



MALAWI INVESTMENT AND TRADE CENTRE

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October , 2020

BUSINESS OPERATING COSTS IN MALAWI

BUSINESS INFORMATION UNIT

MITC

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BUSINESS INFORMATION UNIT

October, 2020

BUSINESS OPERATING COSTS IN MALAWI

The Malawi Investment and Trade Centre (MITC) is a government agency mandated to promote and facilitate Investment and Trade in the country. MITC here in provides a compilation of estimated business operating costs in Malawi. The costs summaries were gathered from key institutions, relevant to investment and business establishment in Malawi. All the charges made are convertible to the Dollar Exchange Rate prevailing at the day of transaction unless advised by the concerned institution. Where prior conversion has been provided the rate used herein is **US\$ 1 to MK762.8**, it must however be noted that this was just done for purposes of clarity; prevailing Exchange rate always apply.

MALAWI LABOUR CHARGES

- Wages Information
 - Malawi's gazette minimum daily wage is:
K1346.00 (Approximately USD \$1.32) per day
Note: US\$ 1 = K762.8 MK
 - All wages above the minimum daily wage are negotiated between an employer and employee.
 - For more information that is necessary for the formation of Conditions of Services, Terms of References and Employment Contracts, the MITC has the following documents available from the Ministry of Labour:
 - Constitution of the Republic of Malawi
 - Employment Act
 - Labour Relations Act
 - Occupational Safety, Health and Welfare Act
 - Workers Compensation Act
 - Pensions Act

Source: Ministry of Labour & Manpower Development

UTILITIES (WATER COSTS)

1. CENTRAL REGION WATER BOARD

TARIFF AND SERVICE CHARGE ADJUSTMENT SCHEDULE

WATER WORKS ACT (NO.17 OF 1995)

IN EXERCISE, of the power conferred by section 36 of the waterworks ACT(NO.17 of 1995 of Laws of Malawi) that Central Region Water Board has made the following increase in Water Tariffs and service charges commencing 1st July, 2018 for a quantity of water registered by meter and determined by meter reading taken after 1st July, 2018 .This has been so to facilitate effective and efficient operations and maintenance of the Central Region Water Board due to rising operating cost

A. TARIFF ADJUSTMENT

1.0 INDIVIDUAL CUSTOMERS

	EXISTING TARIFF MK	CURRENT TARIFF MK
Consumption of up to 4 cubic meters per month	941.93	989.03
Consumption in excess of 4 cubic meters up to and including 30 cubic meters	223.68	234.86
Consumption in excess of 30 cubic meters	242.67	254.80

2.0 INSTITUTIONAL CUSTOMERS

	EXISTING TARIFF MK	CURRENT TARIFF MK
Consumption of up to 4 cubic meters per month	8,511.16	9,362.28
Consumption in excess of 4 cubic meters up to and including 30 cubic meters	1,004.38	1,104.82
Consumption in excess of 30 cubic meters	1,191.38	1,310.52

3.0 COMMERCIAL AND INDUSTRIAL CUSTOMERS

	EXISTING TARIFF MK	CURRENT TARIFF MK
Consumption of up to 4 cubic meters per month	9,284.92	10,213.41
Consumption in excess of 4 cubic meters up to and including 30 cubic meters	1,095.71	1,205.28
Consumption in excess of 30 cubic meters	1,299.70	1,429.67

4.0 COMMUNAL WATER POINTS

	EXISTING TARIFF MK	CURRENT TARIFF MK
Communal Water Points	123.51	129.69

B SERVICE CHARGE AND OTHER CHARGES SCHEDULE

B1 SERVICEN CHARGES

A. Services charges as shown below is now payable for all connections on monthly basis

1.0 INDIVIDUAL CUSTOMERS

	EXISTING CHARGES (MK)	CURRENT TARIFF MK
Traditional Housing Areas and high density	176.62	185.45
Medium Density Areas	470.97	494.52
Low Density Area	470.97	494.52

2.0 INSTITUTIONAL CUSTOMER

	EXISTING TARIFF MK	CURRENT TARIFF MK
Institutions	4,255.60	4,681.16

3.0 COMMERCIAL AND INDUSTRIAL CUSTOMERS

	EXISTING TARIFF MK	CURRENT TARIFF MK
Commercial and industrial	4,642.45	5,106.70

B2 OTHER CHARGES

	EXISTING TARIFF MK	CURRENT TARIFF MK
(1) Consumer Water Re- Connection Fees	4,800.00	5,280.00
(2) Water Deposit		
(a) THAs	3,307.22	3,472.58
(b) Medium Deposit	4,960.10	5,208.11
(c) Low Density	4,960.10	5,208.11
(d) Commercial	23,212.30	25,533.53
(e) Institutions	21,277.93	23,405.72
(3) Meter Rental		
(a) Individual	575.00	603.75
(b) Institutions	5,400.00	5,940.00
(c) Commercial	2,400.00	2,640.00

Source: Central Region Water Board

1. LILONGWE WATER BOARD

WATER WORKS ACT

WATER WORKS (LILONGWE WATER BOARD) (WATER SUPPLY CHARGES) BY LAWS ,2018-

IN EXERCISE, of the power conferred by section 56 of the waterworks ACT, Lilongwe Water Board, with the approval of the Minister of Agriculture, Irrigation and Water Development, make the following By laws-

