible in any criminal proceedings against such person for any form of fraud in connexion with or in relation to income tax, or in any proceedings for the recovery of any penalty.

## PART XIII

## GENERAL

**122.**—(1) If the Minister by Order declares that arrangements specified in that Order have been made with the Government of any country with a view to the prevention, mitigation or discontinuance of the levying under the laws of Malaŵi and of such other country of taxes in respect of the same income, or to the rendering of reciprocal assistance in the administration of this Act or any previous law and taxes on income levied under the laws of such other country, and that it is expedient that those arrangements should have effect, the arrangements shall have effect notwithstanding anything in this Act.

Relief from double taxation

(2) The Commissioner may make rules for carrying out any arrangements having effect under this section.

(3) An order made under subsection (1) may have retrospective effect.

**123.**—(1) This section shall apply where, under any agreement entered into with any other country or territory in terms of section 122 the tax (hereinafter referred to as "foreign tax") payable to that other country or territory in respect of any income (hereinafter referred to as "foreign income") is to be allowed as credit against tax chargeable in terms of this Act in respect of such foreign income.

Reduction of tax payable as a result of agreements entered into in terms of section 122

(2) Subject to subsection (3), the amount of the tax chargeable under this Act in respect of such foreign income shall be reduced by the amount to be allowed as a credit in terms of any agreement.

(3) Any reduction granted in terms of subsection (2) shall be subject to the provisions set out in this subsection—

(a) a reduction in the income tax, shall not exceed an amount arrived at by applying the formula—

$$\frac{A \times B}{C}$$

14 of 1969

in which—

A is the amount of the foreign income included in the taxable income; and

B is the income tax which would have been payable in terms of this Act had no reduction been granted; and

14 of 1969

C is the taxable income;

(b) the total reduction to be allowed to any person for any year of assessment shall not exceed the total tax chargeable in terms of this Act in respect of that year of assessment;

(c) where the amount of any reduction given in terms of any such agreement is rendered excessive or insufficient by reason

of any subsequent adjustment of the amount of any foreign tax applicable to such foreign income or to any tax chargeable in terms of this Act in respect of such foreign income, nothing in this Act limiting the time for the raising of additional assessments, the reduction of an assessment, or of the granting of refunds shall prevent a subsequent adjustment of the amount of such reduction, and any tax underpaid as a result of such adjustment shall be recoverable and any tax overpaid shall be refundable.

Relief from double taxation in cases where no agreements have been made under section 122 18 of 1968

**124.** If any person in or any person outside Malawi who is deemed to have derived income from a source within Malawi in terms of section 27 (1) (c) who has paid or is liable to pay tax for any year of assessment on income which is derived from a country or territory which has not entered into an agreement with Malawi in terms of section 122 proves to the satisfaction of the Commissioner that he has paid tax on the same income in the country or territory from which such income was derived and requests relief in respect of that tax then the tax chargeable under this Act in respect of such income shall be reduced by the amount of foreign tax paid or payable on such income as if section 123 (3) was applicable thereto. For the purpose of this section, tax in respect of such income, which is deducted from such income in such country or territory, shall be deemed to be tax paid by such persons.

Error or mistake

**125.—(1)** If a taxpayer who has paid tax for any year of assessment alleges that any assessment made upon him for that year was excessive by reason of some error or mistake in the return, statement or account made by or on behalf of such taxpayer for the purposes of the assessment, he may at any time not later than six years after the end of the year of assessment within which the assessment was made, make an application in writing to the Commissioner for relief.

(2) On receiving any such application the Commissioner shall enquire into the matter and shall give by way of repayment of tax such relief in respect of the error or mistake as appears to be reasonable and just:

Provided that no relief shall be given under this section in respect of an error or mistake as to the basis on which the liability of the applicant ought to have been computed where the return, statement or account was in fact made on the basis or in accordance with the practice generally prevailing at the time when the return, statement or account was made.

(3) A determination by the Commissioner under this section all be final and conclusive.

**126.—(1)** Save as is otherwise expressly provided in this Act, no claim for repayment of tax shall be allowed unless it is made in writing within six years after the end of the year of assessment to which it relates. Repayment  
of tax

**(2)** The Commissioner shall give a certificate of the amount of tax to be repaid under any of the provisions of this Act or under any order of a court of competent jurisdiction and shall issue a repayment order to the person to be repaid.

**127.—(1)** Where, when any proceedings are pending under this Act, any taxpayer creates a charge on or parts with the possession by way of sale, mortgage, exchange or any other mode of transfer whatsoever of any of his assets in favour of any other person with the intention to defraud the Government such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by such taxpayer as a result of the completion of such proceedings: Transfers to  
defraud, and  
artificial  
transactions

Provided that such charge or transfer shall not be void if made for valuable consideration and without notice of the proceedings pending under this Act.

**(2)** Where the Commissioner is of the opinion that the main purpose or one of the main purpose for which any transaction or transactions was or were effected (whether before or after the passing of this Act) was the avoidance or reduction of liability to tax for any year, or that the main benefit which might have been expected to accrue from the transaction or transactions was the avoidance or reduction of liability to tax, he may, if he determines it to be just and reasonable, direct that such adjustments shall be made as respects liability to tax as he considers appropriate to counteract the avoidance or reduction of liability to tax which would otherwise be effected by the transaction or transactions: 14 of 1969

Provided that no such direction shall require that adjustments shall be made as respects liability to tax for any year of assessment prior to the year of assessment commencing on the 1st April, 1968.

**(3)** Without prejudice to the generality of the powers conferred by subsection (2) the powers conferred thereby extend—

**(a)** to the charging with tax of persons who, but for the adjustments, would not be chargeable with any tax or would not be chargeable to the same extent;

**(b)** to the charging of a greater amount of tax than would be chargeable but for the adjustments; and

**(c)** to the giving of a direction under this section by reason of the fact that in the case of any company no distribution of dividends has been made or only a smaller distribution has been made than might have been made without detriment to the development of the business of the company:

Provided that—

(i) where a charge is made under this section on any company in respect of adjustments which relate to the liability of any shareholder, such company shall be entitled to recover from such shareholder the amount of tax attributable to the adjustment made in respect of such shareholder; and

(ii) where an adjustment made under this section relates to any distributable profits of a company and such profits are subsequently distributed the proportionate share therein of any shareholder shall be excluded in computing the income of such shareholder.

(4) Any direction of the Commissioner under this section shall specify the transaction or transactions giving rise to the direction and the adjustments as respects liability to tax which the Commissioner considers appropriate.

(5) Any person aggrieved by any direction of the Commissioner made under subsection (2) may appeal therefrom either on the grounds that no direction ought to have been given or that the adjustments directed to be made are inappropriate; and all the provisions of this Act relating to appeals against assessments, shall, so far as they are applicable, have effect with respect to any such appeal as if such appeal were an appeal against an assessment:

Provided that any direction made under subsection (2) shall not be the subject of any appeal except under this subsection.

Errors, etc.,  
in assess-  
ment and  
notice may  
be rectified,  
and Com-  
missioner  
may remit  
tax

128.—(1) No assessment, warrant or other proceeding purporting to be made in accordance with this Act shall be quashed, or deemed to be void or voidable for want of form, or be affected by reason of a mistake, defect or omission therein, if the same is in substance and effect in conformity with or according to the intent and meaning of this Act, and if the person assessed or intended to be assessed or affected thereby is designated therein according to common intent and understanding.

(2) An assessment shall not be impeached or affected by reason of any variance between the assessment and the notice thereof, or by reason of a mistake therein as to—

(a) the name of a taxable person or of a person in whose name a taxable person is chargeable;

(b) the description of any income; or

(c) the amount of tax charged or shown to be payable:

Provided that in cases of assessment the notice thereof shall be duly served upon the taxable person intended to be charged or the person in whose name such taxable person is chargeable, and such notice shall contain in substance and effect the particulars on which the assessment is made.

(3) The Commissioner may remit, in whole or in part, any tax outstanding which he is of opinion cannot be recovered:

Provided that this power shall be exercised by the Commissioner in person and shall not be delegated.

#### PART XIV

##### MINIMUM TAX AND GRADUATED TAX

**129.—(1)** Notwithstanding the foregoing provisions of this Act, which relate solely to income tax unless specifically so provided or the context so requires, the provisions of this Part relate to minimum tax and graduated tax. Application  
of this  
Part  
6 of 1972

(2) Any civil or criminal proceedings under the provisions of this Part relating to minimum tax or graduated tax may be instituted in the name of the Commissioner and be carried on by or on behalf of the Commissioner.

##### *Division 1—Minimum Tax*

**130.—(1)** Save as in this Part otherwise provided, a minimum tax of three Kwacha and fifty tambala (hereinafter referred to as minimum tax) shall be payable in each tax year to the Commissioner by all male persons in Malaŵi who have attained the age of eighteen years on the first day of each tax year: Liability  
minimum  
tax

Provided that all male persons who enter into a contract of foreign service in accordance with the Employment Act shall be liable for minimum tax whilst employed outside Malaŵi unless they are liable for tax in the country of employment. Cap. 55:02

(2) The due date for payment of minimum tax in any tax year shall be—

(a) in respect of persons in Malaŵi on the 1st April in such year, such 1st April;

(b) in respect of persons who enter Malaŵi after the 1st April in such year, the date of entry.

(3) The due date for payment by any persons liable to pay minimum tax shall be deemed to be the 1st April until such person satisfies the Commissioner otherwise.

(4) Where the Commissioner is of the opinion that a person, not possessing a birth certificate, has attained the age of eighteen years on the first day of any tax year, that person shall be deemed so to have attained the age of eighteen years unless and until he satisfies the Commissioner to the contrary.

**131.—(1)** There shall be exempt from minimum tax—

(a) subject to section 142 (2), persons liable for graduated tax;

(b) persons liable for income tax;

Exemptions  
from  
minimum  
tax  
10 of 1975

L.R.O. 1/1977

(c) a person who satisfies the Commissioner that—  
 (i) he is without means to discharge his liability for minimum tax and unable by reason of age or infirmity or sickness to obtain such means; or

(ii) he is attending an institution for education or training approved by the Minister and unable to pay minimum tax; or

(iii) he is an apprentice under contract of apprenticeship made in accordance with any law for the time being in force in Malawi and unable to pay minimum tax;

(d) a person who satisfies the Commissioner that he is on a temporary visit to Malawi:

Provided that he is not employed or seeking employment in Malawi, and the duration of such visit does not exceed six months;

(e) persons falling within the exemptions contained in paragraphs (m), (o) and (s) of the First Schedule;

(f) the President.

(2) Any person granted an exemption from minimum tax under subsection (1) (c) shall be given a certificate in the prescribed form.

(3) Every exemption granted under the African Tax Ordinance, 1939 (now repealed), other than the exemption of those serving in the armed forces of the United Kingdom during their period of service, and every exemption granted under the Personal Tax Ordinance, 1962 (now repealed) shall be deemed to have been granted under this section and shall be valid for such period as the exemption would have been valid but for the repeal of the provision under which it was granted, to the extent of three Kwacha fifty tambala only.

132. Any person liable to pay minimum tax who fails to pay within six months from the date for payment provided for in section 130 shall be liable to pay a penalty of one Kwacha and such penalty shall, subject to section 137, be recoverable with the tax as a civil debt:

Provided that—

(i) such penalty shall not be incurred if—

(a) the taxpayer can show to the satisfaction of the Commissioner that the default was due to reasons beyond the taxpayer's control; and

(b) the taxpayer tenders the tax within a reasonable period designated by the Commissioner; and

(ii) the Minister may, by notice, extend the date by which minimum tax due on the 1st April in any tax year may be paid without incurring a penalty under this section, for a period not exceeding one month, and in the exercise of this power the Minister may fix different dates in respect of different Districts.

Penalty  
for late  
payment of  
minimum tax  
1 of 1976

133.—(1) The Commissioner may, after the 30th September in any tax year (or such later date as may be provided by the Minister under proviso (ii) to section 132) and within two years from the end of such tax year, require any person whom he has reason to believe to be liable for minimum tax in such tax year to produce to him the receipt given to such person upon payment of the tax or in the alternative a certificate of exemption. Production of receipt

(2) Where any person fails to produce a receipt or alleges that he is not liable for minimum tax and does not either produce a certificate of exemption granted or deemed to have been granted under this Act, the Commissioner may require him to furnish such further information as the Commissioner may consider necessary for the purpose of ascertaining whether such person is liable for minimum tax or has discharged his liability.

(3) Any person who, being required to produce his receipt, produces a tax receipt or certificate of exemption granted to some other person, or who, having failed to produce his tax receipt or certificate of exemption, knowingly and wilfully furnishes false particulars in regard to any information which may be required of him under subsection (2) or who wilfully fails to answer any relevant question put to him under the said subsection shall be guilty of an offence and shall be liable to a fine of K100 and to imprisonment for six months.

134.—(1) If a person liable for minimum tax fails to produce a receipt or certificate of exemption when required to do so under section 133, the Commissioner may either collect the tax due and any penalty payable under section 132, or deliver a notice in writing to such person requiring him within seven days to appear at an office designated in the notice in the District in which the person ordinarily resides and either— Failure to produce receipts 1 of 1976

(a) produce the receipts given to such person for the minimum tax due in the current tax year and in the immediately preceding tax year, or produce certificates of exemption granted in respect thereof;

(b) pay to the Commissioner any minimum tax, and any penalty which may be payable thereon, payable for the current tax year and for the immediately preceding four tax years except to the extent that such person satisfied the Commissioner that such tax and penalty have been paid.

(2) Any person who, without reasonable cause, fails to comply with any of the requirements of a notice delivered to him under subsection (1) shall be liable to a penalty of one Kwacha and such penalty shall, subject to section 137, be recoverable with tax as a civil debt. 1 of 1976



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Taxation

Civil proceedings  
1 of 1976

**135.—(1)** No action may be brought for the recovery of any minimum tax before the expiry of six months from the due date for payment thereof.

(2) Any action for the recovery of any minimum tax or penalty shall be commenced not later than five years after the end of the tax year in respect of which such tax was payable or such penalty was incurred.

Non-payment of tax, or penalty, within time specified an offence  
1 of 1976

**136.—(1)** Every person liable for minimum tax who fails to pay such tax or any penalty incurred in respect thereof under section 132 or section 134 by the 31st December in the tax year in which such liability arose (or within nine months of the due date for the payment of any such tax if such due date is other than the 1st April) shall be guilty of an offence and shall be sentenced to a fine of an amount equivalent to twice the amount of such tax or such penalty, or both such tax and such penalty, as the case may be, and in default of the payment of such fine to perform public work for a period of four months under the Convicted Persons (Employment on Public Work) Act:

Cap. 9:03

Provided however that where the court is satisfied that any person convicted of an offence under this section is a persistent tax defaulter it may, in lieu of such fine as aforesaid, sentence such person to imprisonment without the option of a fine for a term not exceeding six months.

