



TAX GUIDE

FOR CROSS BORDER TRADERS



Foreword

by the **Commissioner General**



The Malawi Revenue Authority has observed that there has been a marked increase in the number of people who are dealing in cross border trade. This is partly due to availability of micro loans that cross border traders acquire from various lending institutions in the country.

However, some cross border traders and business people do not understand the processes and procedures to follow when importing or exporting goods to other countries. This has resulted in delays when clearing goods at the border stations.

Furthermore, many cross border traders are not aware of the existing trade agreements that Malawi signed with other countries in the region that would enable them import or export goods with reduced duty rates or none at all. Due to these challenges, the Malawi Revenue Authority has produced the Guide so as to provide cross border

traders with information and knowledge that would enable them import or export their merchandise to other countries with ease. It is, therefore, my belief and wish that this Guide will complement other efforts that MRA is pursuing in order to facilitate international trade. The Guide has also come at a time when the Authority is introducing a number of initiatives under its modernization drive which is geared towards reducing the cost of administration and tax compliance.

The Authority would like to assure all cross border traders that deliberate measures will be taken to periodically review the Guide in order to accommodate new developments taking place both on the local and international scene. Your constructive feedback is welcome.

John S. Biziwick
COMMISSIONER GENERAL

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General objective of the Guide

To provide information and insights that cross border traders should use when importing or exporting goods to and from neighbouring countries

Specific objectives of the Guide

This Guide seeks to:

- Define Customs duties
- Explain how duty is calculated
- Explain procedures and processes to follow at the border
- Showcase various trade agreements and their benefits
- Explain personal rebate



General information

Malawi Revenue Authority

The Malawi Revenue Authority (MRA) is an Agency of the Government of Malawi responsible for assessment, collection and accounting for tax revenues. MRA was established by an Act of Parliament in 1998 and was launched on the 14th February 2000. It was established to bring autonomy and flexibility in order to make it more effective and efficient.

The Authority operates as a government tax administration agency under the Ministry of Finance. The money that the Authority collects goes to Government for implementation of various socio-economic development projects such as the construction of roads, bridges, schools, health facilities and provision of social services like national security, provision of salaries for civil servants including the police, the army, judges, doctors, nurses and teachers etc.

Organisational Structure

The MRA is overseen by a Board and the Commissioner General to provide leadership, strategic direction and control. In pursuance of these duties and to accomplish the mandate of MRA, functional departments and divisions are in place.

MRA has two revenue divisions of Customs and Excise and Domestic Taxes Divisions. It also has supporting divisions and departments namely Finance, Administration, Legal, Information, Communication & Technology, Tax Investigations, Policy Planning & Research, Internal Audit, Internal Affairs, Enterprise Wide Risk Management and Corporate Affairs, among others.

The Customs & Excise Division administers and enforces the Customs and Excise Act. The Division collects Import and Excise Duty as well as Import VAT, collects trade statistics, protects the society from entry and exit of prohibited and restricted goods. Prohibited are goods whose importation or exportation is not allowed unless it is required in a Court of Law as an exhibit while restricted goods are controlled goods that require a license to import or export. The division also facilitates legitimate trade.

The Domestic Taxes Division administers the Taxation and VAT Acts. The Division collects direct Income Taxes from individuals and corporations. These are in form of Pay As You Earn (PAYE), Provisional Tax, Fringe Benefit Tax and Withholding Tax. The Division also collects Domestic VAT and Domestic Excise. Currently, MRA has 32 offices spread across

the country.

Mission Statement

- To collect revenue and facilitate legitimate trade for national development

Vision Statement

- To be a modern revenue administration known for excellent service



Core Values

Core values purpose is to drive the corporate culture, as well as moral and professional standards of behaviour by members of staff to achieve the vision and mission of MRA. The Authority's core values also express the way members of staff will conduct business and the kind of institution to be built. These core values are drivers in the transformation of the organisation towards professionalism in the service delivery. Employees are expected to apply these values in their interaction with taxpayers and fellow employees to always ensure excellence in service delivery.