- **Citation**
 - These By-laws may be cited as the waterworks (Lilongwe Water Board) (Water Supply Charges) By-laws,2018
- **Water rates**
 - A quantity of water registered by a meter and determined by a meter shall be deemed to be a quantity actually consumed and shall be paid monthly in accordance with the tariff set out in the schedule
- **Fees and deposit**
 - For each item describe in one column of the second schedule, the board shall charger a tariff specified in the corresponding entry of the schedule
 - For each new connection, the Board shall charge a tariff specified in the schedule

FIRST SCHEDULE..... (bylaw 2)

WATER CHARGES

1. For water supplied in bulk to kiosks, flat rate shall be levied per m³ as follow

ITEM NO.	CUSTOM CATEGORY	BAND	2017-18 TARIFFS BEFORE VAT	2018-2020 TARIFFS BEFORE VAT
a)	Community kiosks	Flat Rate (Mk/m ³)	205	215
b)	The Boards kiosks	Flat Rate (Mk/m ³)	228	239

2 For water supplied for domestic purpose:

ITEM NO	BAND	2017-18 TARIFFS BEFORE VAT	2018-2020 TARIFFS BEFORE VAT
a)	Up to 5m ³ (Flat Rate in MK- Minimum charge)	1,645	1,727
b)	6-10m ³ (MK/m ³)	472	496
c)	>10m ³ (MK/m ³)	657	690
	Prepaid meters all bands (Flat Rate)	657	690

3.For water measured by common meter and supplied to school, colleges, hospitals sports and cultural stadiums or grounds/places of worship, cemeteries and crematoria social and recreational clubs not operated for gain, and places of public resort:

ITEMS NO.	BAND	2017-18 TARIFFS BEFORE VAT	2018-2020 TARIFFS BEFORE VAT
a)	Up to 10m ³ (Flat Rate in MK/ Minimum charge)	13,740	15,114
b)	11-40(MK/M ³)	1,536	1,690
c)	>40m ³ (MK/M ³)	1,645	1,810
d)	Prepaid Meter all bands (Flat Rate)	1,645	1,810

4.For water supplied to government buildings where the government is the registered meter holder

ITEM NO.	BAND	2017-18 TARIFFS BEFORE VAT	2018-2020 TARRIFF BEFORE VAT
a)	Up to 10m ³ (Flat Rate in MK- Minimum charge)	13,740	15,114
b)	11-40m ³ (MK/M)	1,536	1,690
c)	>40(MK/m ³)	1,645	1,810
d)	Prepaid meters all bands (Flat Rate)	1,645	1,810

5.For water supplied for commercial or industrial purpose

ITEM NO.	BAND	2017-18 TARIFFS BEFORE VAT	2018-2020 TARRIFF BEFORE VAT
a)	Up to 5m ³ (Flat Rate in MK- Minimum charge)	7,650	8,415
b)	6-40m ³ (MK/M)	1,681	1,849
c)	>40(MK/m ³)	1,828	2,011
d)	Prepaid meters all bands (Flat Rate)	1,828	2,011

6.For bulk water sales per cubic meter to Bunda (central Region Water Board)

ITEM NO.	CUSTOMER CATEGORY	BAND	2017-18 TARIFFS BEFORE VAT	2018-2020 TARRIFF BEFORE VAT
	Bunda (Central Region Water Board)	Flat rate	370	407

SECOND SCHEDULE..... (by-law 3)

FEES, DEPOSITS AND PENALTIES

NO	ITEM DESCRIPTION	CUSTOMER CATEGORY/SIZE OF METER	2017-18 TARIFFS BEFORE VAT	2018-2020 TARIFFS BEFORE VAT
1	Meter testing fees	All meter sizes	7,000	7,000
2	Reconnection fees	All customer categories	7,500	7,500
3	Meter Deposit on Ordinary meter	15mm	2,500	2,500
		20mm	7,000	7,000
		Contractors	50,000	50,000
4	Meter Deposit on prepaid meter	Residential/Kiosks	30,000	30,000
		Commercial/Institution	50,000	50,000
5	Penalty on returned cheques	All customer categories	20,000	20,000
6	Meter Readings fees	All categories	200	200
7	Change of customer details	All customer categories	Free	Free
8	Ordinary meter damage	All customer categories	42,000	45,000
9	Prepaid meter Vandalism/stolen	All categories	Nil	Actual cost
10	Statement Printing	All customer categories	500	500
11	Clear credit token	All customer categories	Nil	5,000
12	Penalty for meter tempering, by passes and self-reconnection (Illegal Connection)	a) Infringement charge-Domestic	500,000	500,000
		b) Infringement charge-Kiosks	500,000	500,000

		c) Infringement charge -Industrial/ Commercial/ Institutional	3,000,000	3,000,000
		d) Cost of stolen water per m ³ - Domestic	2,500	2,500
		e) Cost of stolen water per m ³ - Kiosks	2,500	2,500
		f) Cost of stolen water per m ³ - Commercial/ Institutional	5,000	5,000
		g) Administrative overheads	Actual cost	Actual cost