Cap. 8:01

(2) Notwithstanding section 261 of the Criminal Procedure and Evidence Code, criminal proceedings under this section may be instituted at any time not more than five years after the end of the tax year in which the tax or penalty is alleged to have become due.

Liability extinguished by payment of fine, etc.  
1 of 1976

**137.** Civil liability for any tax, or penalty, or both, in respect of the non-payment of which a sentence is imposed under section 136 shall be—

(a) extinguished if such sentence is fully complied with or carried out;

(b) reduced by the same proportion as that by which any fine payable under such sentence is reduced—

(i) by any payment made in partial satisfaction of such fine;

(ii) in accordance with the provisions of section 4 (2) of the Convicted Persons (Employment on Public Work) Act.

Jurisdiction of courts  
1 of 1976

**138.** A subordinate court and a Traditional Court having jurisdiction in the area concerned may try offences against section 135 and entertain civil proceedings for the recovery of minimum tax or a penalty payable under section 132 or section 134.

Certificates by Commissioner

**139.—(1)** In any civil or criminal proceedings under or arising out of the provisions of this Part against any person for failure to discharge his liability for minimum tax or a penalty, a certificate in

the prescribed form signed by the Commissioner certifying that such person has not discharged his liability shall be *prima facie* evidence that such liability has not been discharged.

(2) A signature upon any certificate issued under this section shall be accepted in evidence without proof of the signature of the person signing it.

#### Division 2—Graduated Tax

**140.**—(1) Save as is herein otherwise provided, a graduated tax upon earnings at the rates set out in the Thirteenth Schedule shall be charged and levied upon earnings and shall be paid by all employees in each period of charge.

Liability  
for  
graduated  
tax

(2) In the case of an employee paid monthly or at longer intervals, each month shall be a separate period of charge; and in the case of an employee paid at less than monthly intervals, each week shall be a separate period of charge.

**141.** There shall be exempt from graduated tax—

(a) female persons who are in receipt of not more than the minimum wage fixed for adult males in respect of their occupations under the Regulation of Minimum Wages and Conditions of Employment Act, and male persons under the age of eighteen years who are in receipt of less than the minimum wage fixed for adult males in respect of their occupations under the said Act;

Exemptions  
from  
graduated  
tax

Cap. 55:01  
1 of 1990

(b) such persons as are agreed to be exempted in any arrangement made between the Malaŵi Government and the Government of any other country or an agency of such Government or an international organization or any scientific, technical or similar institution for services to be rendered in Malaŵi;

(c) persons liable for deductions from emoluments payable at a rate exceeding K2,400 per annum in accordance with section 102 of this Act.

1 of 1985  
1 of 1990

**142.**—(1) Any person who has paid minimum tax in respect of any tax year in which he subsequently is in receipt of earnings at a rate not exceeding K240 per annum shall not be chargeable with graduated tax in that part of such tax year in which his earnings do not exceed such rate.

Relation  
between  
tax and  
graduated  
tax  
1 of 1976  
1 of 1985

(2) Any person who in any tax year has paid graduated tax of an amount less than minimum tax and who has not paid minimum tax in respect of such year shall be liable on the last day of such tax year to pay the difference between such lesser amount and such minimum tax.

(3) Any person who in any tax year has paid both graduated tax and minimum tax in respect of such tax year shall be entitled to a refund of the difference between the sum of the taxes so paid and minimum tax:

Provided that where the amount of graduated tax paid equals or exceeds K3.50, the refund shall be limited to K3.50.

(4) For the purposes of this section "minimum tax" shall include any penalty payable or paid under section 132.

Prosecution  
for failure  
to pay  
graduated  
tax

**143.—**(1) Every person who is liable for any balance of tax under section 142 (2) shall pay such balance within two months of the end of the tax year in question and any person who fails to pay within such period shall be guilty of an offence and shall be liable either to a fine of K10 or to perform public work for a period of four months under the Convicted Persons (Employment on Public Work) Act or to both such fine and public work.

Cap. 9:03

Cap. 8:01

(2) Notwithstanding section 261 of the Criminal Procedure and Evidence Code, proceedings under this section may be instituted at any time not more than two years after the end of the tax year in question.

Collection  
of graduated  
tax

**144.—**(1) Weekly or monthly, as the case may be, graduated tax shall, subject to and in accordance with regulations made by the Minister under section 146, be deducted by the employer or other person making or due to make any payment of earnings to an employee.

(2) Regulations made for the purposes of the charge, collection and recovery of graduated tax may in particular include provision for—

(a) requiring any employer or other person making or due to make any payment of, or on account of, earnings, when he makes the payment, or at prescribed intervals, to take a deduction from earnings calculated by reference to the prescribed tax cards, and for rendering employers or other persons who are required to make any such deduction accountable to the Commissioner; and

(b) the liability of an employer to pay to the Commissioner the amount of any tax which the employer may fail to deduct or cause to be deducted contrary to this Act and any regulations made thereunder and for the recovery by such employer of the amount of any tax so paid from the employee in respect of whose earnings that amount was paid; and

(c) the form or design of graduated tax stamps and tax cards and for applying, with any necessary adaptations, all or any of the provisions (including penal provisions) of the Stamp Duties Act to such stamps; and

Cap. 43:01

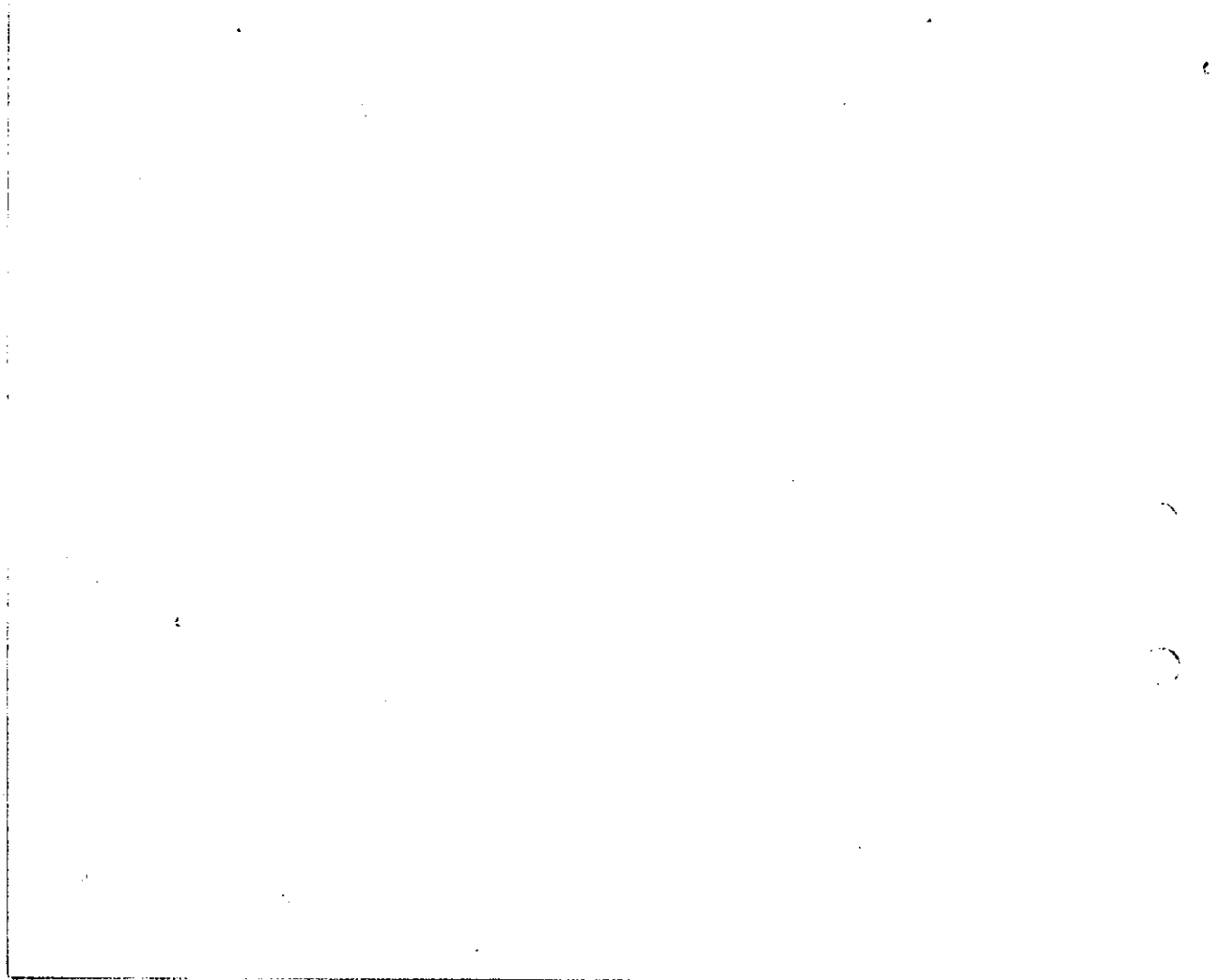
(d) the production to and inspection by the Commissioner of wages sheets and other documents and records for the purpose of satisfying himself that graduated tax has been and is being properly deducted and accounted for; and

(e) the collection and recovery of any graduated tax which has not been deducted or otherwise recovered; and

(f) the imposition of a penalty not exceeding K100 for any failure to comply with the regulations.

(3) Every sum which is required to be deducted under this section shall be a first charge on the employee's earnings, and shall be deducted prior to any other deduction whether such other deduction be deductible under the provisions of any court order or under any other written law.

(4) Any person who knowingly and wilfully makes any false statement in any tax card, wage sheet or other document as to the payment of earnings or deduction of graduated tax shall be guilty



of an offence and shall be liable to a fine of K100 and to imprisonment for six months.

145. For the purposes of this Part "tax year" means the period of twelve months beginning on the 1st April in any year and ending on the 31st March following. Meaning  
of  
"tax year"

## PART XV

### REGULATIONS

146. The Minister may make regulations for the better carrying out of the purposes and provisions of this Act, and without prejudice to the generality of the foregoing such regulations may make provision for— Regulations  
by Minister

(a) any matter for which the Act provides for regulations to be made;

(b) prescribing anything to be or which may be prescribed under this Act; and

(c) appeals in respect of any matters arising under the Act or any regulations made thereunder for which provision for appeals has not already been made.

147. All subsidiary legislation made under the Taxation Act (now repealed) shall, until replaced or revoked under this Act, continue in operation as if they were regulations made by the Minister under powers conferred upon him under this Act. Saving

## FIRST SCHEDULE

### GENERAL EXEMPTIONS

ss. 13 and 27  
(3)  
4 of 1988

There shall be exempt from income tax—

(a) the revenues of local authorities;

(b) the receipt and accruals of—

(i) land and agricultural banks specifically constituted by any law of Malawi, any board or other body constituted under any such law having as its main object the fostering or controlling of the primary production, manufacture, or marketing of any commodity, or the stabilizing of the price of any commodity;

(ii) a registered trade union;

(iii) agricultural, mining, and commercial institutions or societies not operating for the private pecuniary profit or gain of the members;

(iv) clubs, societies and associations, not being clubs, societies or associations to which the provisions of section 61 apply, formed, organized or operated solely or principally for social welfare, civic improvement or other similar purposes, if such receipts or accruals, whether current or accumulated, may not be divided amongst or credited to or enure to the benefit of any member or shareholder; 16 of 1969

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Cap. 41:01

Taxation

(v) pension and provident funds and such benefit funds as the Minister may approve;

(vi) building societies and friendly societies;

(vii) employees' savings schemes or funds approved by the Commissioner;

(viii) statutory corporations and bodies and associations as may be specified by the Minister by notice published in the *Gazette*;

(ix) ecclesiastical, charitable and educational institutions of a public character, and trusts of a public character:

16 of 1969

Provided that this subparagraph shall not apply to receipts or accruals derived from the carrying on of any business;

(c) any amount received as a war disability pension or war widows pension, or as an old age pension paid out of public funds, or as an award, benefit, or compensation paid under any law of Malawi in respect of injury, disease or disablement suffered in employment;

(d) interest on any sums deposited in the Post Office Savings Bank of Malawi, Savings Certificates issued by the Government or interest on so much of any tax reserve certificate as is accepted in payment of income tax or any other tax the assessment and collection of which is vested in the Commissioner;

(e) interest received by or accrued to or in favour of any person from any public loan raised by the Government and issued subject to a condition that such interest shall be exempt from income tax in the hands of such person;

Cap. 37:01

(f) interest received by or accrued to or in favour of any person from any stock or bonds issued by the Government which the Minister has directed shall be exempt from tax under the powers vested in him by section 26 of the Finance and Audit Act to the extent that he shall so direct;

(g) interest received by or accrued to or in favour of any person from Malawi Development Bonds;

(h) interest received by or accrued to or in favour of any person not being a resident of Malawi from 4½ per centum African Development Loan (Registered Bond) issued on the 1st day of July, 1960;

4 of 1988

(ha) interest up to K200 received by or accrued to or in favour of an individual—

Cap. 32:01  
Cap. 44:01

(i) on any sums deposited with an institution registered under the Building Societies Act or the Banking Act;

(ii) from stock, bonds or promissory notes raised by or on behalf of the Government;

4 of 1988

(hb) interest received by or accrued to or in favour of any person on any sums deposited with such institution, and held by that institution on an account of such type, as may be specified by the Minister by Order published in the *Gazette*; and the Minister may, in such Order, prescribe the minimum amount which may be held on an account for the purposes of the exemption granted under this paragraph;

(i) the salary and emoluments of such of the President's personal staff as the President may specify; 18 of 1968  
27 of 1970

(j) the income of the President;

(k) any amount payable to any person or his dependants or heirs on account of his injury or sickness by any benefit fund or any trade union or under any policy of insurance covering accident or sickness;

(l) the interest received by, or accrued to, or in favour of the Commonwealth Development Corporation or any other similar body which the Minister by notice published in the *Gazette* may specify on loans made by those bodies to the Government or to any corporate body established by a law of Malawi;

(m) the salaries and emoluments payable in respect of their offices to such officers in the service of such Government of countries outside Malawi or such agencies of such Governments or of such international organizations as the Minister may by notice published in the *Gazette* approve;

(n) the value of any education allowance and the passages connected therewith paid by the Government in respect of its employees;

(o) the salaries and emoluments payable in respect of their offices to any members of the United Kingdom Armed Forces serving in Malawi which are subject to income tax in the United Kingdom;

(p) such foreign service allowances as may from time to time for this purpose be specified by the Minister, paid by the Government to any member of a Government mission outside Malawi;

(q) such allowances made to members of the National Assembly as may from time to time be specified by the Minister for the purposes of this Schedule;

(r) any amount paid for loss of career or concomitant disturbance made by the Government to a member of its permanent pensionable staff, not being an amount paid by way of interest by reason of the deferment of the payment of any such amount or any part of such amount;