The core values that serve as guiding principles to MRA interactions both internally and

externally are:

1. Fairness

We endeavor to maintain a respectful co-existence, employ high ethical standards, equity, gender balance and impartiality in the delivery of service.

2. Integrity

We uphold the highest standards of trust, respect, honesty, confidentiality, integrity, truthfulness, reliability and honor.

3. Service Excellence

We deliver what we promise in an efficient, effective and timely manner and add value that goes beyond expectations.

4. Transparency

We operate in an open manner without secrets and ensure that information is available that can be used to measure the Authority's performance and guard against any abuse of power.

Functions of MRA

The main functions of MRA as stipulated in the MRA Act are:

- Assessment, collection and receipt of specified revenue
- Promotion of voluntary compliance to the highest degree possible
- Improvement of the standard of service given to taxpayers with a view to improving efficiency and effectiveness and maximizing revenue
- Counteracting fraud and other forms of fiscal evasion
- Advising the Minister of Finance on matters of revenue policy and administration and collection of revenue
- Subject to the stated tax laws, performing any other duties related to revenue as the Minister of Finance may direct

Functions of the Customs & Excise Division

- Assessment, collection and accounting for tax revenues
- Prevention of fraud and other forms of fiscal evasion
- Protecting the society from imported harmful substances
- Trade facilitation and security
- Collecting trade statistics

Definition of Cross Border Trade

Cross Border Trade means the buying and selling of goods between two neighbouring countries or beyond with the seller or buyer in the other country (Collins English Dictionary, 2010). Currently, there is substantial volume of trade between Malawi and other countries within the region in form of agricultural and non-agricultural products.



This has of late increased exchange of information and loans that cross border traders access from various lending micro financing institutions.

Cross border traders in Malawi export their goods to other countries in the region such as Zimbabwe, Zambia, Mozambique, Tanzania, Botswana, South Africa and Kenya.

Major goods imported into Malawi by cross border traders

- Fertilizers, second hand clothes, zitenje (wrapper cloths), electronics, automobile spare parts, cooking oil, flour, laundry soap, dairy products, fish, alcoholic and non-alcoholic beverages, batteries etc.

Major goods exported to other countries by cross border traders

- Maize, beans, Irish potatoes, cane chairs, curios, soft drinks, cooking oil, rice,

sugar, dried fish, maize flour, plastic products, eggs etc.

Procedures to follow before going out to import goods

When one is planning to go outside the country to import goods it is very important to check in the Customs & Excise Tariff Order book on how goods



are classified and applicable rates of duty. The tariff book can also be accessed on the MRA website: www.mra.mw. One may also call **01822588** to get more clarification from MRA or sending an email to: tax@mra.mw. You can also visit any MRA office nearer to you to get clarification from our officers. It is important to note that some items of the same make are classified differently and may attract different rates of duty if the exporting or importing country signed a trade agreement with Malawi that provides for concessionary rates of duty or none at all. Please, note that some goods require import or export licence or permit.

Procedures to follow at the border

When one arrives at the border he/she is required to truthfully declare the quantities and values of their goods using Form 47.

Customs officers may physically examine the goods to determine the description and quantity of the goods in order to come up with an appropriate Customs procedure or



other statutory requirements.

Note, that goods whose value is more than K500, 000 are required to be cleared through a Customs Clearing Agent using Bill of Entry (Form 12) while those below K500, 000 are cleared individually using Form 49. Please, note that false declarartion of quantity of goods, false description of goods, undervaluation and declaring less prices are offences which attract penalties and risk to be seized.

What are Customs duties?

Customs duties are taxes levied on goods imported from outside Malawi and sometimes on exports by the Customs authorities of the country. Customs duties consist of import duty, import excise, Value Added Tax (VAT) and export duty.

