

VALUE ADDED TAX (AMENDMENT) BILL, 2022

MEMORANDUM

This Bill seeks to amend the Value Added Tax Act (Cap. 42:02) in order to—

- (a) abolish the withholding VAT agent scheme;
- (b) exempt essential items such as cooking oil, tap and well water and sanitary towels (pads) from value added tax; and
- (c) introduce value added tax on moulds for plastics or rubber.

VALUE ADDED TAX (AMENDMENT) BILL, 2022

ARRANGEMENT OF SECTIONS

SECTION

1. Short title
2. Amendment of section 2 to Cap.42:02
3. Repeal of Part IIIA of the principal Act
4. Amendment of section 30 (1) of the principal Act
5. Amendment of section 34 of the principal Act
6. Amendment of section 37 of the principal Act
7. Amendment of section 38 (1) of the principal Act
8. Amendment of section 46 of the principal Act
9. Amendment of section 59 of the principal Act
10. Amendment of the First Schedule to the principal Act

A B I L L

entitled

An Act to amend the Value Added Tax Act

ENACTED by the Parliament of Malaŵi as follows—

1. This Act may be cited as the Value Added Tax (Amendment) Act, 2022. Short title
2. The Value Added Tax Act (hereinafter referred to as the “principal Act”) is amended, in section 2, by deleting the definition of the word “withholding agent”. Amendment of s.2 to Cap.42:02
3. The principal Act is amended, by repealing Part IIIA. Repeal of Part IIIA of the principal Act

Amendment of s.30 (1) of the principal Act

4. The principal Act is amended, in section 30 (1), by deleting paragraph (d).

Amendment of s.34 of the principal Act

5. The principal Act is amended, in section 34, by deleting, wherever it appears in that section, the words “or withholding agent”.

Amendment of s.37 of the principal Act

6. The principal Act is amended, in section 37, by repealing subsection (4).

Amendment of s.38 (1) of the principal Act

7. The principal Act is amended, in section 38 (1), by deleting the words “or withholding agent” immediately after the words “taxable person”.

Amendment of s.46 of the principal Act

8. The principal Act is amended, in section 46, by repealing subsection (2).

Amendment of s.59 of the principal Act

9. The principal Act is amended, in section 59—

(a) in the marginal note, by deleting word “withholding”; and

(b) by deleting the words “or withholds Valued Added Tax on payment to a supplier of taxable goods or services” appearing immediately after the words “taxable person”.

Amendment of First Schedule to the principal Act

10. The principal Act is amended, in the *First Schedule*, by—

(a) inserting, immediately after paragraph 3(g), a new paragraph (ga), as follows—

“(ga) cooking oil under the Customs Tariff Subheadings 1507.90.00, 1508.90.10 to 1508.90.90, 1511.90.11 to 1511.90.90 and 1512.19.00 to 1512.29.00”;

(b) inserting, in the correct numerical order, a new paragraph 4, as follows—

“4 Water

Exemption covers non-mineral or aerated water without additives (tap or well) under customs tariff subheading 2201.90.90”;

(c) deleting, under subparagraph (aaa), customs tariff subheadings “8480.71.00” and “8480.79.00”;

(d) deleting, under paragraph 18, the words “Syringes with or without needles under Customs Tariff Heading—9018.31.00.”; and

(e) inserting, in the correct numerical order, a new paragraph 27, as follows—

“27. Sanitary Towels and Tampons

Exemption covers sanitary towels (pads) and tampons under customs tariff subheading 9619.00.10”.

OBJECTS AND REASONS

The object of this Bill is to amend the Value Added Tax Act (Cap.42:02) in order to—

- (a) abolish the withholding VAT agent scheme;
- (b) exempt essential items such as cooking oil, tap and well water and sanitary towels (pads) from value added tax; and
- (c) introduce value added tax on moulds for plastics or rubber.

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