For more information visit www.lwb.mw

Source: Lilongwe Water Board

3 BLANTYRE WATER BOARD

WATER WORKS ACT

WATER WORKS (BLANTYRE WATER BOARD) (WATER SUPPLY CHARGES) (AMENDMENTS) (NO.2) BY LAWS, -2018

IN EXERCISE, of the power conferred by section 56 of the waterworks ACT, Blantyre Water Board, with the approval of the Minister of Agriculture, Irrigation and Water Development, make the following By laws-

Citation

1. These By-laws may be cited as the waterworks (Blantyre Water Board) (Water Supply Charges) (Amendment) (no.2) By-laws,2018

Amendments of first schedule to cap. 72:01 sub. leg. p.80

2. the waterworks (Blantyre Water Board) (water Supply Charges) By-laws (hereinafter to as “principle By-laws”) are amended, by revoking the first schedule and replacing it with the following schedules-

FIRST SCHEDULE..... Bylaw 2

WATER RATES

K T

For Water supplied from communal water points or kiosk, per 10 litres	2	25
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2 For Water supplied for domestic purpose

for the first 5,000 litres or part thereof, per month	2305	42
Exceeding 5,000 liters up to 10,000liter per litre (rate applicable from 0 up to 10,000liter)	0	49
Exceeding 10,000litres up to 40,000litres per litre (rate applicable from 0 up to 40,000litre	0	58

Exceeding 40,000 litre per litre, (rate applicable from 0 and above 40,000litres)	0	64
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3 For water supplied to institution

For the first 10,000 litres or part thereof, per month	10,397	11
Exceeding 10,000 litres up to 40,000litres per litre (rate applicable from 0 up to 40,000 per litre)	1	18
Exceeding 40,000 litre per litre (rate applicable from 0 and above 40,000litres)	1	24

4.For Water supplied for commercial purpose

For the first 10,000 litre or part thereof, per month	13,618	37
Exceeding 10,000 litres up to 40,000 litres per litre (rate applicable from 0 up to 40,000 litres)	1	50
Exceeding 40,000litres per litre (rate applicable from 0 and above 40,000litres)	1	65

5. For Water supplied for industrial purpose

For the first 10,000 litre or part thereof per month	19,093	98
Exceeding 10,000litre up to 40,000litre per litre (rate applicable from 0 up to 40,000litre)	2	17
Exceeding 40,000 litre per litre, (rate applicable from 0 and above 40,000litres)	2	39

Source: Blantyre Water Board

1. NORTHERN REGION WATER BOARD

Connection/Application charges

Process of connection is as follows:

- Complete application forms and return them to the office.
- The returned forms are processed and a plumber sent to the customer's premise to determine the material requirements.
- Pay new connection fees (the amount depends on the size of the service e.g. ½, ¾, 1-inch connection, customer category).
- Customer is then connected with a meter. Depending on availability of meters, the connection period is within 28 days.

Note: Northern Region Water Board has categorized customers differently ranging from Commercial (Business or Companies), Institutions (Schools and Hospitals) and Individuals who have further been categorized into High Density (Traditional Housing Area), Medium and Low-Density customers. This depends on level of income and thus, their charges are so different. The table below indicates the disparity in charges.

2017/2018 TARIFF RATES

CUSTOMER CATEGORY		CONSUMPTION RATE	TARIFF RATE (MK)	US DOLLAR EQUIVALENT
Individual Customers	High Density (Traditional) Areas	0 up to 3 cubic metres (m ³) per month (flat rate) NB: 1 cubic metre = 1000 litres	1035.90 (Minimum Charge for any consumption above 0 up to 3m ³)	US\$ 1.43
		Excess 4 cubic metres up to 6 cubic metres (per m ³)	268.72	US\$ 0.37
		Excess 6 cubic metres (per m ³)	287.52	US\$ 0.40
	Medium Density	0 up to 3 cubic		US\$ 1.65

	Areas	metres per month (flat rate)	1199.58 (Minimum Charge for any consumption above 0 up to 3m ³)	
		Excess 4 cubic metres up to 6 cubic metres (per m ³)	311.19	US\$ 0.43
		Excess 6 cubic metres (per m ³)	332.97	US\$ 0.46
	Low Density Areas	0 up to 3 cubic metres per month (flat rate)	1370.98 (Minimum Charge for any consumption above 0 up to 3m ³)	US\$ 1.89
		Excess 4 cubic metres up to 6 cubic metres (per m ³)	355.66	US\$ 0.49
		Excess 6 cubic metres (per m ³)	380.55	US\$ 0.52
Institutions		0 up to 3 cubic metres per month (flat rate)	2085.20 (Minimum Charge for any consumption above 0 up to 3m ³)	US\$ 2.87
		Excess 3 cubic metres (per m ³)	717.17	US\$ 0.98
Major Institutions		0 up to 3 cubic metres per month (flat rate)	3103.92 (Minimum Charge for any consumption above 0 up to 3m ³)	US\$ 4.28
		Excess 3 cubic (per m ³)	1394.62	US\$ 1.92
Commercials		0 up to 3 cubic metres per month (flat rate)	2564.19 (Minimum Charge for any consumption above 0 up to	US\$ 3.53

			3m ³)	
		Excess 3 cubic (per m ³)	1154.19	US\$ 1.59
Major Commercials		0 up to 3 cubic metres per month (flat rate)	3103.92	US\$ 4.28
		Excess 3 cubic (per m ³)	1394.62	US\$1.92
Communal Waterpoints		0 up to 3 cubic metres per month (flat rate)	784.69	US\$ 1.08
		Excess 4 cubic metres up to 6 cubic metres (per m ³)	118.4	US\$ 0.16
		Excess 6 cubic metres (per m ³)	177.66	US\$ 0.24

The Tariff Rates will be changed on July 2016.