How duty is calculated:

An example on how duty is calculated is as follows:

Assuming the total value for 2, 000 small bottled glycerine for sale is MK500, 000: import duty @25%, excise duty @ 10% and import VAT @16.5%

MRA uses the Customs & Excise Tariff Order book to determine duty payable. In order to arrive at the duty payable, a Customs officer will refer to how the goods have been classified in the Customs & Excise Tariff Order book.

Thereafter, duty will be calculated and an assessment notice will be presented to the taxpayer for payment of duty.

Calculation of duty:

Duty = $K500,000 \times 25\%$ = $K125,000.00$

Excise = $(K500,000 + K125,000) \times 10\%$ = $K62,500.00$

16.5% VAT = $(K500,000 + K125,000 + K62,500.00) \times 16.5\%$
= $K113,437.50$

Total duty payable = $K125,000 + K62,500.00 + K113,437.50$
= **K300,937.50**

Payment of Customs duty

When an assessment notice has been issued, the importer is required to pay the duty due to Government in full. Payment can be through cash, direct cash transfer, bank certified cheque or through E payment. The importer should always ensure that an MRA receipt is issued as evidence of payment.





Why does MRA sometimes use different rates of duty on similar goods imported from the same country?

When one has imported goods from a country or countries that are party to a bilateral, regional or global trade agreement with Malawi, depending on the terms of agreement, his/her goods will enjoy preferential rates of duty. Preferential rates of duty are applied to goods originating from Member States which are under a specified trade agreement such as COMESA, SADC and World Trade Organization (WTO), among many others. Lower rates of duty or duty free status on imported goods is applied but in most cases excise or VAT is still payable wherever applicable depending on the terms of the agreement. Note, that preferential rates of duty will only be applied if the importer produces a valid Certificate of Origin.

Why do some goods attract higher rates of duty than others?

Some goods have higher rates of duty than others and this is due to the fiscal policy of the Government. Such rates are intended, among other reasons, to:

- Protect the society from dumping of sub-standard goods or non-basic goods like alcohol or cigarettes

- Protect some industries that are of strategic importance to the economy
- Raise Customs revenues

Regional Trade Agreements

1. Common Market for Eastern and Southern Africa (COMESA)

COMESA is a regional trading bloc within Eastern and Southern Africa. The main objective of COMESA is to promote trade among the Member States. The organization also works towards removing tariffs and non-tariff barriers among Member States with a view to enable them attain sustainable development individually and collectively as a regional bloc. COMESA has currently 19 Member States namely Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, South Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

Malawian traders who want to export under the COMESA Trade Agreement are required to follow the COMESA Rules of Origin in order to benefit from the agreement. If you want to export goods like soya beans, tea, rice, curios, or cane chairs, to a Member State under this trade agreement, you are required

to use a COMESA Certificate of Origin in order to enjoy preferential rates of duty in the importing Member State.

The Certificate of Origin can be obtained from the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) at a fee. The exporter is then required to complete the certificate and



submit it to MRA together with export documents for processing.

If a Malawian trader wants to import goods into Malawi from any of the COMESA Member State, he/she should have a COMESA Certificate of Origin certified by a competent authority of the exporting Member State.

Benefits of the Agreement

- Under COMESA Free Trade Area (FTA) the Harmonized System (HS) tariff lines are duty free but import excise or VAT is payable depending on tariff classification of the goods in the Customs Tariff
- Reduced waiting time for commercial traffic by reducing the number of documents required for imports and exports
- Creating a One - Stop Border Post so that shipments are not subjected to two inspections at the same location
- Reduced paperwork through simplified and harmonized documents
- Promotion of international trade through reduced import tariffs
- Elimination of Non-Tariff Barriers (NTBs) i.e. imports quotas, exchange controls, customs delays, etc.
- National treatment of goods. The same conditions apply to both imported and domestic goods. There is no arbitrary discrimination

Common Market for Eastern and Southern Africa (COMESA) Simplified Trade Regime (STR)

Common Market for Eastern and Southern Africa (COMESA) Simplified Trade Regime (STR) is a trade arrangement which allows cross border traders in the COMESA region to enjoy duty free status when they import goods originating from Member States. Through COMESA STR, the COMESA regional bloc encourages “free trade” by extending the benefits of a free trade area between countries by abolishing duty on all goods produced locally and sold in members of these regional groupings.