(s) such income payable to any person as is, pursuant to any arrangement, agreed to be exempted. 25 of 1972

In this paragraph the term "arrangement" means any arrangement between the Government and any other Government, or any international organization, institution or body, or any person;

(t) dividends, other than those—

(i) included in income pursuant to section 26 (1); or

(ii) remitted to a person not being a person resident in Malawi;

7 of 1968  
18 of 1983  
12 of 1987  
20 of 1987  
4 of 1988

(u) any scholarship, exhibition, bursary or similar educational endowment paid to a person receiving full-time instruction at a university, college, school or other educational establishment approved by the Minister, and such allowances connected therewith as may be approved by the Minister; 14 of 1969



- 27 of 1970 (v) where an agreement is in force between the Government and the government of any other country whereby the income or part thereof derived from the business of air transport is agreed to be exempt from tax, the income of such businesses as are specified in the agreement to the extent provided in the agreement;
- 4 of 1982 (w) the receipts and accruals of life assurance companies or societies or of life departments of companies carrying on both life and non-life business as such, except as provided in section 63 (2);
- 12 of 1987 (x) any income arising from the rendering of international transport service by, and payable to, a resident of a country which exempts from tax any amount payable to residents of Malawi for rendering similar service;
- 4 of 1981 (y) amounts received and credited by the Trustees of the Parliamentary Pensions Premium Fund for the account of that Fund in furtherance of the objects specified in section 4 of the Parliamentary Pensions (Enabling Provisions) Act;
- Cap. 2:06
- 4 of 1981 (z) amounts received by a member of the National Assembly or any dependant of his as a pension, lump sum benefit or refund of contributions, in accordance with any pension scheme or other scheme formulated by the Trustees of the Parliamentary Pensions Premium Fund under the provisions of the Parliamentary Pensions (Enabling Provisions) Act.
- Cap. 2:06

ss. 25, 33, 41  
and 58 (4) (v)

## SECOND SCHEDULE

### CAPITAL ALLOWANCES

#### PART I

#### GENERAL

- Initial allowance 1.—(1) Subject to this Schedule where the taxpayer so elects an allowance (hereinafter called an initial allowance) shall be made in respect of capital expenditure incurred by the taxpayer during the year of assessment on the construction of new farm improvements, farm fencing, industrial buildings, railway lines, or additions to alterations to existing farm improvements, farm fencing, industrial buildings, railway lines, as the case may be and in respect of articles, implements, machinery, or utensils purchased and used by the taxpayer for the purposes of his trade or for farming purposes:
- 14 of 1970
- 19 of 1969
- 4 of 1988 Provided that no initial allowance shall be made in respect of an asset upon which investment allowance has been claimed under paragraph 4.
- (2) The initial allowances shall be—
- (a) in respect of farm improvements, industrial buildings, railway lines a sum equal to ten *per centum* of the capital expenditure incurred by the taxpayer;
- (b) in respect of articles, implements, machinery, and utensils a sum equal to twenty *per centum* of the cost thereof to the taxpayer;
- (c) in respect of farm fencing, a sum equal to thirty-three and one third *per centum* of the cost thereof to the taxpayer;

(3) An initial allowance may be made to a person in respect of any machinery or plant notwithstanding that it appears that, during the period during which the machinery or plant will be used for the purposes of the trade, it will also be used for other purposes, but the allowance in any such case shall be so much only of the allowance that would be made if the machinery or plant were to be used only for the purposes of the trade as may be just and reasonable having regard to all the relevant circumstances of the case and, in particular, to the extent to which it appears that the machinery or plant is likely to be used for the said other purposes during that period.

2.—(1) Subject to this Schedule an allowance (hereinafter called an annual allowance) shall be made in respect of capital expenditure incurred in respect of— Annual allowances

(a) farm improvements, farm fencing, industrial buildings, railway lines; and 14 of 1971

(b) articles, implements, machinery and utensils belonging to and used by the taxpayer for the purposes of his trade, the value of which, in either case, has been diminished by reason of wear and tear and such allowance shall be subject to, and calculated in accordance with, paragraph 3 in the case of articles, implements, machinery and utensils. 19 of 1969

(2) An annual allowance may be made in respect of any asset for any year of assessment notwithstanding that the asset is also used in that year for purposes other than those of the trade, but where, in the year of assessment, the asset is used for purposes other than those of the trade, the annual allowance to be made in respect thereof shall be so much only of the allowance that otherwise would be made as may be just and reasonable having regard to all the relevant circumstances of the case and, in particular, to the extent of the use for the said other purposes during the said basis period.

(3) Where an initial allowance has been made to a person in respect of any machinery or plant but the amount thereof has been reduced under paragraph 1 (3) on the ground that the machinery or plant will be used for purposes other than those of the trade, any annual allowance falling to be made in respect of that machinery or plant to that person shall be calculated as if the reduction had not been made.

(4) In the case of any asset ranking for annual allowances in respect of which capital expenditure was incurred prior to the 1st day of April, 1963, and which was not the subject of a similar allowance under any previous law, the allowance in the year of assessment ended on the 31st day of March, 1964, shall be made on the original cost of such assets reduced as if the allowance had been made each year in terms of this Act since the expenditure was incurred and thereafter on the balance of the original cost which remains after the sum allowed in the previous year or years as the case may be have been deducted therefrom. If for any reason such original cost cannot be ascertained such original cost shall be deemed to be such sums as the Commissioner shall determine.

Method of  
computing  
annual  
allowances  
4 of 1988

3.—(1) The annual allowance in respect of an asset for any year of assessment shall be computed by reference to the amount by which the capital expenditure of the person to whom the allowance is to be made in providing the asset exceeds the total amount of any initial allowance or investment allowance, as the case may be, and any annual allowances made to him in respect of that asset for previous years of assessment and shall be the percentage of that amount specified in subparagraph (2).

(2) The said percentage is—

(a) in the case of farm improvements, railway lines and industrial buildings five per centum;

14 of 1971

(b) in the case of farm fencing ten per centum;

(c) in all other cases such percentage as may be determined by the Commissioner to be appropriate to be applied for the purposes of this section in relation to assets of the class in question for the year of assessment in question:

Provided that it shall not be necessary for the Commissioner to redetermine every such percentage yearly and any determination of a percentage under this subsection for any year of assessment shall apply also to subsequent years except so far as it is superseded by any subsequent determination.

Investment  
allowance  
4 of 1988

4. Subject to this Schedule an allowance (hereinafter called the Investment Allowance) shall be given to a taxpayer who is also a manufacturer equal to forty per centum of the cost of new and unused industrial buildings, and plant or machinery which—

(a) is brought into use by the taxpayer during the year of assessment; and

(b) is used by the taxpayer in the process of manufacture for the purpose of his business of a manufacturer:

Provided that for the purpose of this paragraph—

(i) plant and machinery shall not include motor vehicle intended or adapted for use or capable of being used on roads; and

(ii) manufacturer shall include the owner of a business carried on in buildings within the definition of "industrial building" contained in paragraph 8 and the owner of a plantation producing tea, coffee, tobacco, sugar, cocoa, or such other crop as the Minister may approve.

Balancing  
allowances  
or charges  
14 of 1971

5. Where any of the following events occur in the case of assets belonging to a person carrying on a trade and provided or used for the purpose of the trade and in respect of which an initial or an annual allowance has been made for any year of assessment, that is to say—

(a) any event occurring after the setting up and before the permanent discontinuance of the trade whereby the asset ceases to belong to the person carrying on the trade (whether on a sale of the asset or in any other circumstances arising from an event referred to in subparagraph (e) hereof);

(b) any event occurring as aforesaid whereby the asset (while continuing to belong to the person carrying on the trade) permanently ceases to be used for the purpose of a trade carried on by him;

(c) the event is the permanent discontinuance of the trade and immediately after the time of the discontinuance the assets continue to belong to the person by whom the trade was carried immediately on before the same time;

(d) the event is the permanent discontinuance of the trade and at the time of the discontinuance the assets are sold at less than the open market price, the sale not being one to which the provisions of section 127 apply; or

(e) the event is the sale of the assets at less than the open market price not being a sale to which the provisions of section 127 apply or is a gift of the assets,

an allowance or charge (hereinafter referred to as a 'balancing allowance' or 'balancing charge') shall be made to, or, as the case may be, on that person for the year of assessment calculated as provided in paragraph 6.

6.—(1) In this Schedule except where the context otherwise requires—

"open market price" in relation to any asset means the price which that asset would have fetched if sold in the open market at the time of the event in question;

10

The first part of the document discusses the importance of maintaining accurate records.

It is essential to ensure that all data is entered correctly and verified regularly.

This process helps to identify any discrepancies or errors early on.

By following these guidelines, you can ensure the integrity of your data.

The second part of the document covers the various methods used for data collection.

These methods include surveys, interviews, and observations.

Each method has its own strengths and weaknesses, and should be chosen carefully.

Understanding the context of your data is crucial for accurate interpretation.

The third part of the document discusses the analysis and interpretation of the data.

This involves using statistical techniques to identify trends and patterns.

It is important to consider the limitations of your data and the potential for bias.

The final part of the document provides a summary of the key findings and conclusions.

These findings can be used to inform decision-making and future research.

The document concludes by emphasizing the importance of ongoing monitoring and evaluation.

Regular updates and reviews are necessary to ensure the accuracy and relevance of the data.

The document is intended to provide a comprehensive overview of the data management process.

It is hoped that this information will be helpful to anyone involved in data collection and analysis.

The document is a confidential document and should be handled accordingly.

For more information, please contact the data management team.

'sale, insurance, salvage, or compensation moneys' means in relation to an event which gives rise or might give rise to a balancing allowance or a balancing charge to or on any person, or is material in determining whether any, and, if so, what, annual allowance is to be made to a person in terms of the Second Schedule—

(a) where the event is a sale of any asset, the net proceeds to that person of the sale;

(b) where the event is the coming to an end of an interest in any asset, any compensation paid to that person in respect of that asset;

(c) where the event is the demolition or destruction of any asset, the net amount received by him for the remains of such asset together with any insurance moneys received by him in respect of the demolition or destruction and any other compensation of any description received by him in respect thereof, in so far as that compensation consists of capital sums; or

(d) where the event is that an asset ceases to be used altogether or is put out of use, any compensation of any description received by him in respect of that asset, in so far as that compensation consists of capital sums.

(2)—(i) Where the event is an event referred to in paragraph 5 (a) and there are no sale, insurance, salvage or compensation moneys, or where the amount of the capital expenditure of the person in question on the provision of the asset still unallowed as at the time of the event exceeds those moneys, a balancing allowance shall be made and the amount thereof shall be the amount of the expenditure still unallowed or, as the case may be, of the excess thereof over the said moneys.

(ii) If the sale, insurance, salvage or compensation moneys exceed the amount, if any, of the said expenditure still unallowable as at the time of the event, a balancing charge shall be made, and the amount on which it is made shall be an amount equal to the excess or, where the said amount unallowed is nil, to the said moneys.

(iii) When the event is an event referred to in paragraph 5 (b), (c), (d) or (e) for the purpose of determining whether a balancing allowance or balancing charge falls to be made and, if so, the amount of the allowance or, as the case may be, the amount on which the charge is to be made, the event shall be treated as if it had given rise to sale, insurance, salvage, or compensation moneys of an amount equal to the open market price of the asset.

(iv) Notwithstanding anything in subparagraphs (ii) or (iii), in no case shall the amount on which a balancing charge is made on a person exceed the aggregate of the following amounts, that is to say, the amount of the initial allowance, if any, made to him in respect of the expenditure in question, and the amount of any annual allowance made to him in respect of asset in question.

(v) Where any asset which has been used by a person for the purpose of a trade carried on by him has also been used by him for other purposes, then, in determining whether a balancing allowance or balancing charge falls to be made to, or on him, and in determining

the amount of such allowance or, as the case may be, the amount on which the charge is to be made, regard shall be had to all relevant circumstances of the case and, in particular, to the extent of the use for the said other purposes, and the said allowance shall be of such an amount, or, as the case may be, a charge on such an amount, as may be just and reasonable.

Sales of  
assets

7.—(1) Where assets in respect of which capital allowances have been given are sold for a lump sum the seller and the buyer shall furnish the Commissioner with a statement in writing giving details of the allocation of the agreed price between the various assets sold.

(2) Where—

(a) the buyer is a body of persons over whom the seller has control, or the seller is a body of persons over whom the buyer has control, or both the seller and the buyer are bodies of persons and some other person has control over them; and

(b) it appears with respect to the sale, or with respect to transactions of which the sale is one, that the sole or main benefit which apart from this Schedule might have been expected to accrue to the parties or any of them was the obtaining of an allowance under this Schedule, if the assets or any of them are sold at a price other than they would have fetched in the open market then—

(i) the sale shall be deemed to have taken place at the open market price or the original cost of the asset whichever is the less or; and

(ii) the initial allowance shall be due to the buyer.

Meaning of  
industrial  
building  
15 of 1973  
4 of 1982

8.—(1) A building shall be deemed to be an industrial building for the purpose of this Schedule where it is in use for the purpose of—

(a) the making of any article or part of an article; or

(b) the subjection of goods or materials to any process including the breaking up or demolition of the article; or

(c) the adapting for sale of any article; or

(d) the generation of power; or

(e) a transport, dock, inland navigation, water refrigeration or electricity hydraulic power tunnel or bridge undertaking; or

(f) an hotel; or

(g) the processing and distributing of fish, including shellfish; or

(h) any activity which the Minister declares in writing to be making an important contribution to national development.

(2) Notwithstanding anything in subparagraph (1) but subject to subparagraph (3), the expression "industrial building" does not include any building or structure in use as, or as part of, a dwelling house, retail shop, showroom, storehouse or office or for any purpose ancillary to the purposes of a dwelling house, retail shop, showroom, storehouse or office, but shall include any essential protective fencing enclosing any building deemed by subparagraph (1) to be an industrial building:

Provided that this subparagraph shall not apply in respect of a building or structure in use primarily for the purposes of trade which consists in the carrying on of an hotel, or in respect of any building to which subparagraph 1 (h) applies.

(3) Where part of the whole of a building is, and part thereof is not, an industrial building, and the capital expenditure which has been incurred on the construction of the second mentioned part is not more than one-fifth of the total capital expenditure which has been incurred on the construction of the whole building, the whole building and every part thereof shall be treated as an industrial building.

