

# NARRATIVE REPORT ON BOTSWANA

## PART 1: TELLING THE STORY

*The narrative report is based on information from October 2013 - though all references to FSI scores or ratings reflect the 2015 results.*

Since 2003, Botswana has operated an International Financial Services Centre (IFSC) which is destined to bring further rents from financial services alongside the ever lucrative diamond trade. Botswana's IFSC, with a cumulative capital of BWP 4.1 billion, provides exemption from capital gains, withholding and value added taxes, and offers a lower corporate income tax rate.<sup>1</sup>

Botswana currently has 13 Double Taxation Agreements ('DTAs') with countries such as India, Mauritius, the Seychelles and the UK, and is in the process of negotiating 12 more with inter alia Luxemburg and Belgium—other secrecy jurisdictions.<sup>2</sup>

In terms of its DTA strategy, Botswana [is said to intend to secure DTAs](#) with "key African states, major investor nations, and international financial [centres]." Its main targeted clientele includes international banks and insurance companies, multinationals, investment funds, and call centres.

While the Botswana IFSC claims to be transparent and that it strictly adheres to international standards on regulation, our secrecy score of 71, which ranks the country at number 62 on the 2015 ranking, tells a very different story.

### Read more:

- [Full data for Botswana](#)
- [Botswana on TJN Blog](#)
- [Full Methodology](#)

<sup>1</sup> [http://www.botswanaifsc.com/sustainable\\_low\\_tax\\_environment.php](http://www.botswanaifsc.com/sustainable_low_tax_environment.php); 15.10.2015.

<sup>2</sup> [http://www.botswanaifsc.com/double\\_taxation\\_avoidance\\_treatnetwork.php](http://www.botswanaifsc.com/double_taxation_avoidance_treatnetwork.php); 15.10.2015.

# Rank: 62

Chart 1 - How Secretive?

71  
Secrecy  
Score

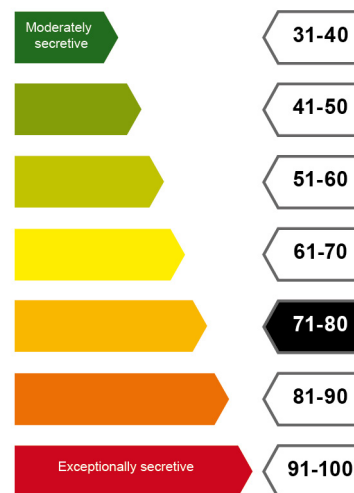
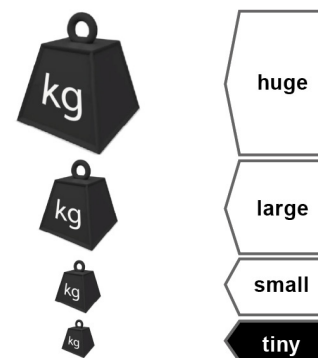


Chart 2 - How Big?



*Botswana accounts for less than 0.1 per cent of the global market for offshore financial services, making it a tiny player compared with other secrecy jurisdictions.*

The ranking is based on a combination of its secrecy score and scale weighting.

Read more  
→ [Full data](#)  
→ [Botswana on TJN Blog](#)  
→ [Full Methodology](#)

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**PART 2: BOTSWANA'S SECRECY SCORE**

TRANSPARENCY OF BENEFICIAL OWNERSHIP – Botswana

- 1 ▶ *Banking Secrecy: Does the jurisdiction have banking secrecy? Botswana partly curtails banking secrecy*
- 2 ▶ *Trust and Foundations Register: Is there a public register of trusts/foundations, or are trusts/foundations prevented? Botswana partly discloses or prevents trusts and private foundations*
- 3 ▶ *Recorded Company Ownership: Does the relevant authority obtain and keep updated details of the beneficial ownership of companies? Botswana does not maintain company ownership details in official records*

KEY ASPECTS OF CORPORATE TRANSPARENCY REGULATION – Botswana

- 4 ▶ *Public Company Ownership: Does the relevant authority make details of ownership of companies available on public record online for free, or for less than US\$10/€10? Botswana does not require that company ownership details are publicly available online*
- 5 ▶ *Public Company Accounts: Does the relevant authority require that company accounts are made available for inspection by anyone for free, or for less than US\$10/€10? Botswana does not require that company accounts be available on public record*
- 6 ▶ *Country-by-Country Reporting: Are all companies required to publish country-by-country financial reports? Botswana does not require public country-by-country financial reporting by companies*

EFFICIENCY OF TAX AND FINANCIAL REGULATION – Botswana

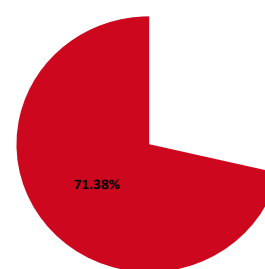
- 7 ▶ *Fit for Information Exchange: Are resident paying agents required to report to the domestic tax administration information on payments to non-residents? Botswana does not require resident paying agents to tell the domestic tax authorities about payments to non-residents*
- 8 ▶ *Efficiency of Tax Administration: Does the tax administration use taxpayer identifiers for analysing information efficiently, and is there a large taxpayer unit? Botswana does not use appropriate tools for efficiently analysing tax related information*
- 9 ▶ *Avoids Promoting Tax Evasion: Does the jurisdiction grant unilateral tax credits for foreign tax payments? Botswana avoids promoting tax evasion via a tax credit system*
- 10 ▶ *Harmful Legal Vehicles: Does the jurisdiction allow cell companies and trusts with flee clauses? Botswana partly allows harmful legal vehicles*

INTERNATIONAL STANDARDS AND COOPERATION – Botswana

- 11 ▶ *Anti-Money Laundering: Does the jurisdiction comply with the FATF recommendations? Botswana partly complies with international anti-money laundering standards*
- 12 ▶ *Automatic Information Exchange: Does the jurisdiction participate fully in multilateral Automatic Information Exchange via the Common Reporting Standard? Botswana does not participate in Automatic Information Exchange*
- 13 ▶ *Bilateral Treaties: Does the jurisdiction have at least 53 bilateral treaties providing for information exchange upon request, or is it part of the European Council/OECD convention? As of 31 May, 2015, Botswana had less than 53 tax information sharing agreements complying with basic OECD requirements*
- 14 ▶ *International Transparency Commitments: Has the jurisdiction ratified the five most relevant international treaties relating to financial transparency? Botswana has ratified less than five of the most relevant international treaties relating to financial transparency*
- 15 ▶ *International Judicial Cooperation: Does the jurisdiction cooperate with other states on money laundering and other criminal issues? Botswana partly cooperates with other states on money laundering and other criminal issues*

**Secrecy Score**

Botswana - Secrecy Score



Botswana KFSI-Assessment



**Notes and Sources**

The ranking is based on a combination of its secrecy score and scale weighting (click [here](#) to see our full methodology).

The secrecy score of 71 per cent for Botswana has been computed by assessing its performance on 15 Key Financial Secrecy Indicators (KFSI), listed on the left. Each KFSI is explained in more detail, [here](#).

Green indicates full compliance on the relevant indicator, meaning least secrecy; red indicates non-compliance (most secrecy); and yellow indicates partial compliance.

This paper draws on data sources including regulatory reports, legislation, regulation and news available as of 31.12.2014 (with the exception of KFSI 13 for which the cut-off date is 31.05.2015).

Full data on Botswana is available here: <http://www.financialsecrecyindex.com/database/menu.xml>

All background data for all countries can be found on the Financial Secrecy Index website: <http://www.financialsecrecyindex.com>