STR overcomes problems in proving goods that originate in a Member State to ensure that goods are not subjected to duty. There are Common Lists of Products that are agreed between COMESA Member States to be traded under the STR arrangement. In essence, there are agreed lists of products between Malawi and Zambia, Malawi and Zimbabwe and Zambia and

Zimbabwe. However, taxes become payable if the goods attract Excise Duty and Value Added Tax (VAT).

STR is designed for small consignments that have a maximum threshold value of \$3, 000. The list of eligible products includes some agricultural products, live animals, food products, furniture, stationery and other assorted items.

Therefore, traders enjoy duty free status on such goods originating from any of the three member states. The proof of origin required at the border under COMESA STR is the agreed common list of products and COMESA Simplified Customs Document. This is unlike a normal commercial transaction, where the law requires that an exporter should obtain a Certificate of Origin to accompany his consignment in order to be exempted from the normal customs duties that might apply to the goods.

Some goods such as agricultural products obviously originate in one country. Other items, especially manufactured goods, may be made up of parts from other countries outside COMESA. There are special rules that determine whether a good can be considered to be of “local origin,” depending on what proportion of the material is imported or what percentage of the value added is local. Malawian traders should ensure that goods under STR are not worth more than \$3, 000 and should be sold in either Zambia or Zimbabwe. They should also ensure that the goods appear on the STR list.

List of Products for Zambia and Zimbabwe

If the goods do not appear on the list but are subject to duty free treatment under the Free Trade Agreement, traders should obtain a Certificate of Origin.

For agricultural produce, it is usually a requirement to obtain a sanitary and phytol-sanitary certificate and permit from the offices of the Ministry of Agriculture, Ministry of Health or Malawi Bureau of Standards (MBS). Malawi launched COMESA STR with Zambia in May 2010 and with Zimbabwe in August 2012. Currently, the borders that are involved in STR transactions are Nyamapanda-Mwanza for Malawi – Zimbabwe and Mwami – Mchinji for Malawi and Zambia.

2. Southern Africa Development Community (SADC)

The Southern African Development Community (SADC) is an inter-governmental organization whose headquarters is in Gaborone, Botswana, and

was established to foster deeper economic integration by opening up trade, investment and economic cooperation in the Eastern and Southern Africa.

Members of the SADC

SADC has currently 15 members, namely: Angola, Botswana, the Democratic Republic of Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Seychelles, Swaziland, Tanzania, Zambia, and Zimbabwe.

Steps a Malawian trader should follow in order to benefit from the SADC Trade Agreement

If you want to export goods like Soya beans, tea, rice, curios, or cane chairs, to a member state under this trade agreement, you are required to use the SADC Certificate of Origin to enjoy preferential rates of duty in the importing Member State. The certificate can be obtained from the Malawi Revenue Authority Customs Stations namely Blantyre Port, Lilongwe Port, Mzuzu Port, Songwe, Mwanza and Dedza Border Stations at a fee.

The exporter is then required to complete the certificate and submit it to MRA together with export documents for processing. If a Malawian trader wants to import goods into Malawi from any of the SADC Member State, the trader should have a SADC Certificate of Origin certified by a competent authority of an exporting Member State. It is also important to know the goods that qualify under this agreement should be goods of Malawi origin.

What are the objectives of SADC?