9.—(1) For the purposes of this Schedule—

Interpreta-  
tion

“farm improvement” means any building or structure or work of a permanent nature, including any water furrow which is used in the carrying on of farming operations, but does not include—

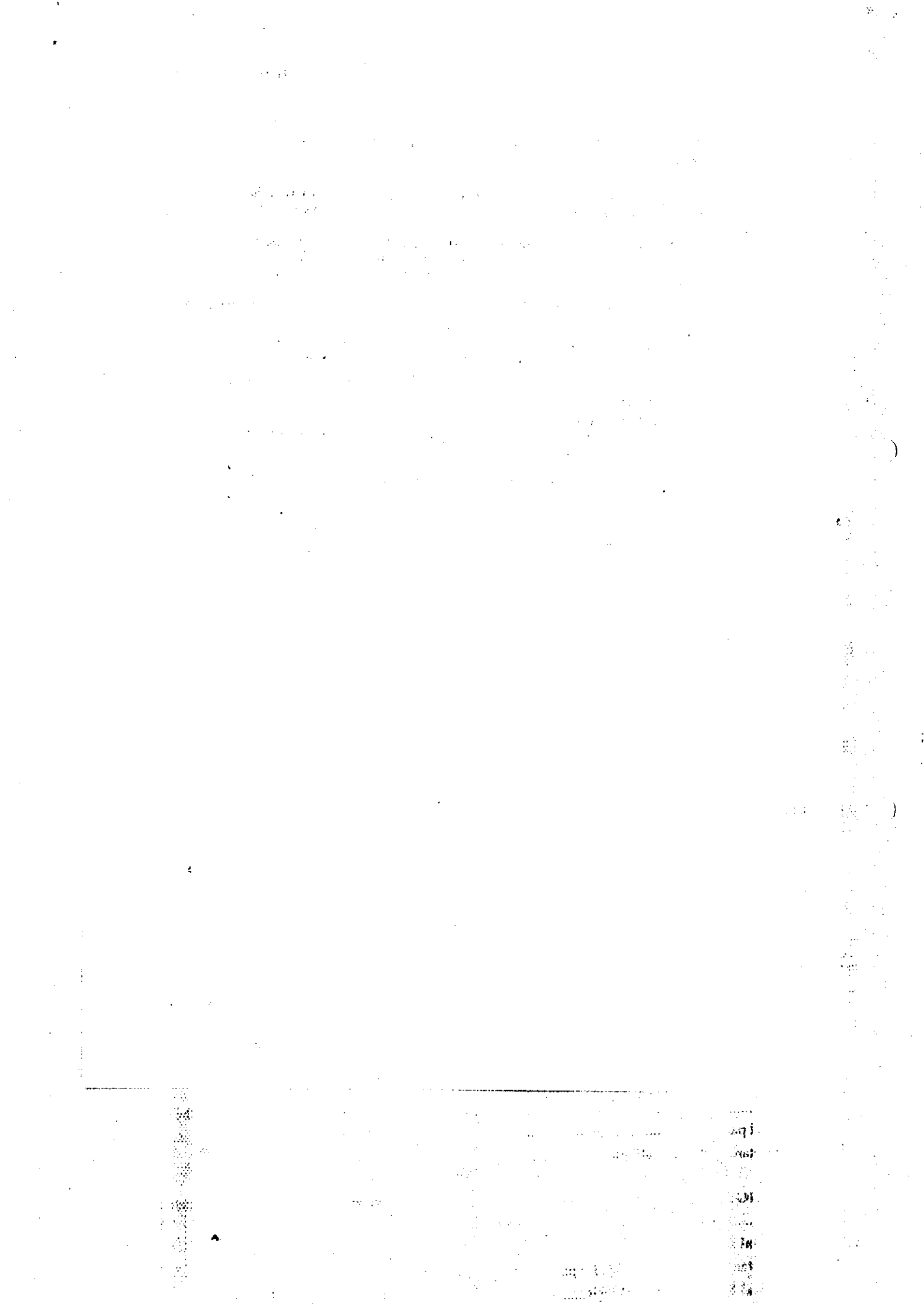
(a) any building, structure or work of a permanent nature to which section 58 applies;

(b) staff housing; or

(c) any building which is used by the taxpayer as the homestead of himself and his family;

“farm fencing” means fencing which is used in the carrying on of farming operations;





“railway lines” means the rails, sleepers and equipment pertaining thereto of any railway track, but does not include ballast, embankments, bridges, culverts and other railway constructions.

(2) Any reference to any initial allowances or any annual allowances made in respect of any asset includes any such allowances made under any previous law.

10.—(1) The capital allowances provided for by this Schedule shall be given to a taxpayer who is also a manufacturer or a person carrying on farming operations in respect of staff housing erected after the 1st day of April, 1965. Allowances  
for staff  
Housing

(2) The rates of allowances shall be those allowed for industrial buildings and paragraphs 5, 6 and 7 shall apply accordingly:

Provided that any expenditure on staff housing occupied by an employee other than an employee— 14 of 1969

(i) whose time, in the opinion of the Commissioner, is wholly or almost wholly occupied in the service of the company; and

(ii) who is unable either directly or indirectly to control more than five per centum of the voting rights attaching to all classes of shares in the company,

shall only rank for allowance as to one-third of such allowance.

(3) In this paragraph—

“staff housing” means any dwelling erected for occupation by an employee engaged in the business or farming operations, as the case may be, of the taxpayer who is also a manufacturer or a person carrying on farming operations;

“manufacturer” shall include the owner of a business carried on in buildings within the definition of “industrial building” contained in paragraph 8 and the owner of a plantation producing tea, coffee, tobacco, sugar, cocoa, or such other crop as the Minister may approve.

## PART II

### MINING

11. In this Part “mining expenditure” means capital expenditure incurred in Malawi by a person carrying on or about to carry on mining operations in Malawi— Meaning of  
“mining  
expenditure”  
19 of 1969

(a) in searching for or in discovering and testing or in winning access to deposits of minerals;

(b) in the acquisition of or of rights in or over such deposits, other than the acquisition from a person who has carried on mining operations in relation to such deposits;

(c) in the provision of machinery which would have little or no value to such person if the mine ceased to be worked;

(d) on the construction of any buildings or works which would have little or no value if the mine ceased to be worked;

(e) on development, general administration and management prior to the commencement of mining operations:

Provided that the term "mining expenditure" shall not include any expenditure on the acquisition of the site of such deposits or of the site of any such buildings or works.

Allowance in respect of mining expenditure

12. Subject to this Part, where a person carrying on mining operations incurs mining expenditure in any year of assessment he shall be entitled to an allowance in that year of assessment and each of the following four years of assessment equal to 20 per centum of such expenditure.

Allowance apportioned on transfer, etc.

13. Where a person is entitled to an allowance under this Part in respect of any mining expenditure and his interest in the asset represented by such expenditure is transferred to some other person then—

(a) the amount of the allowance, if any, due for the year of assessment in which the transfer takes place shall be apportioned in such manner as the Commissioner may determine to be just and reasonable between the person from whom the interest is transferred and the person to whom the interest is transferred; and

(b) the transferee shall, to the exclusion of the transferor, be entitled to the allowance which but for the transfer would have been allowed to the transferor for any subsequent year of assessment.

Adjustment of allowance when ore exhausted

14. Notwithstanding anything in paragraph 12, where, as a result of the exhaustion of ore reserves, a mine ceases to be worked before the expiration of four years from the end of the year in which mining expenditure was incurred in relation thereto the allowances in respect of such expenditure for any year of assessment shall be increased so as to ensure that the expenditure is allowed over the years of assessment commencing with the year of assessment in which it is incurred and ending with the year of assessment in which the mine ceases to be worked.

When expenditure incurred before mining operations, etc.

15.—(1) Any mining expenditure incurred after the first of November, 1969, for the purpose of mining operations before such operations commence shall be treated as incurred on the day on which such mining operations commence.

(2) Where a person incurs expenditure to which this Part applies on searching for or on discovering and testing or winning access to deposits of minerals and without having carried on mining operations he sells any assets representing such expenditure, then, if the purchaser carries on mining operations in relation to those deposits such purchaser shall for the purposes of such operations be deemed to have incurred mining expenditure equal to the price paid by him for such assets.

Expenditure recovered deemed income in certain circumstances

16. Where under paragraph 15 (2) the price paid is deemed to be mining expenditure of the purchaser that price shall, after deduction of any allowable expenditure attributable thereto, be deemed to be income of the vendor subject to tax under this Act:

Provided that on the request in writing of the vendor the Commissioner may apportion such net income over such period not exceeding six years as, having regard to the period during which the expenditure was incurred, he may think fit.

17.—(1) No allowance shall be made under this Part in respect of any expenditure on which an allowance is due under Part I: Exceptions

Provided that allowances in respect of machinery to which paragraph 11 (c) applies shall be made under this Part and not under Part I.

(2) No allowance shall be made under this Part in respect of any expenditure incurred before the 1st of November, 1969.

### THIRD SCHEDULE

#### PENSION FUNDS AND PROVIDENT FUNDS

1. The Commissioner may, subject to such limitations or conditions as the Commissioner may determine, approve a fund as a pension fund for the purposes of this Act if the Commissioner is satisfied that— Approval of  
pension  
funds

(a) the fund is a permanent fund *bona fide* established for the purpose of providing annuities for employees on retirement from employment or for widows, children, dependants or nominees of deceased employees or mainly for any of the said purposes; and

(b) either the fund was regarded or approved as a duly established pension fund under any previous law or the fund is one whose rules provide—

(i) that all current annual contributions to the fund shall be in accordance with specified scales;

(ii) that membership of the fund throughout the period of employment shall be a condition of the employment by the employer of all persons of the class or classes specified therein who enter his employment on or after the date upon which the fund comes into operation;

(iii) that persons who immediately prior to the said date were employed by the employer and who on the said date fall within the said class or classes may, on application made within a period of not more than twelve months as from the said date, be permitted to become members of the fund on such conditions as may be specified in the rules;

(iv) that not more than one-third of the total value of the annuity or annuities to which any employee becomes entitled, may be commuted for a single payment, except where the annual amount of such annuity or annuities does not exceed K1,000;

(v) for the administration of the fund in such a manner as to preclude the employer, except in the case of the Government or a local authority, from controlling the management or assets of the fund, and from deriving any monetary advantage from money paid into or out of the fund; and

(vi) that the Commissioner shall be notified of all amendments of the rules; and

(c) the rules of the fund have been complied with. For the purposes of this paragraph, "employee" includes a director of a company whose time in the opinion of the Commissioner, is wholly or almost wholly occupied in the service of the company. 15 of 1973

Approval of  
other funds  
as pension  
funds

2. The Commissioner may, subject to such limitations or conditions as the Commissioner may determine, approve a scheme or fund, other than a pension fund referred to in paragraph (1) as a pension fund for the purposes of this Act if the Commissioner is satisfied that—

(a) the scheme of funds has as its sole purpose the provision of pensions or annuities for—

(i) contributors on their ceasing to be engaged in their occupations; or

(ii) contributors on their ceasing to be engaged in their occupations and the widows of contributors;

(iii) contributors on their ceasing to be engaged in their occupations and the widows and children of contributors on their deaths; or

(iv) contributors on their ceasing to be engaged in their occupations and the children of contributors on their deaths; and

(b) the pensions or annuities referred to in paragraph (a) are payable by a person carrying on life insurance business as defined in paragraph 1 of the Seventh Schedule or out of moneys vested in an irrevocable trust by a body of persons engaged in a particular occupation or in one or other of a number of particular occupations; and

10 of 1983

(c) the rules of the scheme or fund provide that—

(i) the Commissioner shall be notified of any amendment made to the rules; and

(ii) contributors shall make periodic contributions; and

(iii) not more than one-third of the total value of any pension or annuity shall be commuted for a single payment; and

(iv) no payment, which is not a commuted payment, shall be made to a contributor in his lifetime otherwise than by way of a pension or annuity for life; and

(v) no payment, which is not a commuted payment or a payment such as is referred to in subparagraph (vi), shall be made to the widow or child of a contributor in his or her lifetime otherwise than by way of a pension or annuity for twenty or more years; and

15 of 1973

(vi) if a pension or annuity is not payable to a contributor or to his widow or child, the only payment which shall be made to the estate of the contributor or to his widow or child shall be an amount not exceeding an amount representing the sum of all contributions made by the contributor together with reasonable interest and bonuses out of profits; and

(vii) no pension or annuity shall be paid to the widow or child of a contributor which is of a greater annual value than that of the pension or annuity which was paid or would, but for the death of the contributor, have been paid to the contributor; and

(viii) payment of a pension or annuity to a contributor shall not, unless the contributor becomes permanently incapable through infirmity of mind or body or engaging in his occupation or any other occupation for which he may be trained or fitted, begin—

(A) before the contributor attains the age of 55 years; or

(B) after the contributor attains the age of 70 years; and

(ix) the right to a pension or annuity shall not be surrendered, assigned or pledged.

3. The Commissioner may, subject to such limitations or conditions as he may determine, approve a fund as a provident fund for the purposes of this Act if he is satisfied that—

Approval of  
provident  
funds  
14 of 1969  
19 of 1969  
1 of 1990

(a) the fund is established for the purpose of providing lump sums to employees on their leaving the service of the employer or to widows, dependants or nominees of such employees on their death; and

(b) the rules of the funds provide—

(i) that membership of the fund throughout the period of employment shall be a condition of the employment by the employer of all classes of persons specified therein who enter his employment after the date upon which the fund comes into operation;

(ii) that every employee who contributes to such fund shall have specific right to benefits therefrom and shall be informed of the nature of such benefits;

(iii) that no employee remunerated at a rate in excess of K2,400 per annum may become a member of the fund and that contributions by both employer and employee shall cease in the event of his remuneration exceeding that amount;

(iv) that ordinary annual contributions by employer and employee shall be in accordance with specified scales;

(v) that the contributions of the employer in respect of each employee may not exceed ten *per centum* of the remuneration of such employee;

(vi) that no employee shall be entitled to any benefit from the fund except on leaving the service of the employer in circumstances that are likely to be permanent:

Provided that in the event of the employee ceasing to be permitted to contribute to the fund, the transfer of the balance standing to his credit in the fund to an approved pension fund shall not be deemed to be a benefit within the meaning of this paragraph;

(vii) for the administration of the fund in such a manner as to preclude the employer from controlling the management or assets of the fund or from deriving any monetary advantage from the fund:

Provided that in the case of an employee who leaves the service of the employer in circumstances not entitling him to any part of the contributions made by the employer in respect of him, the employer may be entitled to receive that part;

(vii) that the moneys belonging to the fund shall, save with the approval of the Minister, be invested wholly within Malawi.

15 of 1973

For the purposes of this paragraph, "employee" includes a director of a company whose time, in the opinion of the Commissioner, is wholly or almost wholly occupied in the service of the company.

