

## **BOFESETE CHARGED FOR ALLEGEDLY EVADING VAT PAYMENT**

### **VAT REGISTRATION**

On 24 June 2005, we were informed by the Commissioner of Botswana Revenue Service (BURS), Customs and Excise division that total subscriptions we receive from our members, are in excess of P250 000.00 per annum and that such subscriptions are not listed under exempt supplies of the VAT Act. Furthermore, the subscriptions are continuous, hence a statutory requirement for BOFESETE to register for Value Added Tax (VAT), as stated by section 5 (1) (a) of the Value Added Tax Act, **CAP 50:53**.

We were henceforth required to register for VAT and to submit our statements and expenses where VAT was charged from July 2002, when this Act became enacted. We did submit our records and following that we were advised that we owe VAT an amount of **P232 791.81** being arrears from July 2005, the time we should have started paying it, up to May 2005. We eventually registered for VAT payment in September 2005 and have been paying VAT from September 2005 to date. This is seriously affecting our administration costs, since this had not been budgeted for.

However, there is an amount of **P232 791.81** owing of which we are supposed to pay from monthly subscriptions that we receive from you. This sum accumulates interest on monthly basis. We have been advised by VAT officials that VAT is supposed to be recovered directly from your monthly contributions; it should be attached to your contributions.

It is in view of the above, that member monthly subscriptions will be increased from the agreed **P20.00** to **P22.00** per month with effect from **May 2006**. This therefore serves as notification to all our members that member subscriptions will be increased from **P20.00** to **P22.00** with effect from May 2006.

We apologize sincerely for the inconvenience this is likely to cause you dear members, but these are circumstances far beyond our control.

We look forward to your usual understanding because we all want to see our Organization growing and providing more services.

We have however appealed to the Ministry of Education to help lobby for us to be exempted on the grounds that we are a non-profit making organization.

**BOFESETE NATIONAL EXECUTIVE**