The benefits include the following:

- 100% of the Harmonized System (HS) tariff lines are duty free except for certain goods imported from South Africa. Where the goods attract excise or VAT according to the Customs Tariff will be payable
- Reduced waiting time for commercial traffic by reducing the number of documents required for imports and exports, creating a one-stop border post so that shipments do not have to pass through two inspections at the same location
- Simplified and harmonized transit documents, in order to reduce the paperwork burden on regional shippers
- Reduced paperwork burden through simplified and harmonized documents
- Promotion of international trade through reduced import tariffs
- Elimination of Non-Tariff Barriers (NTBs) i.e. imports quotas,



exchange controls, customs delays etc.

3. The Malawi-Zimbabwe Bilateral Trade Agreement

The Agreement aims at removing tariff barriers and other forms of trade barriers in order to stimulate trade between the two countries. Goods imported from Zimbabwe into Malawi are given import Duty Free treatment but import excise and import VAT are payable wherever applicable according to the Customs & Excise Tariff Order book. This is the same when one exports goods to Zimbabwe from Malawi.

Procedures to follow in order to benefit from the agreement

Malawian manufacturers are required to apply to the Malawi Revenue Authority (MRA) and in their application they should list the goods they want to export for the Authority to verify if indeed the goods are originating from Malawi. MRA will then give the applicant an approval and thereafter notify the Zimbabwe Revenue Authority (ZRA) of the new manufacturer and their products. The Certificate of Origin used at exportation from Malawi is form 60 while at importation into Malawi is form 18B.

How goods qualify for duty free status

For goods to qualify under this agreement, they should be wholly grown or produced in the two contracting parties. If the goods are not wholly produced, then their domestic value addition should not be less than 25%.



4. Malawi-Botswana Trade Agreement

The Malawi-Botswana agreement was signed in order to promote friendly relations, co-operation and facilitate trade. Both governments were convinced that co-operation in trade is essential to achieve economic development.

Procedures to follow in order to benefit from the agreement

Malawian exporters are required to use Certificate of Origin which is called Form 9. While at importation one uses the Botswana Declaration Form for export.

How goods qualify for duty free status

For goods to qualify under this agreement, they should be reared, grown and produced in the two contracting parties. If the goods are not wholly produced, at least 25% of the production cost represented by materials or labour performed and last process of production or manufacture of the goods should take place in the two contracting Member States.

Under this agreement spirits are not allowed to be traded duty free between the two countries.

5. Malawi-Mozambique Trade agreement

The Malawi-Mozambique trade agreement came into force with the objective to facilitate economic activities between the two countries through formalisation of trade.

The two parties agreed to exempt Customs duty on goods originating from the two countries.

Procedures to follow in order to benefit from the agreement

The certificate of origin used in Malawi at exportation is Malawi-Mozambique certificate, while at importation from Mozambique a Certificate of Origin issued by Mozambique Chamber of Commerce is used.

How goods qualify for duty free status

Goods shall be accepted as originating in the contracting party if they have been wholly grown or produced in either contracting party. If materials imported from other countries have been used in the manufacturing process, the goods should undergo a substantial transformation if they are deemed as operating from the contracting party.

If required, the originating goods should comply with national standards of the importing country. It should be noted that the following goods have been excluded from the agreement: Sugar, beer, Coca-Cola and Schweppes branded drinks, manufactured tobacco, refined edible oil, dressed chicken, table eggs, un-manufactured tobacco, and stationery excluding exercise books, firearms, ammunition and explosives.

This list is not permanent as it can be reviewed from time to time. Do not hesitate to contact MRA for verification.

Personal rebate

What is Personal rebate?

Personal rebate is an allowance that is granted to a returning resident who is importing goods for personal use into the country. Currently, the personal rebate is at K300, 000 per person.

Who is entitled to a personal rebate ?

The allowance is granted to a returning



resident. A returning resident is a traveller who has been out of the country for more than 24 hours. So, the rebate would be granted to a person who has been outside the country and has imported goods for home use and not for commercial purposes.

