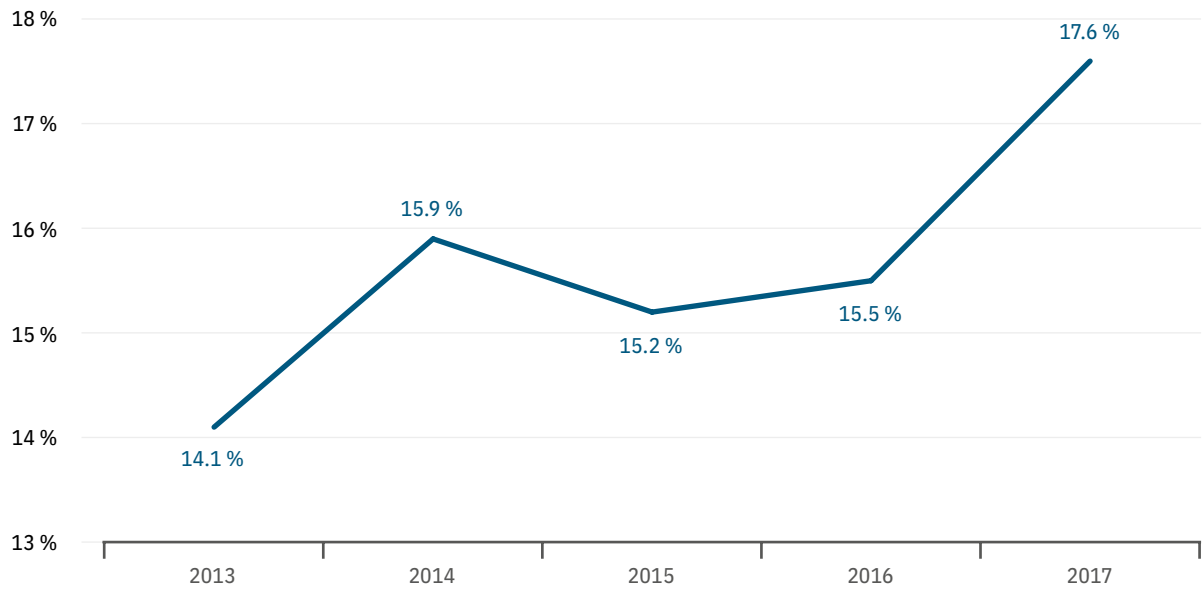




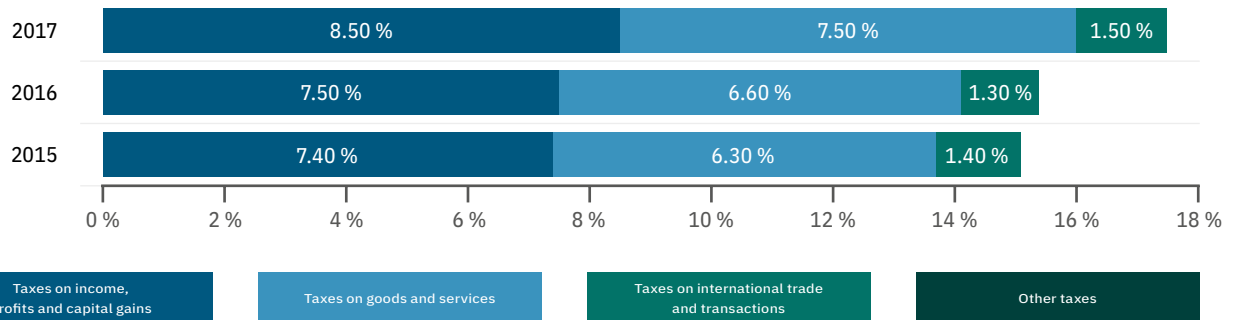
Malawi

Stepping up domestic revenue mobilisation



Tax revenues (% of GDP) (2013-2017)

Source: Government Finance Statistics 2019



Tax revenues, by sources (% of GDP) (2015, 2016 & 2017)

Public Expenditure and Financial Accounting (PEFA)

2018 (2016 framework)

B Revenue administration

A Accounting for revenue

2011 (2011 framework)

B Transparency of taxpayer obligations and liabilities

D+ Effectiveness of measures for taxpayer registration and tax assessment

NR Effectiveness in collection of tax payments

*A = internationally-recognised level of good performance
D = performance is below the basic level*

Doing Business, Ease of Paying Taxes 2017 (DB 2018), values from 2016 (DB 2017) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
35 (35)	177.5 (177.5)	34.5 (34.5)	33.41 (63.4)

Overall ranking
134 / 190 (102 / 190)

Global Competitiveness Report (2017-2018), values from 2016-2017 in parentheses

Effect of taxation on incentive to work
3.9/7; Rank 72/137 (3.6/7; Rank 98/138)

Effect of taxation on incentive to invest
3.1/7; Rank 108/137 (2.9/7; Rank 117/138)

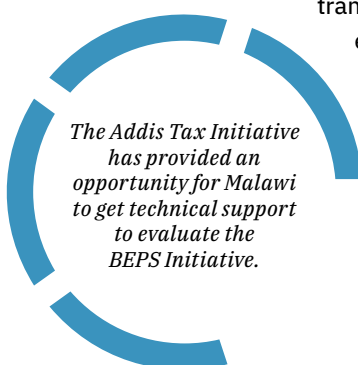
Recent reform steps

The development of a **tax administration bill** improved efficiency in tax administration and the resolution of tax disputes in Malawi. The split of customs and excise act into separate tax legislations for customs and excise tax management was undertaken recently. Furthermore, the Government of Malawi is planning to develop a **Medium-Term Revenue Mobilisation Strategy** in 2019/20.

Progress achieved

Malawi increased the coverage of electronic fiscal devices, removed tax incentives for passenger transport sector for big buses and minibuses, and introduced an additional income tax bracket of 35% for high-income earners in Malawi. Enhanced development of an **Integrated Tax Administration System (ITAS)**, the introduction of withholding agents for value added tax (VAT) as well as the reduction of zero-rated and exempted products under VAT were achieved since 2017.

The BEPS Evaluation Report is expected to identify areas for capacity building in the area of addressing international tax evasion and improved understanding of the **BEPS Initiative**.



Outlook: DRM priorities in 2019

<i>Priority activities</i>	<i>Expected outcomes</i>
<ul style="list-style-type: none">• Increase the number of audits for different sectors• Training of officers in transfer pricing schemes by large businesses• Continuous investment and development of the ITAS• Conducting cost and benefit analyses of tax incentives. i.e. tax expenditure analysis• Build capacity and understanding of the BEPS Initiative	<ul style="list-style-type: none">▶ Increased tax compliance reflected in the number of on-time filing of tax returns and on time payment of taxes▶ Increased capacity in combating transfer pricing▶ Reduced incidences of transfer pricing cases▶ Improved customer service delivery▶ Widespread use of the ITAS Platform for interfacing with the Malawi Revenue Authority by taxpayers▶ Improved effectiveness of tax incentives▶ Improved understanding of BEPS, its requirements and whether Malawi could join the BEPS Inclusive Framework

Ensuring policy coherence for development

The Government of Malawi established a one-stop centre, where key institutions work under one roof with the main objective of facilitating investments in the country and improving the delivery of public services. Additionally, at the border entry points, there are Joint Border Committees, which are multi-institutional organisational structures, aimed at facilitating seamless trade across national borders, resolving any challenges the traders may face.