Other Service Charges

ITEM	DESCRIPTION	2015/2016	METER RENTAL	GRAND TOTAL
Service Charges	Commercial and Industrial	MK 2403.66 US\$ 3.31	MK 3747.43 US\$ 5.16	MK 6151.09 US\$ 8.47
	Major Commercial	MK 2909.58 US\$ 4.01	MK 10495.25 US\$ 14.46	MK 13404.83 US\$ 18.46
	Institutional	MK 1423.17 US\$ 1.96	MK 3412.92 US\$ 4.70	MK 4826.09 US\$ 6.65
	Major Institutional	MK 1495 US\$ 2.06	MK 8676.93 US\$ 11.95	MK 10171.93 US\$ 14.01
	Traditional Housing Area	MK 239.71 US\$ 0.33	MK 489.89 US\$ 0.67	MK 729.6 US\$ 1.00
	Medium Density Area	MK 416.72 US\$ 0.57	MK 874.24 US\$ 1.20	MK 1290.36 US\$ 1.78
	Low Density Area	MK 638.17 US\$ 0.88	MK 1327.81 US\$ 1.83	MK 1965.98 US\$ 2.71

Source: Northern Region Water Board

ELECTRICITY SUPPLY CORPORATION OF MALAWI (ESCOM)

a. New Connections Application fees

(i) Domestic Customers Single Phase Meter..... K46,600.00= US\$ 64.19

(ii) Shops Single Phase Meter.....K69,900.00 = US\$ 92.28

(iii) For large commercials and Industries, the rate depends on the load of the transformer and the load declared by the customer. Other meter phases like Three-Phase also vary depending on the preference of the customer.

ELECTRICITY SUPPLY CORPORATION OF MALAWI TARIFF STRUCTURE EFFECTIVE

1ST OCTOBER 2018

Tariff Code	Description	Type of charge per month	Existing Rate (MK)	New Rate (MK)	%Increase
ET1	Domestic, Prepaid, Single phase supply	First 50 units	48.80	47.50	-3%
		Each unit above 50units	48.80	67.25	38%
ET2	Domestic, Postpaid, Single phase supply	Fixed charge	3,300.35	5,000.00	51%
		First 50 units	42.30	41.80	-1%
		Each unit above 50 units	42.30	63.89	51%
ET3	Domestic, Prepaid, Single phase supply	Units charge per kwh	80.20	96.00	20%
ET4	Domestic, Postpaid, Three phase supply	Fixed charge	10,001.80	12,000.00	20%
		Units charge per kwh	71.80	93.00	30%
ET5	General, Prepaid, Three phase supply	Units charge per kwh	84.40	99.50	18%
ET6	General, Postpaid, Single phase supply	Fixed charge	6,630.10	8,000.00	21%
		Units charge per kwh	78.05	95.00	22%
ET7	General, Prepaid, Three phase supply	Units charge per kwh	93.55	110.00	18%
ET8	General, Postpaid, Three phase supply	Fixed charge	10,001.80	12,000.00	20%
		Units charge per kwh	89.15	101.00	13%
ET9	Maximum Demand-Low Voltage supply (large power for industrial user, supplied at three phase supply and metered at	Fixed Charge per Month	36,694.15	-	100%
		On peak Unit Charge per kwh	103.00	124.00	20%
		Off Peak Unit Charge per kwh	28.20	42.00	49%

	400 volts)	Capacity Charge per KVA base on the customers annual declared demand	4,34.60	5,200.00	20%
		Demand charge per KVA based on actual monthly demand reading	6,475.20	9,000.00	39%
ET10	Maximum Demand-Medium Voltage supply (Large power for industrial user, supplied at three phase supply and metered at 11 KV or 33KV)	Fixed Charge per Month	36,694.15	-	100%
		On peak Unit Charge per kwh	91.75	121.00	32%
		Off Peak Unit Charge per kwh	25.40	40.00	57%
		Capacity Charge per KVA base on the customers annual declared demand	3,934.25	4,700.00	19%
		Demand charge per KVA based on actual monthly demand reading	6,662.40	8,700.00	31%
ET11	Essential service, prepaid, Three phase supply, high current metering	Unit charge per KVA	112.50	115.00	2%
On peak and off peak Hrs for MD Customers					

Off peak hrs. are from Monday to Friday from 00;00hr to 7:00 hrs. and from 12:00hrs to 17:00hrs and from 20:00hrs.to 24:00hrs. on peak hrs are from Monday to Friday 7:00hrs to 12:00hr and from 17:00hrs to 20:00 hrs. All Saturdays, Sundays and public holidays are off peak hours