If one imported goods into the country and after granting the rebate of K300, 000, the value of the remaining goods is less than K10, 000.00, the importer would be required to pay only 30% of the value of the goods. If after the rebate is given the value of the goods is greater than K10, 000.00, the returning resident would be required to pay duty as specified in the Customs & Excise Order.

For instance, if one's goods value is K307, 500, the taxable value will be calculated as follows:

- *Total value K307, 500*
- *Rebate K300, 000*
- *Difference K7, 500 (less than K10, 000)*

In this case, the importer would only be required to pay 30% of K7, 500 which is K2, 250. But if the goods were worth K314, 450, taxes due would be calculated as follows:

- *Total value K314, 450*
- *Rebate K300, 000*



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- *Difference K14, 450 (more than K10, 000)*

The returning resident would only be expected to pay normal rates of duty (on the difference-K14, 450) as specified in the Customs & Excise Tariff Order.

When two persons are travelling together as a family (husband and wife including children) each one of them is entitled to K300, 000 allowance. In short, the total rebate for a family is deducted from the total value of the goods imported. Please, note that gifts, goods carried on behalf of other people or those not accompanied by the importer would not enjoy personal rebate.

Enforcement Operations

What is FAST?

FAST is an abbreviation that stands for Flexible Anti-Smuggling Team. Their duties include:

- Conducting patrols and deter smuggling
- Cross checking duty payable and the goods declared
- Checking if import documents are authentic



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- Prevent the importation and exportation of illegal and harmful products from penetrating into the local market or leaving the local market respectively

Roadblocks

Road blocks are check points where duty payable or duty paid is verified or where import or export restrictions are cross checked to ensure that the right procedures are being followed on import and export of goods. They are also intended to deter smuggling of goods and other dangerous substances that may cause harm to people or the environment. Depending on the need, FAST can set up a roadblock anywhere at any time.

Detention

Detention means holding goods from an importer or exporter for a short period of time pending proper classification valuation, production of proper documents and clearance or allowing for proper investigation in respect of a suspected Customs offence. A detention notice is issued to the importer when a decision is made by MRA to hold the goods pending fulfilment of the reason for the detention. Detained goods will be kept for an initial period of 28 days during which the owner is required to clear them. A further 14 days' grace period will be given after which the goods will be liable to seizure and as such may be auctioned/sold in order to recover the taxes due.

An importer should go to a Customs office where the goods were detained to seek further information regarding their goods. At the Station, one may be advised to pay the taxes due or provide authentic documents relating to their imports.

Seizure Notice

Seizure notice means impounding the goods and put into the custody of MRA when it is proved that an offence has been committed against the Customs & Excise Act. A seizure notice is always issued to the person from whom goods have been impounded. MRA seizes goods for offences including undervaluation, under declaration, misclassification, smuggling and importation or exportation of restricted or protected goods. Seized goods must be claimed for restoration and payment of duty and penalties by the person from whom they were seized within 30 days from the date of the seizure. If the goods are not claimed for restoration

within three months from the date of seizure, the goods are liable to forfeiture and will be deemed the property of the Malawi Government and may be auctioned/sold in order to recover the taxes tied to the goods.

Objections and Appeals

In order to ensure equity and fairness and at the same time increase trust in the tax system, taxpayers can object to a tax decision made by the Commissioner General and take further steps to address their grievances. A taxpayer who is aggrieved by a tax decision made by the Commissioner General, may raise an objection against that tax decision and if the taxpayer still remains aggrieved after an objection decision has been made, the grievance may be escalated further on appeal to the Revenue Appeals





Tribunal after having complied with certain conditions as may be prescribed by the Tax Administration Act.

Below is how an aggrieved taxpayer may take their matter from lodging an objection to a tax decision made by the Commissioner General, all the way to the Revenue Appeals Tribunal.