Right of approval  
14 of 1969

4. In the event of the Commissioner refusing to approve a pension fund or provident fund or approving a pension fund or provident fund subject to any limitations or conditions to which the employer is not prepared to agree, the employer shall be entitled to appeal against such decision, and Part X shall apply with necessary modification to any such appeal.

s. 17 (1) (e)  
10 of 1983  
1 of 1990

## FOURTH SCHEDULE

## AMOUNTS RECEIVED OR ACCRUED BY WAY OF A TERMINAL BENEFIT WHICH SHALL NOT BE INCLUDED IN ASSESSABLE INCOME

Terminal benefits from pension funds

1.—(1) In this paragraph the expression "annuity on retirement" means, in relation to a person who was a member of a pension fund or to whom a contributory pension law applied, an annuity payable on or after the date from which a pension or other benefit—

(a) first became payable to the beneficiary on the grounds of superannuation; or

(b) would, but for the cessation of the employment of the beneficiary or his withdrawal from or the winding-up of the pension fund of which he was a member, first have become payable to the beneficiary on the grounds of superannuation,

the right to which cannot be commuted, surrendered, assigned or pledged.

(2) Where a terminal benefit is received from a pension fund—

(a) in the case of a terminal benefit which does not exceed K5,000, the terminal benefit; and

(b) in the case of a terminal benefit which exceeds K5,000, the sum of K5,000 and so much of the balance of the terminal benefit as is used by the beneficiary to acquire a right in an annuity on retirement from a life assurance office in Malawi, shall not be included in the assessable income of the beneficiary.

Rate of taxation of remainder

2.—(1) In this paragraph the expression "appropriate rate of tax" means the rate of tax calculated by dividing the total tax payable on taxable income, excluding any amount of terminal benefit chargeable to tax after this Schedule has been applied, by that taxable income.

(2) So much of the terminal benefit as remains assessable shall be assessed to tax at the appropriate rate of tax of the beneficiary.

Meaning of "terminal benefit"

3. In this Schedule "terminal benefit" means, in relation to a person who was a member of a pension fund or to whom a contributory pension law applies, any amount (other than—

(a) a payment in commutation of a pension; or

(b) a payment on account of ill health or disability), which is paid or will be payable to the beneficiary by reason of the cessation of his employment or his withdrawal from or the winding-up of a pension fund.

## FIFTH SCHEDULE

## DEDUCTION IN RESPECT OF ORDINARY CONTRIBUTIONS TO PENSION FUNDS AND UNDER CONTRIBUTORY PENSION PROVISIONS

Remainder  
s. 37  
1 of 1990

1. In this Schedule unless inconsistent with the context—
- “annual emoluments” in relation to a member of a pension fund, other than a self-employed persons fund, or an officer, means—
- (a) so much of the emoluments of the member or officer in the year of assessment as are emoluments for the purposes of calculating the amount of ordinary contributions to the fund or the Government, as the case may be; or
- (b) such sum, exceeding the amount of his emoluments referred to in paragraph (a) as the Commissioner may, in the case of the member or officer fix;
- “ordinary contribution”, in relation to a member of a pension fund or an officer, means a contribution to the fund or the Government, as the case may be, which—
- (a) is not an arrear contribution;
- (b) is made by or in connexion with the member or the officer as the case may be;
- (c) is not revocable by the contributor; and
- (d) is required to be made at intervals fixed by the rules of the fund or at a rate and at intervals fixed by a pensions law of Malawi, as the case may be;
- “pensions law of Malawi” means a law applicable to Malawi the provisions of which required a person in the service of the Government to contribute to the funds of the Government for the purpose of securing a pension for himself, his widow or children;
- “self-employed persons fund” means a pension fund approved in terms of paragraph 2 of the Third Schedule.
2. The amount to be allowed as a deduction to an employer of an employee who is a member of one or more pension funds in any one year of assessment shall be—
- (a) the total of the employer’s contributions;
- (b) the difference between twenty-four per centum of the annual emoluments of the employee for that year of assessment and the amount of the contribution (if any) allowable as a deduction to the employee; or
- (c) K9,000, less the amount of the contribution (if any) allowable as a deduction to the employee,
- whichever is the lesser amount.

Interpreta-  
tion  
14 of 1969Ordinary contribu-  
tions by  
employer to  
pension  
funds  
19 of 1969  
1 of 1990

1 of 1990



Ordinary contributions by employees to pension funds  
1 of 1990

3. Subject to paragraph 4 the amount to be allowed as a deduction to an employee who is a member of one or more pension funds or who is a contributor under a pension law, or whose wife also is a member of a pension fund or a contributor under a pension law in any period or year of assessment shall be—

- (a) the amount of the contributions for the period;
- (b) eight *per centum* of his emoluments or of the combined emoluments of himself and wife during the period; or
- (c) an amount at the rate of K3,000 per annum, whichever is the lesser amount.

1 of 1990

Ordinary contributions  
18 of 1968  
1 of 1990

\*4. If a taxpayer makes a contribution to a scheme or fund approved by the Commissioner under paragraph 2 of the Third Schedule or is a voluntary contributor to a pension fund in respect of which no contributions are payable by his employer, the amount to be allowed as a deduction in any year of assessment shall be—

- (a) the amount of the contributions; or
- (b) K3,000,

1 of 1990

whichever is the lesser amount.

Maximum allowable deduction  
1 of 1990  
s. 59 (1)

\*5. Where a person is entitled to a deduction both under paragraph 3 and under paragraph 4 the maximum deduction to be allowed shall be K3,000.

#### SIXTH SCHEDULE

##### APPROVED OBJECTS FOR A CO-OPERATIVE AGRICULTURAL SOCIETY

1. To dispose of the agricultural products or livestock of its members in the most profitable manner.

2. To manufacture or treat the agricultural or livestock products of its members and to dispose of the products so manufactured or partly manufactured in the most profitable manner.

3. To purchase or otherwise acquire on behalf of and to supply to its members agricultural implements and machinery, livestock, feeding stuffs, seeds, fruit trees, manure or other farming requisites.

4. To manufacture or treat feeding stuffs, manure or other farming requisites.

5. To purchase, hire or otherwise acquire, and to work on behalf of its members, agricultural implements or machinery.

6. To purchase, hire, or otherwise acquire, and to use and control on behalf of its members, breeding stock.

7. To commence, acquire and carry on supply stores under a co-operative system for disposing of and supplying agricultural products.

8. To provide by purchase, hire, construction, or otherwise, cold storage for the products of its members.

#### NOTE

\*The amendment to this paragraph contained in section 6 of Act No. 18 of 1968 applies in respect of income tax for the year of assessment commencing 1st April, 1965, and for subsequent years.  
(section 4 of Act of 1969).

9. To commence and carry on crop, produce or livestock insurance, orchard spraying or cleansing, fruit packing, ploughing and other farming operations for its members under a co-operative system.

10. To engage competent persons to carry out any of its objects and to give instruction and advice to its members on farming operations.

11. To acquire and distribute information as to the best manner of carrying on farming operations profitably.

12. To acquire and distribute information on the markets of the world, and co-operation in general.

13. To acquire by lease, purchase, or donation, and to hold, any movable and immovable property for the better carrying on of any objects of the company.

14. To recruit and supply labourers for its members.

15. To acquire by purchase or otherwise shares in any central co-operative agricultural company formed under the provisions of any law for the time being in Great Britain or in any other co-operative agricultural company with limited liability or co-operative society registered under any Malawi law relating to such type of company or society.

#### SEVENTH SCHEDULE

##### DETERMINATION OF TAXABLE INCOME OR ASSESSED LOSSES DERIVED OR INCURRED IN CARRYING ON INSURANCE BUSINESS

s. 63, 112(1)  
and 3rd Sch.  
para 2(b)

(1) In this Schedule—

“life insurance business” means the business of assuming the obligations of an insurer under life policies but does not include funeral insurance;

“received in Malawi” means—

(a) received at an office of an insurer in Malawi without the intervention of an agent; or

(b) received by or through an agent of an insurer in Malawi;

“short term insurance business” means insurance business in Malawi which is not life insurance business.

2. Nothing in this Schedule shall be construed as relieving an insurer from—

(a) the obligation of rendering returns of income which is not derived from insurance business; or

(b) any liability to tax in respect of income referred to in subparagraph (a).

3. An insurer shall specify separately in a return rendered in respect of his insurance business in Malawi the gross income derived by the insurer from—

(a) fire insurance business;

(b) accident insurance business, including employers' liability insurance business;

- (c) marine insurance business;
- (d) funeral insurance business;
- (e) fidelity or guarantee insurance business; and
- (f) all classes of insurance business other than those specified in subparagraphs (a) to (e) inclusive:

Provided that this paragraph shall not apply to any income derived from life assurance business.

4. The taxable income or assessed loss of an insurer in respect of short term insurance business other than life assurance shall be determined by charging the losses, expenses and deductions in respect of his short term insurance business which are specified in paragraph 5 against the sum of—

- (a) premiums received in Malawi in respect of his short term insurance business; and
- (b) amounts, other than premiums, received in Malawi from the carrying on of his short term insurance business; and
- (c) the amount of a reserve allowed as a deduction in the previous year of assessment for unexpired risks at the percentage for such risks adopted by the insurer in relation to his short term insurance operations as a whole.

5. The losses, expenses and deductions in respect of short term insurance business of an insurer to which paragraph 4 relates shall be—

- (a) premiums paid on reinsurance; and
- (b) actual losses in Malawi less losses recoverable on reinsurance; and
- (c) expenses of management in Malawi other than those of a capital nature; and
- (d) commission in Malawi, that is to say, net commission after deduction of commission received on reinsurance; and
- (e) expenditure, other than expenditure of a capital nature, expenses referred to in subparagraph (c) or commission referred to in subparagraph (d), which is incurred in Malawi in the production of income; and
- (f) an allowance of such an amount as the Commissioner may approve in respect of expenses incurred outside Malawi in connexion with premiums and other amounts referred to in paragraph 4 (a) and (b); and
- (g) the amount of a reserve for unexpired risks at the percentage adopted for such risks by the insurer in relation to his insurance operations as a whole which is set aside by the insurer at the end of the year of assessment.

6. In calculating the taxable income of an insurer there shall be deducted any assessed loss arising solely out of short-term insurance business in Malawi, whether determined under paragraph 5 or the corresponding provisions of any previous law, incurred by the insurer in any previous year of assessment, not being earlier than the year of

assessment which commenced on the 1st day of April, 1945, to the extent to which such assessed loss has not been allowed as a deduction from his income of a previous year of assessment; and sections 42, 43 and 44 of this Act shall apply thereto.

## EIGHTH SCHEDULE

## SECTIONS 96-101

## RULES OF PROCEDURE FOR APPEALS

## PART I

## PROCEDURE FOR APPEAL TO THE COMMISSIONER OR AN ADMINISTRATIVE OFFICER

1. A taxpayer who wishes to appeal under section 97 or section 100 shall within 30 days from the date when notice of the assessment, decision or determination of reduction was despatched to him by the Commissioner or administrative officer cause to be delivered to the office of the Commissioner or administrative officer, as the case may be, a statement in writing specifying the grounds on which the appeal is made. The Commissioner or administrative officer may, before or after the expiration of the 30 days, extend the time for appealing if satisfied that reasonable grounds exist for delay. Written statement required

2. On receipt of such written statement the Commissioner or administrative officer may require the personal attendance of the appellant. Attendance of appellant

3. If an appellant who has been required to attend fails to do so the appeal may be dealt with in his absence. Failure to attend

4. Save as is provided in this Ordinance the Commissioner or administrative officer shall decide his own rules of procedure. Further procedure

## PART II

## PROCEDURE FOR APPEAL TO A SPECIAL ARBITRATOR OR TO A TRADITIONAL APPEAL COURT

5. A taxpayer wishing to appeal against a decision of the Commissioner given under section 97 shall, within 21 days of the date of the written notice issued under section 97 (2), give written notice to the Commissioner of his intention to appeal, specifying also his address for service. Notice of appeal

6. Within 42 days of the date of the written notice issued under section 97 (2) the taxpayer shall lodge with the Commissioner in duplicate a statement containing his grounds of appeal. Such statement shall be in English, and in typescript on foolscap paper of good quality. The grounds of appeal shall be set out in numbered paragraphs and shall contain the contentions of fact and the arguments in law upon which the taxpayer will rely at the hearing of the appeal. The grounds of appeal shall not, without leave of the Special Arbitrator, include any grounds not included in the statement delivered to the Commissioner under rule 1. Grounds of appeal

7. Within 42 days of receiving the appellant's grounds of appeal, the Commissioner shall lodge with the Special Arbitrator the appellant's grounds of appeal and the Commissioner's reply, which shall state Reply

which of the appellant's arguments in law and contentions of fact are admitted, and which are denied, and shall set out all such other facts and arguments as the Commissioner considers relevant and material to the determination of the appeal. A copy of the reply shall be sent by registered post to the appellant at his address for service.

Notice of hearing

8. Upon receipt of the grounds of appeal and reply the Special Arbitrator shall notify the Commissioner and the appellant of the date and place of hearing. Such notice of hearing may be served personally or may be sent by registered post to the address for service specified by the appellant in his notice of appeal, and to the address of the Commissioner.

Failure to attend

9. At the time and place specified in the notice of hearing, the Special Arbitrator shall call on the appeal, and if any party is not present the Special Arbitrator may decide the appeal in his absence.

Representation of parties

10. Either party may appear in person or by legal practitioner; either party may apply in writing to the Special Arbitrator at least 7 days before the hearing for leave to be represented by a named person other than a legal practitioner. The Special Arbitrator may grant or refuse such application, and his decision shall be final.

Language

11. Proceedings before the Special Arbitrator shall be in English; all documents, books and accounts produced to the Special Arbitrator shall be in English or shall have attached to them a translation into English certified on oath as correct.

Sequence to be followed

12.—(1) The taxpayer shall address the Special Arbitrator, shall explain the grounds of his appeal and shall call his witnesses if there is any dispute as to fact. The Commissioner shall have the right to cross-examine and the appellant the right to re-examine. The Commissioner shall then call his witnesses who shall be examined in like manner. Witnesses shall give their evidence on oath or affirmation.

(2) A party may, at least three days before the date of hearing, apply to submit evidence on affidavit, having supplied a copy of such affidavit to the other party, and the Special Arbitrator may, in his discretion permit the submission of such affidavit.

(3) The Special Arbitrator may at any stage re-call any witness called by one of the parties.

(4) When the Commissioner has called his witnesses, the Special Arbitrator shall call on the Commissioner and then on the taxpayer to address him; he may call on either party for further argument.

(5) The Special Arbitrator shall be bound by the rules of evidence normally applying in a court of law.

(6) The Special Arbitrator may adjourn the proceedings of his own motion, or at the request of the parties at any time.

(7) When the Special Arbitrator has heard all the evidence, and the submission of the parties, he may reserve his decision. If the decision is reserved to an unspecified date notice shall be given to the parties of the date when the decision will be read out and the place.