Source: ESCOM Head Office

2. RAIL IMPORT AND EXPORT RATES

B. Central East African Railway (CEAR)

Rail Way Freight Rates (Containerized) 2016

► Railway Freight Rates (Containerized) - 2018 ≡ Nacala Loyalty Program Rates ≡



Containers:

2018 Rates	20' Container	15.0 tons ≤ payload ≤ 25 tons		20' Overweight			20' Light			20' Empty			
		Freight Rate (USD)	Weighbridge (per TEU)	Total Freight Rate (USD)	Freight Rate (USD)	Weighbridge (per TEU)	Total Freight Rate (USD)	Freight Rate (USD)	Weighbridge (per TEU)	Total Freight Rate (USD)	Freight Rate (USD)	Weighbridge (per TEU)	Total Freight Rate (USD)
A	Nacala x Lilongwe	\$883,65	\$27,00	\$910,65	\$1 192,93	\$27,00	\$1 219,93	\$751,10	\$27,00	\$778,10	\$176,73	\$27,00	\$203,73
B	Nacala x Blantyre	\$1 041,03	\$27,00	\$1 068,03	\$1 405,39	\$27,00	\$1 432,39	\$884,88	\$27,00	\$911,88	\$208,21	\$27,00	\$235,21
C	Nacala x Chipoka	\$1 078,44	\$27,00	\$1 105,44	\$1 455,89	\$27,00	\$1 482,89	\$916,67	\$27,00	\$943,67	\$215,69	\$27,00	\$242,69
D	Nacala x Lilongwe	\$1 282,26	\$27,00	\$1 309,26	\$1 731,05	\$27,00	\$1 758,05	\$1 089,92	\$27,00	\$1 116,92	\$256,45	\$27,00	\$283,45
E	Nacala x Chipata	\$1 471,89	\$27,00	\$1 498,89	\$1 987,05	\$27,00	\$2 014,05	\$1 251,11	\$27,00	\$1 278,11	\$294,38	\$27,00	\$321,38
F	Lilongwe x Nacala	\$706,92	\$27,00	\$733,92	\$954,34	\$27,00	\$981,34	\$600,88	\$27,00	\$627,88	\$141,38	\$27,00	\$168,38
G	Blantyre x Nacala	\$832,82	\$27,00	\$859,82	\$1 124,31	\$27,00	\$1 151,31	\$707,90	\$27,00	\$734,90	\$166,56	\$27,00	\$193,56
H	Chipoka x Nacala	\$862,75	\$27,00	\$889,75	\$1 164,72	\$27,00	\$1 191,72	\$733,34	\$27,00	\$760,34	\$172,55	\$27,00	\$199,55
I	Lilongwe x Nacala	\$1 025,81	\$27,00	\$1 052,81	\$1 384,84	\$27,00	\$1 411,84	\$871,94	\$27,00	\$898,94	\$205,16	\$27,00	\$232,16
J	Chipata x Nacala	\$1 177,51	\$27,00	\$1 204,51	\$1 589,64	\$27,00	\$1 616,64	\$1 000,89	\$27,00	\$1 027,89	\$235,50	\$27,00	\$262,50

2018 Rates	40' Container	23.0 tons ≤ payload ≤ 30.0 tons		40' Light			40' Empty			
		Freight Rate (USD)	Weighbridge (per FEU)	Total Freight Rate (USD)	Freight Rate (USD)	Weighbridge (per FEU)	Total Freight Rate (USD)	Freight Rate (USD)	Weighbridge (per FEU)	Total Freight Rate (USD)
A	Nacala x Lilongwe	\$1 325,48	\$48,60	\$1 374,08	\$1 060,38	\$48,60	\$1 108,98	\$265,10	\$48,60	\$313,70
B	Nacala x Blantyre	\$1 561,55	\$48,60	\$1 610,15	\$1 249,24	\$48,60	\$1 297,84	\$312,31	\$48,60	\$360,91
C	Nacala x Chipoka	\$1 617,66	\$48,60	\$1 666,26	\$1 294,13	\$48,60	\$1 342,73	\$323,53	\$48,60	\$372,13
D	Nacala x Lilongwe	\$1 923,39	\$48,60	\$1 971,99	\$1 538,71	\$48,60	\$1 587,31	\$384,68	\$48,60	\$433,28
E	Nacala x Chipata	\$2 207,84	\$48,60	\$2 256,44	\$1 766,27	\$48,60	\$1 814,87	\$441,57	\$48,60	\$490,17
F	Lilongwe x Nacala	\$1 060,38	\$48,60	\$1 108,98	\$848,30	\$48,60	\$896,90	\$212,08	\$48,60	\$260,68
G	Blantyre x Nacala	\$1 249,24	\$48,60	\$1 297,84	\$999,39	\$48,60	\$1 047,99	\$249,85	\$48,60	\$298,45
H	Chipoka x Nacala	\$1 294,13	\$48,60	\$1 342,73	\$1 035,30	\$48,60	\$1 083,90	\$258,83	\$48,60	\$307,43
I	Lilongwe x Nacala	\$1 538,71	\$48,60	\$1 587,31	\$1 230,97	\$48,60	\$1 279,57	\$307,74	\$48,60	\$356,34
J	Chipata x Nacala	\$1 766,27	\$48,60	\$1 814,87	\$1 413,01	\$48,60	\$1 461,61	\$353,25	\$48,60	\$401,85