I. Tax decisions

A tax decision is a decision made by the Commission General under a tax law, including an assessment. A tax decision is made, in case of an assessment when the Commissioner General serves the taxpayer with a written notice of the assessment; and in any other tax decision, when a written notice of the decision is served on the affected party. Where the Commissioner General fails to communicate a tax decision by the time the decision should have been made, the affected taxpayer may, by notice in writing to the Commissioner General elect to treat the Commissioner General as having made a tax decision in favour of him or her as the taxpayer. Where an election has been served on the Commissioner General, the Commissioner General has got thirty (30) days to respond to the election by the taxpayer. Where the Commissioner General does not respond to the election of the taxpayer within thirty days of the election, the election shall be treated as final and conclusive; that is to say, the Commissioner General shall be deemed to have made the tax decision in favour of the taxpayer.

II. Objection to a Tax Decision

A person who is dissatisfied with a tax decision by the Commissioner General may lodge an objection within 30 days of being notified of the decision. The aggrieved person should state precisely the grounds upon which the objection is made. The affected person may, before the expiration of the period specified for lodging an objection, apply in writing to the Commissioner General for an extension of time to file an objection. Where the Commissioner General is satisfied that there are reasonable grounds for the extension, he may grant the application of extension of time and notify the taxpayer about the extension in writing.

III. Decision on an Objection

The Commissioner General shall decide on the objection within 60 days of receipt of the objection and serve the aggrieved person with a notice of the decision including the reasons for the decision. The Commissioner General may after considering the objection, vary the tax decision in whole or in part or disallow the objection.

Where the Commissioner General does not serve the affected taxpayer with a notice of the decision within 60 days of the objection, the taxpayer may, by notice in writing to the Commissioner General, elect to treat the Commissioner General as having made a decision to allow the objection. If the Commissioner General does not respond to the taxpayer's election within 30 days, the election shall be treated as final and conclusive.



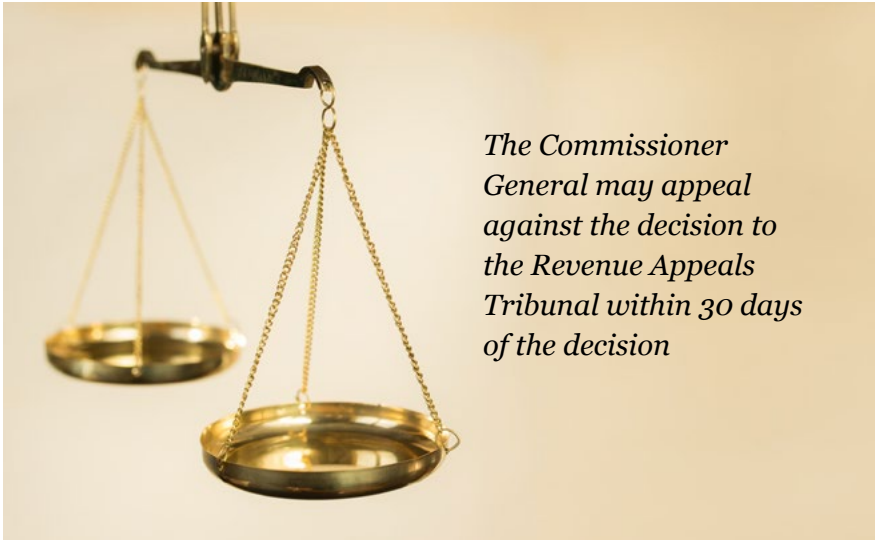
The High Court in Blantyre

IV. Appeals

A person who is dissatisfied with the objection made by the Commissioner General may appeal against the decision to the Revenue Appeals Tribunal within 30 days of the decision. The Revenue Appeals Tribunal shall not entertain an appeal if the objection decision raises a tax liability unless the person has paid the following;

- The undisputed assessed amount; and
- A fifty percent deposit of the assessed amount in dispute; or
- The whole tax amount assessed on the imported goods in the case of an import tax

Note: The undisputed tax means the amount which will be charged if the assessment is



amended in accordance with the notice of objection.

Duty-Free Week

What is Duty-Free Week?