13. The Special Arbitrator shall not make any order as to costs, save when the grounds of appeal are held to be frivolous or the reply unreasonable. Costs

14. Save as is provided in this Act the Special Arbitrator shall decide his own rules of procedure. Further procedure

15. Where a taxpayer wishes to appeal from a decision of an administrative officer under section 100 the provisions of this Part shall apply with necessary modifications to such appeal as though for references to the Commissioner there were references to the administrative officer concerned, and for references to the Special Arbitrator there were references to the Traditional Appeal Court exercising jurisdiction in the District concerned. Appeals to Traditional Appeal Court

### PART III

#### PROCEDURE ON APPEAL TO THE HIGH COURT

16.—(1) A party to proceedings before a Special Arbitrator or a Traditional Appeal Court who desires to appeal to the High Court shall within 21 days from the date when the decision of the Special Arbitrator or Traditional Appeal Court was given lodge with the High Court in triplicate a notice of his intention to appeal. Such notice shall specify an address for service. The address so specified shall not consist of a Post Office box but a place of residence or business. A Post Office box may in addition be specified and if specified shall be deemed an agreement to the despatch of any document by post addressed to that Post Office box being equivalent to service at the address for service. If the appellant is the Commissioner he shall in the notice of intention to appeal specify the address for service of the taxpayer concerned in the appeal specified under rule 5. Notice of appeal

17. Within 42 days from the date when the decision of the Special Arbitrator or Traditional Appeal Court was given the appellant shall lodge with the High Court in quintuplicate a statement in writing to be headed "Grounds of Appeal". The grounds of appeal shall specify the points of law which the appellant considers were wrongly decided by the Special Arbitrator or the Traditional Appeal Court and the grounds upon which the appellant will rely in support of his appeal. Except by special leave of the High Court the appellant shall not be entitled at the hearing of the appeal to rely upon any ground not specified in such written statement. Grounds of appeal

18. Upon receipt of a notice of appeal lodged under rule 16 and upon receipt of grounds of appeal lodged under rule 17 the High Court shall cause a copy of the notice or the grounds, as the case may be, to be served on the respondent at his address for service. Delivery at the address for service shall be sufficient service and personal service shall not be necessary. Service of notice and grounds of appeal

19. Within 42 days of the service on the respondent of the grounds of appeal the respondent shall lodge with the High Court in quintuplicate a statement in writing to be headed "Reply" and the reply shall specify Reply

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the grounds upon which the respondent will rely on the hearing of the appeal. Except by special leave of the High Court the respondent shall not be entitled to rely upon any ground not specified in such written statement.

Service of  
reply

20. Upon receipt of a reply lodged under rule 19 the High Court shall cause a copy of the reply to be served on the appellant at his address for service. Delivery at the address for service shall be sufficient service and personal service shall not be necessary.

Normal rules  
of procedure

21. Save as provided in this Part the normal rules of procedure relating to appeals to the High Court shall apply.

s. 6 (6)

NINTH SCHEDULE

DECLARATIONS

PART I

*Form of declaration to be made by the Commissioner*

I, A.B., do solemnly declare that I will truly, faithfully, impartially and honestly, according to the best of my skill and knowledge, execute the powers and authorities vested in me by the Taxation Act, and that I will exercise the powers entrusted to me by the said Act in such manner only as shall appear to me necessary for the due execution of the same; and that I will judge and determine upon all matters and things which shall be brought before me under the said Act without favour, affection, or malice; and that I will not disclose any particular contained in any schedule, statement, return or other document delivered with respect to any tax charged under the said Act or any evidence or answer given by any person who shall be examined, or shall make affidavit or deposition, respecting the same, in pursuance of the said Act, except to such persons only as shall act in the execution of the said Act and where it shall be necessary to disclose the same to them for the purposes of the said Act or in order to facilitate, or in the course of, a prosecution for perjury committed in such examination, affidavit or deposition.

*Form of declaration to be made by officers*

I, .....,  
do solemnly and sincerely declare that I shall regard and deal with all documents and information relating to matters dealt with by me in the course of my duties and all confidential instructions in respect of the administration of the Taxation Act which may come into my possession or to my knowledge as secret, and that I shall not reveal any such document or information to any person nor permit any person to have access to any such document save in the circumstances permissible under the provisions of the said Act.

TENTH SCHEDULE

PERSONAL ALLOWANCES

(Repealed by 10 of 1983)

## ELEVENTH SCHEDULE

## RATES OF INCOME TAX

ss. 66, 71  
and 76  
1 of 1990

Income tax shall be charged, subject to the minimum amounts respectively specified in Part II and Part III of the Appendix to this Schedule, as follows—

(a) in the case of an individual, at the rates laid down in Part I of the Appendix to this Schedule;

(b) in the case of ecclesiastical, charitable or educational institutions of a public character or of trusts, at 25 per cent of the taxable income;

(c) in the case of all companies, at 45 per cent of the taxable income:

Provided that an additional tax at 5 per cent of the taxable income shall be charged in respect of all companies not incorporated in Malawi; and

(d) in the case of life assurance business, at 30 per cent of the taxable income.

## APPENDIX

## PART I

## TABLE OF RATES OF INCOME TAX ON TAXABLE INCOME

<i>Taxable Income</i>	<i>Rate</i>
First K2,400 .. .. .	3%
Next K6,000 .. .. .	15%
Next K9,600 .. .. .	25%
Next K18,000 .. .. .	35%
Excess over K36,000 .. .. .	45%

## PART II

## SCALE OF MINIMUM AMOUNTS OF INCOME TAX FOR INDIVIDUALS

<i>Income per annum</i>	<i>Minimum amount of Income Tax</i> K t
-------------------------	--

If the income, being income not derived from employment or pension or from both employment and pension—

(a) does not exceed K500 .. .. .	Nil
(b) exceeds K500 but does not exceed K2,500 .. .. .	25 00
(c) exceeds K2,500 but does not exceed K5,000 .. .. .	50 00
(d) exceeds K5,000 but does not exceed K10,000 .. .. .	75 00
(e) exceeds K10,000 .. .. .	100 00



PART III  
SCALE OF MINIMUM AMOUNTS OF INCOME TAX FOR  
COMPANIES

<i>Income per annum</i>	<i>Minimum amount of Income Tax K t</i>
If the income—	
(a) does not exceed K100,000	500 00
(b) exceeds K100,000 but does not exceed K300,000	1,000 00
(c) exceeds K300,000 but does not exceed K500,000	2,500 00
(d) exceeds K500,000 but does not exceed K1,000,000	5,000 00
(e) exceeds K1,000,000	10,000 00

s. 27 (2)  
10 of 1983

TWELFTH SCHEDULE

ASSESSMENT OF FEDERAL PENSIONERS

1.—(1) Pensions payable to pensioners of the Government of the former Federation of Rhodesia and Nyasaland in respect of service with that Government notwithstanding anything in section 27 of this Act to the contrary shall be deemed to arise from a source in Malawi where—

(a) the pensioner retired as a result of the dissolution of the former Federation and was ordinarily resident in Malawi on 31st day of March, 1964;

(b) the pensioner retired as a result of the dissolution of the former Federation, is not ordinarily resident in either Zambia or Zimbabwe and Malawi was his home territory;

(c) the pensioner retired prior to the dissolution of the former Federation and he served in the Public Service of Malawi prior to joining the former Federal Public Service; or

(d) the pensioner retires at some future date and he is then serving in the Public Service of Malawi.

(2) Pensions deemed under subparagraph (1) to arise from a source in Malawi shall be assessable at the appropriate rate of tax applicable to the individual, which shall be calculated by dividing the total tax payable on his taxable income, excluding any such pension, by that taxable income.

2. In the case of an officer who was born in the area of the former Federation of Rhodesia and Nyasaland, his "home territory" shall be the Territory of his birth:

Provided that if an officer was serving with the Government of a Territory other than that in which he was born immediately prior to his joining the Public Service of the former Federation of Rhodesia and Nyasaland then that Territory shall be taken as being his "home territory".

10 of 1983

3. In the case of an officer who was not born in the area of the former Federation of Rhodesia and Nyasaland, his "home territory" shall be the Territory in which he has had the longest Government service whether in the Public Service of the former Federation of Rhodesia and Nyasaland or in the Public Service of a Territory:

Provided that—

(a) where an officer's length of service in two Territories differs by less than twelve months and his service, if any, in the third Territory is less than his service in either of those two Territories he may choose either of those two Territories as his "home territory"; or

(b) where an officer joined the Public Service of a Territory before he joined the Public Service of the former Federation of Rhodesia and Nyasaland, he may choose the Territory whose service he originally joined as his "home territory".

4. In this Schedule "Territory" means Malawi, Zambia or Zimbabwe.

### THIRTEENTH SCHEDULE

1 of 1990

#### TABLE OF RATES OF GRADUATED TAX

Earnings paid weekly, fortnightly or monthly.

<i>Earnings</i>	<i>Rate of graduated tax</i>
Not exceeding K1,200 .. .. .	2%
Exceeding K1,200 but not exceeding K2,400 .. .. .	3%

### FOURTEENTH SCHEDULE

s. 102A

#### WITHHOLDING TAX—RATE OF DEDUCTION

1 of 1985

4 of 1988

1 of 1990

<i>Nature of payment</i>	<i>Notes</i>	<i>Rate of withholding tax on gross payment</i>
(a) Royalties .. .. .	—	10%
(b) Rents .. .. .	1	10%
(c) Payment of over K500 for any supplies to traders and institutions under tender or any similar arrangement—		
(i) Foodstuff .. .. .	—	5%
(ii) Other .. .. .	—	10%
(d) Fees and commissions .. .. .	2	10%
(e) Payment for carriage and haulage .. .. .	—	5%
(f) Payment of over K500 for tobacco and other farm products .. .. .	3	5%
(g) Payment to contractors and sub-contractors .. .. .	4	5%

L.R.O. 1/1991

	<i>Nature of payment</i>	<i>Notes</i>	<i>Rate of withholding tax on gross payment</i>
	(h) Payment for public entertainment . . . . .	5	5%
	(i) Payment for casual labour or services of over K500 . . . . .	—	5%
4 of 1981	(j) Bank interest in excess of K100 . . . . .	6	10%

*Notes*

1. Includes rent for moveable and immoveable property whether paid under a lease or otherwise, but excludes rent payable by an individual whose source of income is only from employment and the rent is payable in respect of property used as a dwelling house and at a rate not exceeding K1,200 per annum.

2. Excludes fees and commissions on which P.A.Y.E. is being operated, but includes technical fees and management fees to the extent they do not relate to reimbursement of expenses.

3. For tobacco sold by tenants withholding tax shall be at the rate of 3 per cent of net sales.

4. Includes contractors and sub-contractors of any category.

5. Includes payment to musicians, radio and television artistes, athletes and theatres, but excludes payments to radio and television artistes who are subject to P.A.Y.E.

4 of 1988

6. Includes—

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(a) interest payable by an institution registered under the Building Societies Act or the Banking Act on deposits held on accounts with such institution;

Cap. 44:01

(b) interest on stock, bonds or promissory notes raised by or on behalf of the Government under section 26 of the Finance and Audit Act,

Cap. 37:01

but does not include—

(aa) interest, however arising, payable by any person to an institution referred to in paragraph (a);

(bb) interest payable to a person exempt from income tax under the First Schedule;

(cc) interest payable to a person, not being a person resident in Malawi, whose income is liable to non-resident tax under section 76A.

*Appointment of Special Arbitrator (Income Tax (P.A.Y.E.)  
(Deduction and Payment) Rules*

[Subsidiary]

**SUBSIDIARY LEGISLATION**

196/1964 (N)  
136/1980

**APPOINTMENT OF SPECIAL ARBITRATOR**

*under s. 98*

The Minister has appointed as the Special Arbitrators for the purposes of the Act the persons for the time being performing the duties of—

- (a) Chief Resident Magistrate;
- (b) Principal Resident Magistrate; and
- (c) Senior Resident Magistrate.

**INCOME TAX (P.A.Y.E.) (DEDUCTION AND  
PAYMENT) RULES**

G.N.  
243/1965  
172/1967  
33/1983

*under s. 102 (2)*

1. These Rules may be cited as the Income Tax (P.A.Y.E.) (Deduction and Payment) Rules. Citation

2. These Rules shall apply to all emoluments to which section 102 of the Act applies. Application of Rules

3.—(1) Every employer, whether he be registered under the Income Tax (P.A.Y.E.) (Information) Rules, or not, shall deduct income tax at the rates specified in tax tables prepared by the Commissioner from the emoluments of every person in his employment to whom these Rules apply. Deduction of income tax

(2) If an employer fails to deduct income tax under subrule (1) he shall be personally liable to pay to the Commissioner the amount of any tax which he shall have failed to deduct:

Provided that such employer shall be entitled to recover any amount paid by him under this subrule from any remuneration payable to the employee in respect of whom the payment was made.

4.—(1) The Commissioner is authorized to permit an employer to vary the amount of deductions under rule 3 (1) in the case of any employee in circumstances of exceptional hardship. Variation in amount of P.A.Y.E. deductions  
G.N.

(2) The Commissioner is authorized to repay to an employee any amount of income tax deducted under rule 3 (1) as varied under subrule (1) of this rule. 33/1983

5. Without prejudice to the right of appeal conferred under the Act after the end of a year of assessment, any employee who is dissatisfied with the amount of any deduction made under rule 3 Objections during tax year

L.R.O. 1/1986

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(1) may make an objection thereto to the Commissioner during the currency of a year of assessment and the decision of the Commissioner with regard to any objection made under this rule shall be final and not subject to appeal until the end of the year of assessment in respect of which the objection is made.

6.—(1) Every employer of an employee to whom this Part applies shall keep a record showing—

Records to be maintained

(a) the emoluments paid or payable to such employee;

(b) the amount of income tax deducted from the emoluments of such employee under rule 3 (1),

in such form as the Commissioner may approve.

(2) The record maintained under subrule (1) shall be available for inspection by the Commissioner, or by any public officer authorized in that behalf by the Commissioner at any reasonable time.

(3) Every employer of an employee to whom this Part applies shall, within fourteen days after the end of each year of assessment, or within such further time as the Commissioner may in any case allow, furnish to the Commissioner a statement in a form approved by the Commissioner setting forth the name and address of every employee, the emoluments paid or payable to him and the total amount of tax deducted from such emoluments.

7.—(1) The Commissioner shall supply to every employer of an employee to whom this Part applies a sufficient supply of Tax Deduction (P.A.Y.E.) Certificates for the purposes of this rule.

Tax deduction certificates

(2) Every employer shall complete a Tax Deduction (P.A.Y.E.) Certificate in respect of each employee to whom this Part applies and shall dispose of such certificates in the manner specified therein.

(3) A copy of the Tax Deduction (P.A.Y.E.) Certificate maintained in respect of him shall be handed to the employee by the employer on the date of the cessation of his employment or within twenty-one days from the end of the year of assessment to which it relates, whichever is the later.