Rates to Lichinga:

Containers:

2018 Rates	20' Container	15.0 tons ≤ payload ≤ 25 tons		20' Overweight			20' Light			20' Empty			
		Freight Rate (USD)	Weighbridge (per TEU)	Total Freight Rate (USD)	Freight Rate (USD)	Weighbridge (per TEU)	Total Freight Rate (USD)	Freight Rate (USD)	Weighbridge (per TEU)	Total Freight Rate (USD)	Freight Rate (USD)	Weighbridge (per TEU)	Total Freight Rate (USD)
A	Nacala x Lichinga	\$953,76	\$27,00	\$980,76	\$1 287,58	\$27,00	\$1 314,58	\$810,70	\$27,00	\$837,70	\$190,75	\$27,00	\$217,75
B	Lichinga x Nacala	\$953,76	\$27,00	\$980,76	\$1 287,58	\$27,00	\$1 314,58	\$810,70	\$27,00	\$837,70	\$190,75	\$27,00	\$217,75

2018 Rates	40' Container	23.0 tons ≤ payload ≤ 30.0 tons		40' Light			40' Empty			
		Freight Rate (USD)	Weighbridge (per FEU)	Total Freight Rate (USD)	Freight Rate (USD)	Weighbridge (per FEU)	Total Freight Rate (USD)	Freight Rate (USD)	Weighbridge (per FEU)	Total Freight Rate (USD)
A	Nacala x Lichinga	\$1 430,64	\$48,60	\$1 479,24	\$1 144,51	\$48,60	\$1 193,11	\$286,13	\$48,60	\$334,73
B	Lichinga x Nacala	\$1 430,64	\$48,60	\$1 479,24	\$1 144,51	\$48,60	\$1 193,11	\$286,13	\$48,60	\$334,73

Weighbridge Fees and Penalties

- Application of abnormal load permits - K30, 000.00 (US\$41.32)
- International cross-border service permits per annum - K12, 000.00 (US\$16.53)

DIMENSIONAL LIMITS

- Maximum height -4.6 meters,
- Minimum width – 2.6 meters
- Maximum length: Rigid vehicles – 12.0 meters
- Articulated vehicles – 22.0 meters

COMMON PENALTIES

- Willfully avoiding to have vehicle weighed - \$2 000
- Contravening an international or regional agreement - \$1 000

PENALTIES FOR OVERLOADING PER AXLE: SINGLE AXLE FITTED WITH TWO WHEELS LEGAL LOAD PER AXLE IS 8.0 TONNES

- Overload of 100kgs - \$10
- Overload of 300kgs - \$31
- Overload of 500kgs - \$53
- Overload of 1000kgs - \$117
- Overload of 1500kgs - \$192
- Overload of 2000kgs - \$280
- Overload of 3000kgs - \$500
- Overload of 4000kgs - \$789
- Overload of 5000kgs - \$1 160
- Overload of 6000kgs - \$1 628

TANDEM AND TRIDEM AXLES FITTED WITH FOUR WHEELS ON EACH AXLE, MULTIPLE AXLE COMBINATION FITTED WITH FOUR WHEELS

- Overload of 100khs -\$12
- Overload of 300khs -\$38
- Overload of 500khs -\$66
- Overload of 1000khs -\$146
- Overload of 1500khs -\$246
- Overload of 2000khs -\$370
- Overload of 3000khs -\$740
- Overload of 4000khs -\$1 480
- Overload of 5000khs -\$3 115
- Overload of 6000khs -\$7 170

VEHICLE LOAD LIMITS

- Steering axle fitted with two wheels – 8 000kgs
- Tandem steering axle fitted with two wheels on each axle - 16 000kgs
- Single axle fitted with four wheels – 10 000kgs
- Tandem steering axle fitted with four wheels on each axle – 18 000kgs
- Tridem axle unit fitted with four wheels on each axle – 24 000kgs
- Permissible gross vehicle or vehicle combination mass shall be the least of mass limits determined by:
 - a. Manufacturer
 - b. Tyre rating
 - c. Law
- Maximum gross vehicle combination mass - 56 000kgs

SINGLE AXLE FITTED WITH FOUR WHEELS LEGAL LOAD PER AXLE 10.0 TONNES

- Overload of 100kgs - \$8
- Overload of 300kgs - \$25
- Overload of 500kgs - \$43
- Overload of 1000kgs - \$92
- Overload of 1500kgs - \$214
- Overload of 2000kgs - \$369
- Overload of 3000kgs - \$566
- Overload of 4000kgs - \$809
- Overload of 5000kgs - \$ 1 100

IMMIGRATION PERMITS

Requirements

(i) Business Residence Permit:

- Required fees: Processing fee is US\$100, and Issuance fee is US\$ 2,000
- Validity Period: 5 years
- Application requirements: fully completed application forms in duplicate, 2 passport size photographs, a Business Registration Certificate/ Certificate of Incorporation, A police clearance report from country of origin, a business plan/profile, bank statement with not less than US\$50,000, MITC Investment Certificate, and a covering letter from the applicant. Note that all documents should be in duplicate and all certificate be certified.