Duty-Free Week is a week that has been set aside by the Government to allow the citizens of the country to import goods whose Value for Duty Purpose does not exceed \$3,000 without paying any duties at the border. This means that importers will not pay import duty, import excise and import VAT. However, processing fees of K20,000 will



be payable. In the Financial Year 2021 - 2022, the Government granted the Duty Free Week from January 23rd to 29th, 2022.

Who is eligible for the Duty-Free Week?

This privilege is open to everyone irrespective of the category of importers except for incorporated entities. The following are qualifying conditions for clearance of goods during the Duty-Free week:

1. Only individuals with Taxpayer Identification Number (TPIN) will be eligible to clear goods duty free. Persons without TPIN are requested to register for the TPIN through the Msonkho Online on the MRA's website www.mra.mw. A step by step process of how to register for tax and

Goods eligible for the week are those imported for commercial or for personal use as long as the Value for Duty Purpose (VDP) does not exceed \$3,000 including other incidental charges like port charges. Goods whose VDP is above \$3,000 will not be allowed but one would be charged duty on the full amount.



obtain a TIPN can be downloaded on the website or contact MRA Call Centre on 672 for free to assist you register for tax and get your TPIN.

2. Goods imported and entered for clearance during the designated week are eligible for the Duty-Free Week but goods imported before and after the week will not qualify. Thus, goods which entered Malawi before the week and that entered Malawi after the end of the duty-free week will be charged full duty.
3. Goods eligible for the week are those imported for commercial or for personal use as long as the Value for Duty Purpose (VDP) does not exceed \$3,000 including other incidental charges like port charges. Goods whose VDP is above \$3,000 will not be allowed but one would be charged duty on the full amount.
4. Each individual shall be allowed one-time importation during the Duty-Free Week. No person will be allowed to do multiple clearance of goods.



If the imported goods require import licences/permits from relevant authorities i.e. Ministry of Trade, the importer should first of all obtain the licenses/permits before the importation of the goods

How will MRA clear goods during the Duty-Free Week?

Clearance of goods during the Duty-Free Week will be through the use of Customs Procedure Code (CPC) 495 and the following procedures would be followed:

1. Imported goods shall be cleared using Customs Declaration Form 12 through a Customs Clearing Agent
2. There will be no requirement for prior approval for the use of CPC 495
3. If the imported goods require import licences/permits from relevant authorities i.e. Ministry of Trade, the importer should first of all obtain the licenses/permits before the importation of the goods
4. The Customs Clearing Agent would be required to assess the declaration in the ASYCUDA System using CPC 495 with other supporting documents including the importer's National Registration Card which should be uploaded in the system.

MRA will ensure that the importer details appearing under the TPIN match with the details of the National Registration Card

5. Upon payment of processing fees, Customs ASYCUDA System shall select all CPC 495 declaration for Physical Examination (RED Lane). There will be a special team that would be dedicated to processing of goods in the week. Take note that all consignments qualifying under CPC 495 after Physical Examination would be processed and released
6. If after Physical Examination it is discovered that you have made a false declaration in terms of undervaluation, misclassification or misdeclaration, the consignment will be rejected and removed from CPC 495 and full duties and penalties would be charged in accordance with the Customs & Excise Act

What is the final word relating to the Duty-Free Week?

The Government has provided an incentive to all qualifying individuals and businesses in the country by allowing you to import goods without paying import duty, excise duty or import Value Added Tax (VAT).

MRA is, therefore, encouraging you to take advantage of the Duty-Free Week by importing goods for home use or for commercial purposes and grow your businesses. In the same vein, we appeal to all eligible importers to follow the guidelines in order to fully benefit from the facility.



Produced by Malawi Revenue Authority

Malawi Revenue Authority
Msonkho House
Independence Drive
Private Bag 247
Blantyre

Tel: +265 - 1 822 588
Fax: +265 - 1 822 302
E-mail: mrahq@mra.mw
Web: www.mra.mw

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