(4) No employer shall furnish to any employee any document purporting to show the amount of tax deducted under rule 3 (1) other than a certificate supplied under subrule (1).

(5) No employer shall furnish a duplicate of a copy of a Tax Deduction (P.A.Y.E.) Certificate to an employee except with the consent of the Commissioner.

[Subsidiary]

*Income Tax (P.A.Y.E.) (Deduction and Payment) Rules*

(6) Every employer to whom Tax Deduction (P.A.Y.E.) Certificates are supplied under subrule (1) shall be required to account for the disposal thereof to the Commissioner within twenty-one days of the end of the year of assessment in respect of which they are supplied and shall return to the Commissioner every unused certificate.

Death of an employee

8. Where an employee to whom this Part applies dies, his employer shall not pay any emoluments due and payable to the estate of that employee until the Commissioner has been notified of the amount so to be paid and he has given his direction as to the amount of income tax, if any, to be deducted from such emoluments.

Liability for income tax on total income

9. Where any income tax has been deducted by an employer under rule 3 (1), the amount of such tax shall be deemed to have been actually received by the person from whose emoluments such tax was deducted at the time that it was deducted.

Payment to, Commissioner of income tax deducted  
G.N.

33/1983

10.—(1) Every employer shall pay to the Commissioner the amount of any income tax deducted under rule 3 (1) within fourteen days of the end of the month in which it was deducted.

(2) Any employer who fails to comply with subrule (1) shall pay to the Commissioner an additional sum of fifteen per centum of the amount of the tax which he shall have failed to so pay and such additional amount together with the amount of the tax shall be summarily recovered by the Commissioner in his own name:

Provided that the Commissioner may reduce the amount of such additional sum if a satisfactory explanation of the reasons for the delay be made.

(3) The additional amount imposed under subrule (2) shall be borne personally by the employer and no part thereof shall be recoverable from any employee in respect of whom income tax was not paid by an employer contrary to subrule (1) and not part of such additional sum shall be deemed to have been suffered by the employee for credit against any assessment for income tax.

Offences

11. Any person who—

(a) makes any false declaration in any form, record or return completed, kept or made for the purposes of this Part;

(b) fails to comply with rule 3 (1);

(c) fails to pay the amount of any income tax deducted under rule 3 (1) in accordance with rule 10 (1);

(d) fails to provide copies of Tax Deduction (P.A.Y.E.) Certificates to employees in accordance with rule 7 (3);

*Income Tax (Furnishing of Certificate) Rules*

[Subsidiary]

(e) fails to account for and return to the Commissioner every unused Tax Deduction (P.A.Y.E.) Certificate;

(f) fails to make the returns required under rule 6;

(g) fabricates or uses any colourable imitation of any form, record, return or certificate approved by the Commissioner for the purposes of this Part;

(b) alters, without reasonable cause, any form, record, return or certificate approved by the Commissioner for the purposes of this Part,

shall be liable to a fine of K100.

**NOTE**

*Orders under section 122 providing for relief from double taxation are not published here.*

*Orders have been made in respect of the following countries—*

<i>The United Kingdom</i>	..	..	<i>G.N. 108/1964(M)</i>
<i>as amended by</i>	..	..	<i>G.N. 164/1968</i>
<i>Sweden</i>	..	..	<i>G.N. 167/1967</i>
<i>Denmark</i>	..	..	<i>G.N. 168/1967</i>
<i>Switzerland</i>	..	..	<i>G.N. 169/1967</i>
<i>Norway</i>	..	..	<i>G.N. 170/1967</i>
<i>France</i>	..	..	<i>G.N. 210/1967</i>
<i>United States of America</i>	..	..	<i>G.N. 167/1968</i>
<i>Kingdom of the Netherlands</i>	..	..	<i>G.N. 30/1970</i>
<i>Kenya</i>	..	..	<i>G.N. 269/1970</i>
<i>Republic of South Africa</i>	..	..	<i>G.N. 254/1971</i>
<i>United Kingdom of Great Britain and Northern Ireland</i>	..	..	<i>G.N. 105/1978</i>

**INCOME TAX (FURNISHING OF CERTIFICATE) RULES**

G.N. 192/1969

*under s. 146*

1. These Rules may be cited as the Income Tax (Furnishing of Certificate) Rules. Citation

2. The certificate furnished under section 87 (2) of the Act shall— Furnishing of certificate

(i) specify the nature of the books of account and documents produced to the person signing the certificates;

(ii) state the extent of the examination and verification thereof undertaken by the person who signs the certificate; and

L.R.O. 1/1984



[Subsidiary]

*Income Tax (P.A.Y.E.) (Information) Rules*

(iii) state whether, and subject to what reservations, if any, the person signing the certificate considers that such accounts present a true and fair view of all transactions of the business or of the person to which the accounts refer, for the period stated in the certificate.

G.N.  
25/1964(N)  
34/1983

**INCOME TAX (P.A.Y.E.) (INFORMATION) RULES***under s. 146*

Citation

1. These Rules may be cited as the Income Tax (P.A.Y.E.) (Information) Rules.

Interpretation

2. In these Rules, unless the context otherwise requires—

“employee” means any individual to whom remuneration is paid or payable in the period of assessment;

“employer” means—

(a) any person who is liable to pay remuneration to any other person; and

(b) in the case of remuneration by way of pension or superannuation payable on behalf of another person by a life insurance company, the life insurance company, but does not include the person on whose behalf such remuneration by way of pension or superannuation is paid or payable;

“employer’s representative” means a person approved as such a representative by the Commissioner for the purposes of paying remuneration, and includes an employer;

“remuneration” means any amount of taxable income which is paid or payable to an employee as salary, leave pay, an allowance, wages, overtime pay, a bonus, a gratuity, a commission, a fee, an emolument, pension, superannuation, a retiring allowance or a stipend, whether in cash or otherwise and whether in respect of services rendered or otherwise, and, without prejudice to the generality of the foregoing, includes—

(a) any amount included in taxable income under sections 18, 19, 20 and 21 of the Act;

(b) any amount paid or payable by a trustee in bankruptcy appointed under the Bankruptcy Act, an administrator or an executor in respect of remuneration;

but does not include—

(i) any amount paid or payable in respect of services rendered or to be rendered by any person in the course of any

Cap. 11:01

trade conducted by him independently of the person by whom such amount is paid or payable;

(ii) any amount paid or payable to any director of any company in respect of services rendered or to be rendered to the company by the director as such director, unless the Commissioner otherwise directs;

(iii) any amount paid or payable to any employee wholly in reimbursement of expenditure actually incurred by such employee in the course of his employment;

(iv) any amount of alimony or similar allowance paid or payable under any order of a court of competent jurisdiction, or under any written agreement of separation or under any decree or order of divorce;

(v) such other amounts as the Commissioner may direct.

3.—(1) For the purposes of subrule (2), “employer” means a person who is liable to pay remuneration of or exceeding K900 in any year and who has not at any time previously furnished information to the Commissioner in the Form P.1 of the Schedule. Duty of employers to furnish information G.N. 34/1983

(2) Every employer shall furnish the information in the Form P.1 of the Schedule to the Commissioner within twenty-one days of his becoming an employer.

4. Every employer who has at any time previously furnished information to the Commissioner in the Form P.1 of the Schedule shall, in the Form P.3 of the Schedule, notify him of any circumstance affecting the accuracy of that information and shall do so within fourteen days of the happening of such circumstance. Duty of employers to notify change of circumstances G.N. 34/1983

5. No person shall be or continue to be an employer’s representative if he is not resident in Malaŵi. Disqualification of employer’s representative

6. [Revoked by G.N. 34/1983].

7. [Revoked by G.N. 34/1983].

8. Every employer who fails to comply with rule 3 or 4 and every employer who employs any person as an employer’s representative who is disqualified as such under rule 5 shall be liable to a fine of K100 or, in default of payment, to imprisonment for three months. Penalty G.N. 34/1983

[Subsidiary]

Income Tax (P.A.Y.E.) (Information) Rules

SCHEDULE

rr. 3 and 4 FORM P.1  
G.N. 34/1983

MALAWI GOVERNMENT  
DEPARTMENT OF TAXES

For official use

Regd. No.	
P.3	
A/C	

P.A.Y.E.: REGISTRATION OF EMPLOYERS  
WITH EMPLOYEES PAID AT A RATE IN  
EXCESS OF K900 PER ANNUM

(Please read the notes before completing this form)

1. DETAILS OF EMPLOYER (OR BRANCH EMPLOYER)

- (a) Trade name .....
- (b) Name(s) of employer (in full) .....
- (c) Business address .....
- .....
- (d) Postal address .....
- .....
- (e) Business telephone number .....

2. EMPLOYER'S REPRESENTATIVE (See note 2)

- (a) Name (in full) .....
- (b) Address .....

3. BRANCHES OF EMPLOYER'S ACTIVITIES (See note 3)

- (a) ..... Will each branch be registered as a separate employer?
- .....

- (b) .....
- .....

YES	NO

- (c) .....
- .....

Tick the answer which is applicable.

If you have no branches write "NIL" above. If the answer is "YES" complete a separate form P.1 for each branch and submit with the main form.

4. (This section to be completed only where a "Branch Employer" is separately registered.)

State trade name and address of Head Office.....  
.....

## Income Tax (P.A.Y.E.) (Information) Rules

[Subsidiary]

**5. EMPLOYEES (See note 4)**

State the approximate number of employees in your employ who will be paid at a rate of or exceeding K900 per year.

.....  
I declare that the information given above is correct and complete.

Date ....., 19.....

.....  
*Employer or Employer's Representative*

This form is to be returned to the Inspector of Taxes, P.O. Box 250, Blantyre.

**NOTES TO BE READ BEFORE COMPLETING THE FORM**

1. The form should be completed by all employers commencing business after 1st April, 1983, who pay any of their employees' salaries or wages at a rate of or exceeding K900 per year, within 21 days of commencing business.

**2. EMPLOYER'S REPRESENTATIVE**

(a) The person chosen can be the employer himself if he wishes. If any person other than the employer is chosen, he should be the person who is responsible for the payment of salaries and wages, such as the manager, for example. In the case of a company, the "Employer's Representative" would normally be the public officer of the company.

(b) The "Employer's Representative" (the approval of whose appointment will be at the discretion of the Department of Taxes) will be the person who is responsible for the operation of the P.A.Y.E. scheme, the deduction of the tax due, and the remittance of such tax to the Inspector of Taxes at weekly or monthly intervals.

(c) The "Employer's Representative" will be responsible for keeping the information filed with the Department of Taxes up to date. Any changes of address, etc., or the cessation of the employer's activities should be notified (on the Form P.3 which will be provided) within 14 days of any such change.

**3. BRANCHES OF EMPLOYER'S ACTIVITIES**

If you have a branch or branches of your business at separate address from your main centre, you may arrange for the payment of salaries and wages from a central point, in which case *only one* form P.1 should be completed. If, however, each branch is responsible for the payment of its own salaries and wages, a *separate Form P.1* should be completed for each branch, with a separate "Employer's Representative" for each branch.

**4. EMPLOYEES**

Enter in question 5 overleaf the approximate number of employees in your employ who are expected to receive salaries or wages of or exceeding K900 per year.

[Subsidiary]

Income Tax (P.A.Y.E.) (Information) Rules

FORM P.3

For official use

MALAWI GOVERNMENT  
DEPARTMENT OF TAXES

P.1	
A/C	

P.A.Y.E. CHANGE OF REGISTERED PARTICULARS  
OF AN EMPLOYER

Reference No.

--	--	--	--	--	--

1. EXISTING PARTICULARS

The following particulars are on record at your office—

- (a) Trade Name .....
- (b) Name of Employer .....
- (c) Name of Employer's Representative (*in full*) .....
- .....
- (d) Business Address .....
- .....
- (e) Postal Address .....
- .....
- (f) Business Telephone Number .....

\*Please change these particulars as indicated in Paragraph 2 below

or

\*Delete these particulars as I ceased to be an Employer on ..... and I return herewith Tax Tables and Forms .....

2. NEW PARTICULARS

- (a) New Trade Name .....
- (b) Name of Employer .....
- (c) Name of Employer's Representative (*in full*) .....
- .....

\*Delete whichever is not applicable

Taxation (Statutory Bodies) (Exemption Specification) Notice

[Subsidiary]

(d) New Business Address .....

.....

(e) New Postal Address .....

.....

(f) New Business Telephone Number .....

I declare that the information given above is correct and complete.

Date ....., 19.....

Employer/Employer's Representative

To the Inspector of Taxes, P.O. Box 250, Blantyre.

TAXATION (STATUTORY BODIES) (EXEMPTION SPECIFICATION) NOTICE

G.N. 50/1990

under First Schedule para. (b) (iii)

1. This Notice may be cited as the Taxation (Statutory Bodies) (Exemption Specification) Notice. Citation

2. The receipt and accruals of any statutory body, except those named in the Schedule hereto, shall be exempt from income tax. Exemption from, and liability for, tax: statutory bodies G.N. 50/1990

SCHEDULE

- Agricultural Development and Marketing Corporation
- Air Malawi Limited
- Blantyre Water Board
- Electricity Supply Commission of Malawi
- Lilongwe Water Board
- Malawi Book Service
- Malawi Development Corporation
- Malawi Housing Corporation
- Malawi Railways Limited
- Mining Investment and Development Corporation Limited
- Wood Industries Corporation Limited

L.R.O. 1/1990

[Subsidiary] *Interest on Government Loan (Exemption) Notice/Approval of International Organizations and Agencies of Governments for the Exemption of the Officers thereof from Income Tax*

G.N.  
129/1967

**INTEREST ON GOVERNMENT LOAN (EXEMPTION)  
NOTICE**

*under First Schedule para. (k)*

The Minister, under paragraph (k) of the First Schedule to the Act, has specified the KREDITANSTALT FUR WIEDERAUFBAU to be a body to which such provision applies so that the interest received or accrued to or in favour of such body on any loan made by such body to the Malawi Government or to any corporate body established by a law of Malawi shall be exempt from income tax.

G.N.  
199/1964(N)

**APPROVAL OF INTERNATIONAL ORGANIZATIONS  
AND AGENCIES OF GOVERNMENTS FOR THE  
EXEMPTION OF THE OFFICERS THEREOF FROM  
INCOME TAX**

*under First Schedule para. (l)*

The Minister, under paragraph (l) of the First Schedule to the Act, has approved the international organizations and agencies of Governments of countries outside Malawi set out in the Schedule.

*Specification of Persons Exempted from Income Tax|Taxation (Withholding Tax) (Information, Deduction and Payment) Regulations*

[Subsidiary]

as being international organizations and agencies of such Governments the salaries and emoluments of whose officers shall be exempt from income tax.