(ii) Employment Permit:

- Required fees: Processing fee is US\$100, and Issuance fee is US\$1,000
- Validity Period: 2 years
- Application requirements: fully completed application forms in duplicate, covering letter from the employer, certified copies of educational certificates, certified copies of professional certificates, evidence that the post was advertised in the local press and CVs of the local Malawians who took part in the interview, a letter of no objection from the previous employer in case the applicant changes jobs, 2 passport size photographs of the applicant, proof of arrangement of understudy, thumb print, registration certificates and certificate of incorporation, medical report, and original police clearance letter from country of origin. All supporting documents should be submitted in duplicate.
- Certified copies of the passport

TAXATION

COMPILED BY THE CORPORATE AFFAIRS DIVISION OF THE MALAWI REVENUE AUTHORITY (2018/2019)

1. DIRECT TAXES

Direct taxes are taxes on income such as income tax. They are normally levied on individuals and companies or corporations. Direct taxes are governed by the Taxation Act-Chapter 41:01 of the Laws of Malawi

1	INCOME TAX REGIME		
	Income Tax, as the name implies, is tax on income. Income shall include the total amount in cash or otherwise received by or accrued to a person from sources within Malawi or deemed to be within Malawi.		
	Tax Source	Descriptions	Rates
	Final Income Taxes - Corporate Tax	Domestic Incorporated Companies	30%
		Foreign Incorporated Companies	Add 5% to rate of domestic company
		Insurance companies	21%
		Trusts and educational institutions	25%
		Pension funds	15%
	- Individual Tax (PAYE)	From employment or business income: First K35,000/month	0%
		Next K5, 000	15%

		Excess over K40,000	30%
	- Export Processing Zone Companies		30%
	- Companies in Priority Industries	This is subject to the Minister of Finance gazetting of such priority companies	Either 0% for a period not exceeding 10 years (tax Holiday for up to 10 years) or 15% tax for ever
	- Ecclesiastical, Charitable or educational institutions of a public character or of trusts. For further details on Income Tax, please refer to the Eleventh Schedule of the Taxation Act		25%
WITHHOLDING TAX REGIME			
Withholding Tax is an advance payment of Income tax deducted at source on specific payments. The tax is deducted by the person making the payment at the time payment is made			
2	Tax Source		
	Final Income Taxes	Descriptions	Rates
	- Dividend Tax		
	- <i>Non-Resident Tax</i>	Final Tax	10%

Non-final tax rates applicable to residents on payments for	<i>On gross income</i>	15%
- Royalties		
- Rent		20%
- Fees		15%
- Bank interest of over K10,000		10%
- Services		20%
- Commissions		20%
-Payment for carriage and haulage		20%
-Payment for tobacco sales		10%
- Payment to contractors/sub-contractors		3%
- Payment of any supplies to traders and institution	Only contractors and subcontractors in the building and construction industry	4%
- Public entertainment	Foodstuff	3%
	Other	3%
- Payment of over K15,000 for casual labour or services		20%
For further details on Withholding Tax, please refer to the Fourteenth		20%

	Schedule of the Taxation Act		
EXEMPTIONS FROM INCOME TAX			
3	<p>Capital Gains/Losses</p> <ul style="list-style-type: none"> - Transfer of capital assets between spouses or between former spouses - On disposal of a principal residence - From shares held on the Malawi Stock Exchange for more than one year. - On disposal of personal and domestic assets. - (realized by an individual not used in connection with any trade) - <p>OTHER</p> <ul style="list-style-type: none"> - Severance pay of up to K50,000 - Interest up to K10, 000 (for individuals) <p>For further details on exemptions on Income Tax, please refer to the First Schedule of the Taxation Act</p>		

4	INCOME TAX INCENTIVES			
Malawi offers a wide range of tax incentives with the aim of encouraging development, enhancing output, earning or saving foreign exchange and expanding employment opportunities.				
	Item	Description	Claimable Rate	Reference
	Pre-business expenses for manufacturers	In the course of establishing the business	Expenses up to 18 months before commencement of the business	Section 41 of the Taxation Act
	Export allowance	Allowance on taxable income on non-traditional exports (i.e. not un manufactured tobacco and tobacco refuse, tea, coffee and cane sugar)	25% of taxable income from export sales	Section 14 of Export Incentives Act and Section 36A of the Taxation Act
	International Transport Allowance	Allowance on international transport costs incurred by the taxpayer for his non-traditional exports	Additional 25% of international cost	Section 41B of the Taxation Act
	Tax holiday	Companies operating in priority industry so designated by the Minister of Finance	- 0% not exceeding 10year period	- Eleventh schedule of the Taxation Act
	Initial annual and Investment allowance			See the table below on Capital allowance

Other tax incentives	<ul style="list-style-type: none"> - Duty free importation of qualifying capital goods used in manufacturing, tourism, mining, horticulture, information Technology, and telecommunication - For manufacturing, duty free benefit also applies to raw materials - VAT levelled at 16.5% is reclaimable - Specific goods are VAT exempt or zero rated (see table below VAT relief supplies) - Industrial rebate scheme: qualifying industries can import raw materials duty free
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5. FRINGE BENEFIT TAX STRUCTURE

Fringe Benefit Tax (FBT), is the tax that is charged on the total taxable value of fringe benefits provided by the employer to the employee. A fringe benefit means any asset service or other benefit in kind that is provided by or on behalf of an employer to an employee, if such provision includes an element of personal benefit to the employee. Except government, all other employers are eligible for Fringe Benefit Tax.