#### SCHEDULE

All Agencies of the United Nations Organization  
The United States Peace Corps  
The United States Agency for International Development  
Voluntary Service Overseas

#### SPECIFICATION OF PERSONS EXEMPTED FROM INCOME TAX

G.N.  
109/1980

*under First Schedule para. (s)*

The Minister, under paragraph (s) of the First Schedule to the Act, has specified the names of persons named in the Schedule hereto as being persons whose income shall be exempt from income tax.

#### SCHEDULE

Leland Dresser  
Barbara Campbell

#### TAXATION (WITHHOLDING TAX) (INFORMATION, DEDUCTION AND PAYMENT) REGULATIONS

G.N.  
28/1985  
43/1985

*under s. 146*

1. These Regulations may be cited as the Taxation (Withholding Tax) (Information, Deduction and Payment) Regulations. Citation

2. These Regulations shall apply to all payments to which section 102A of the Act applies. Application of Regulations

3.—(1) A person who makes any payment specified in the Fourteenth Schedule to the Act shall deduct withholding tax in accordance with the rates specified in that Schedule and shall, for the purposes of these Regulations, make an application to the Commissioner for a supply of withholding tax certificates under regulation 4. Deduction of withholding Tax

(2) A person who fails to deduct withholding tax pursuant to subregulation (1), shall himself be personally liable to pay to the Commissioner the amount of any withholding tax which he has failed to deduct.

4.—(1) The Commissioner shall, on application, supply to every person to whom section 102A applies a sufficient number of withholding tax certificates, which certificates shall be in the form set out in the First Schedule. Withholding Tax certificate First Schedule

L.R.O. 1/1986



**[Subsidiary]** *Taxation (Withholding Tax) (Information, Deduction and Payment) Regulations*

(2) Every person supplied with withholding tax certificates shall complete a withholding tax certificate in respect of each payment and shall forward or retain the copies thereof in the manner specified therein:

Provided that where it is anticipated that several payments may be made to the same recipient in one month, only one withholding tax certificate may be completed in respect of all those payments.

(3) Except with the approval of the Commissioner, no person shall use any document, not being a withholding tax certificate supplied under subregulation (1), for the purpose of showing or in purporting to show the amount of withholding tax withheld under regulation 3 (1), and any document so used shall not be valid for what it purports to show.

5. Any amount deducted from any payment to any person as withholding tax shall be deemed to have been actually received by that person as part of the whole payment.

Amount deemed to have been received by recipient of payment

6.—(1) Subject to subregulation (3), a person who, under regulation 3 (1), has deducted from a payment to any other person an amount representing withholding tax shall remit such amount to the Commissioner within fourteen days from the end of the month in which such deduction was made.

Remittance of withholding tax to the Commissioner

(2) Every remittance to be made to the Commissioner under subregulation (1) shall be accompanied with all withholding tax certificates completed during the month to which the remittance relates together with a summary, in the form set out in the Second Schedule, summarizing the particulars of all deductions of withholding tax made in that month.

Second Schedule

(3) No withholding tax shall be deducted from any payment to a person who is a holder of a valid withholding tax exemption certificate issued under regulation 7 and who produces the certificate to the person making the payment; but so however that the person making the payment shall, nonetheless, furnish the Commissioner with a summary required under subregulation (2) containing such applicable particulars as are required therein.

(4) A person who fails to remit the amount of withholding tax within the time specified in subregulation (1) shall himself be personally liable to pay to the Commissioner an additional sum equal to twenty per cent of the amount of withholding tax he has failed to pay and such additional sum together with the amount of the withholding tax shall become payable forthwith:

Provided that the Commissioner may reduce or waive the amount of such additional sum if a satisfactory explanation for the delay is given.

*Taxation (Withholding Tax) (Information, Deduction and Payment) Regulations*

[Subsidiary]

7.—(1) Subject to subregulation (2), the Commissioner may, on application, issue a withholding tax exemption certificate, in the form set out in the Third Schedule, to any person who has fulfilled all or any of the following conditions, that is to say—

Withholding  
tax  
exemption  
certificate  
Third  
Schedule

(a) that the applicant has submitted a return of income for the penultimate year of assessment;

(b) that the applicant's returns of income and supporting documents for the two consecutive years prior to the penultimate year of assessment have been accepted by the Commissioner;

Provided that where the applicant proves to the satisfaction of the Commissioner that prior to the penultimate year of assessment, the returns of income submitted and accepted by the Commissioner were for a period of less than two years, the returns of income shall be those relating to the actual period;

(c) that the applicant has made arrangements satisfactory to the Commissioner for the settlement of any income tax which may be outstanding at the time of the application;

(d) that the applicant is tax exempt; or

(e) that the applicant has complied with any special or general directions, or has fulfilled any conditions, which the Commissioner considers necessary to give or impose having regard to the circumstances of the application.

(2) The issue of a withholding tax exemption certificate does not exempt the holder from being taxable on the income upon which the certificate is issued but authorizes payment to the holder without the need to deduct withholding tax.

(3) A withholding tax exemption certificate shall be issued for a particular year of assessment or for such other period as the Commissioner may determine:

Provided that the Commissioner may, by notice in writing, order the withdrawal or cancellation of any withholding tax exemption certificate and, upon such notice, any person in possession of such certificate shall surrender it to the Commissioner within such period as the Commissioner shall specify in the notice.

(4) A withholding tax exemption certificate may be renewed from time to time.

8. Any person who—

Offences

(a) fails to comply with regulation 3 (1);

(b) fails to pay the amount of withholding tax deducted under regulation 3 (1);

(c) fails to comply with regulation 4 (2);

(d) fails to remit withholding tax in accordance with regulation 6;

**[Subsidiary]** Taxation (Withholding Tax) (Information, Deduction and Payment) Regulations

(e) fails to surrender to the Commissioner a withholding tax exemption certificate which the Commissioner has ordered to be withdrawn or cancelled under regulation 7 (3);

(f) uses a withholding tax exemption certificate otherwise than for the purposes for which it is issued,

shall be guilty of an offence and, in addition to any other penalty prescribed under these Regulations, be liable to a fine of K200.

W.T.F. 1  
reg. 4 (1)

FIRST SCHEDULE

MALAWI GOVERNMENT—DEPARTMENT OF TAXES

WITHHOLDING TAX CERTIFICATE

Gross amount due K \_\_\_\_\_  
 Less withholding tax at .....% K \_\_\_\_\_  
 K \_\_\_\_\_

Withholding tax as shown above has been deducted from—

\* .....  
 due to the recipient named below.

*Full Particulars of Recipient*

(Name in full): .....  
 Postal Address: .....

Income Tax Ref. No.: .....  
 Paid by: .....

(Signature)

On behalf of: .....

Date: .....

\* Describe nature of payment or nature of service for which payment is made.

- NOTES:**
1. The amount of tax withheld must be paid to the Inspector of Taxes, P.O. Box 250, Blantyre, within fourteen days from the end of the month in which such withholding tax was deducted.
  2. The tax withheld is not final but will be credited against total tax liability of the recipient upon submission of his income tax return for the year in question.
  3. This Certificate is to be distributed as follows—
    - Copy A—To accompany remittance to the Inspector of Taxes, P.O. Box 250, Blantyre.
    - Copy B—To be handed to recipient.
    - Copy C—To be retained by payer.

Taxation (Withholding Tax) (Information, Deduction and Payment) Regulations

[Subsidiary]

SECOND SCHEDULE

MALAWI GOVERNMENT—DEPARTMENT OF TAXES

W.T.F. 2  
reg. 6 (2)

SUMMARY OF WITHHOLDING TAX

PART I

PERIOD

Return for the month of ..... or for the period  
from ..... to .....

PART II

ORGANIZATION REMITTING

Name of the organization remitting withholding tax .....

Address .....

PART III

TOTAL AMOUNT

Amount of withholding tax being remitted with this form is K.....

PART IV

PARTICULARS

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
Name of recipient	Nature of payment	Gross payment due	Tax withheld	Net payment made	Withholding tax certificate No.	Withholding tax exemption certificate No.*

\*The withholding tax exemption certificate number must be quoted in cases where no withholding tax has been made.

THIRD SCHEDULE

MALAWI GOVERNMENT—DEPARTMENT OF TAXES

W.T.F. 3  
reg. 7  
G.N. 43/1985

WITHHOLDING TAX EXEMPTION CERTIFICATE

Valid only for payment made between ..... to .....

Name of holder: .....

Postal Address: .....

.....

L.R.O. 1/1989

[Subsidiary] *Taxation (Withholding Tax) (Information, Deduction and Payment) Regulations/ Taxation (Provisional Tax) (Information and Payment) Regulations*

*Signature of holder or on behalf of holder* } .....

Designation where applicable .....

Income Tax Reference Number .....

Nature of income in respect of which this exemption is issued:

(a) .....

(b) .....

(c) .....

(d) .....

Issued this                      day of                      , 19                      by:

Name of issuing officer .....

Signature of issuing officer .....

*Official Date Stamp*

NOTES:

1. This certificate authorizes payment to the holder of the full amount of the payment to which section 102A of the Act applies without deduction therefrom of withholding tax.
2. This certificate is property of the Malawi Government and, if found, it should be sent to the Inspector of Taxes, P.O. Box 250, Blantyre.

G.N. 66/1988 **TAXATION (PROVISIONAL TAX) (INFORMATION AND PAYMENT) REGULATIONS**

*under s. 146*

- Citation                      **1.** These Regulations may be cited as the Taxation (Provisional Tax) (Information and Payment) Regulations.
- Application                      **2.** These Regulations shall apply in relation to payment of provisional tax under Part IX of the Act.
- Amounts of quarterly instalments of provisional tax                      **3.—(1)** Where the amount of provisional tax for the relevant year of assessment—
- (a) is based on the income tax actually paid for the previous year of assessment in accordance with section 84A (3) (a), the quarterly instalments of provisional tax shall be in equal amounts;
- (b) is based on the taxpayer's own estimate of taxable income for that year of assessment in accordance with section 84A (3) (b)—
- (i) the first quarterly instalment shall be an amount not less than one fifth of the amount of provisional tax as initially estimated;
- (ii) the second or any subsequent quarterly instalment may be varied to an amount greater or lesser than the amount of the first or previous instalment in accordance with variations in the income from time to time estimated by the taxpayer to be earned for the year of assessment in question.

## Taxation (Provisional Tax) (Information and Payment) Regulations

[Subsidiary]

(2) For the avoidance of doubt, a taxpayer may, from time to time during the year of assessment, review the estimate of provisional tax made at the beginning of that year or subsequent thereto and may, for the purposes of subregulation (1) (b) (ii), vary the amount of his quarterly instalments accordingly; but so, however, that at the end of the year of assessment he shall have complied fully with the provisions of section 84A (3) (b).

4.—(1) Every payment of provisional tax instalment shall be accompanied with a completed provisional tax payment form in Form PTF 1 set out in the Schedule. Provisional  
tax forms  
Schedule

(2) In calculating the amount of any instalment of provisional tax, a taxpayer may make such calculation in accordance with the particulars prescribed in Form PTF 2 set out in the Schedule.

5.—(1) Notwithstanding any other provision of these Regulations, in the first four years of assessment from the commencement of these Regulations, the total amount of provisional tax for the year of assessment specified in *Column 1* of the Table set out hereunder shall— Transitional  
arrange-  
ments

(a) if the provisional tax is based on the income tax actually paid for the previous year of assessment in accordance with section 84A (3) (a), be an amount equal to the percentage specified, in relation to that year, in *Column 2* of that Table;

(b) if the provisional tax is based on the taxpayer's own estimate of taxable income for that year of assessment in accordance with section 84A (3) (b), be an amount equal to the percentage specified, in relation to that year, in *Column 3* of that Table:

Provided that in either case a taxpayer may in his discretion opt to make payments of larger amounts for the purpose of sooner liquidating his tax liability.

(2) The total amounts of provisional tax specified under subregulation (1) shall be paid in quarterly instalments in accordance with the provisions of the Act and of these Regulations.

## TABLE OF PROVISIONAL TAX TRANSITIONAL ARRANGEMENTS

In this Table, "First Year" means the year of assessment beginning on or after 1st April, 1988, or having at least the last two of its quarters beginning on or after 1st April, 1988.

[Subsidiary]

Taxation (Provisional Tax) (Information and Payment) Regulations

Column 1	Column 2	Column 3
Year of Assessment	If under s. 84A (3) (a) (% of the income tax actually paid for the previous year of assessment)	If under s. 84A (3) (b) (% of the provisional tax estimated for the year of assessment)
First Year ..	25%	20%
Second Year ..	50%	40%
Third Year ..	75%	60%
Fourth Year and Subsequent years	100%	80%

reg. 4

SCHEDULE

FORM PTF 1

MALAWI GOVERNMENT—DEPARTMENT OF TAXES

PROVISIONAL TAX PAYMENT FORM

(To be completed in duplicate and original copy to be sent to the Commissioner of Taxes, P.O. Box 250, Blantyre, accompanying your payment of provisional tax instalment).

For the year of assessment ending ....., 19.....

1. Tax payer's identification number

--	--	--	--	--	--	--	--	--	--

2. Name(s) (in print and, in case of individuals, surname first)

.....  
 .....

3. Address (in print)

.....  
 .....

4. Basis of calculation of instalment (mark with x in box as applicable)  
 (a) Previous year's tax

--

(b) Current year's estimated tax

--

5. Accounting date .....  
 (e.g. 31.12)

6. Instalment number 1 2 3 4 (circle the number)

7. Amount of this instalment

--

8. Totals:  
 (a) previous instalments (excluding this one)

--

(b) Instalments to date (i.e. amount at 7 plus amount at 8 (a))

Taxation (Provisional Tax) (Information and Payment) Regulations

[Subsidiary]

FORM PTF 2

**MALAWI GOVERNMENT—DEPARTMENT OF TAXES**  
**CALCULATION OF PROVISIONAL TAX INSTALMENTS**  
 (This form *need not* be sent to the Commissioner of Taxes)

Year of assessment ending .....	
---------------------------------	--

**A. For use by persons basing provisional tax instalments on previous year's income tax liability**

1. Amount of income tax liability for the year of assessment .. ..		1.
2. Enter 25% of line 1 .. ..		2.
3. Amount of quarterly instalments (enter line 2) .. ..		3.

**B. For use by persons basing provisional tax instalments on their estimated income tax liability for the current year of assessment**

1. Taxable income expected in the year.. ..	1	
2. Income tax thereon .. ..	2	
3. Estimated credits.. ..	3	
4. Estimated tax (line 2 minus 3)	4	
5. Total amount of previous instalments .. ..	5	
6. Balance of estimated tax (line 4 minus line 5) .. .. (If line 6 is zero or below, do not continue) .. ..	6	
7. Number of remaining quarterly instalments .. ..	7	
8. Amount of each instalment (line 6 divided by line 7) .. ..	8	
9. Amount of instalment being made now (enter line 8) .. ..	9	