	Taxable Item	Basis of Taxable Value	Rate	Option
	Motor Vehicle	15% Original Cost	30%	No
		-		
	Housing Accommodation Property owned by employer	50 percent of <ul style="list-style-type: none"> - Open market value (OMV) or - 10% employee's salary for an unfurnished house - 12% employees' salary for furnished house 	30%	The one with greater amount
	Rented Property	<ul style="list-style-type: none"> - Rented value or - 10% of salary (unfurnished housing) - 12% of salary 	30%	The one with greater amount

		(furnished housing)		
	School fees and related expenses	- Cost	30%	50% taxable if paid directly to an institution
	Utilities Household items, Vacations, travel, Domestic services; gardeners, maids, cooks, nannies, security guards and watchmen	- Cost	30%	100% Taxable (but gardener security guard & watchmen are exempted if the property is owned by employer)
For more details on Fringe Benefit tax, please refer to section 94A-94D of Taxation Act and Taxation (Fringe Benefits Tax) (Information and Payment) Regulations				

6	CAPITAL ALLOWANCES			
	Item	<u>Initial Allowance</u>	<u>Annual allowances</u>	<u>Investment Allowances</u>
	Farm Improvements, Railway lines	10%	5%	-
	Industrial Building	10%	5%	- 40 % on used

				buildings - 100% on unused buildings
	Plant & Machinery	20%	10% normal shifts or 17.5% for 2 shifts or 25% for 24hrs/day	- 40% on used plant and machinery buildings - 100% on unused plant and machinery buildings
	Farm Fencing	33.3%	10%	
	Staff Housing for manufacturers and large tobacco, tea, sugar & cocoa farmers	10%	5%	-
	Commercial Building costing K100 million		2.5%	-
	Article, Implements	20%	Various as determined by Commissioner General	- Examples are given below

Note:

- Those who qualify for both Initial and investment allowances are required to choose either of the two but not both.
- Investment allowance is given to a taxpayer who is also a manufacturer.
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For further details on Investments Allowance, please refer to the Second Schedule of the Taxation Act

7	ANNUAL ALLOWANCES FIXED BY THE COMMISSIONER GENERAL	
	The following rates are fixed by the Commissioner General, and except where stated, are to be used on the diminishing balance of the original cost	
	Goods and Services	Rates
	Air conditioner plant	10%
	Aircraft	20%
	Angle Dozers	25%
	Anvils	20%
	Bakers' Ovens (metal parts only)	10%
	Bicycles	25%
	Billiard Tables	10%
	Blinds, Venetian	10%
	Book-Keeping and calculating machines	10%
	Bulldozers	25%
	Caravans	20%
	Carpets (over 100 pound)	25%
	Clarinets	10%
	Combined Harvesters (self-propelled)	20%
	Computer (on straight line basis)	40%
	Concrete Mixers	20%
	Cranes (Mobile)	15%
	Diesel Alternation sets, compressors and motors	10%
	Dozers – Angle bull and Tree	25%
	Electric cooking stoves	10%
	Electric fires and fans (renewals basis)	100%

Electric Organ (portable)	20%
Flues: Brick and tile maker	100% once or 10% annually
Forges	20%
Furniture: hotel, Boarding house and office	10%
Craders	25%
Helicopters	20%
Hot water systems (Flats): equipment	10%
Pipes	10%
Industrial Plant	0%
Instruments (Doctors & Dentists) (renewals basis)	100%
Kilos: Brick & Tile maker	100% one or 10% annually
Legal & Professional libraries	25%
Lifts and Elevators	10%
Lime Kilos	10%
Linen, cutlery, crockery, glassware, Hotels, Boarding houses, restaurants etc. (renewals basis)	100%
Loose Tools (Renewals basis)	100%
Machinery & Plant	10%
Mattresses	25%
Mechanical Elevator	25%
Mechanical Shovels	25%
Mobile cranes	15%
Motor cars	20%
Motor cars in special cases, such as commercial travellers, and where use is mainly on rough roads	25%

Motor Lorries (town use-delivery van)	20%
Motor lorries, heavy lorries and light trucks, where used heavy work or on rough roads	25%
Special cases, such as road transport service	33%
Musician's drum sets (replacement of vellums to be allowed as repairs)	10%
Neon electric signs	10%
Organ: Electric: portable	20%
Pianos: Used in schools, music studios, hotels and used for private pupils	10%
Pipes clocks	10%
Railway lines (Light-movable)	10%
Refrigerators	10%
Road Scrapers	25%
Safes	10%
Saxophones	10%
Scaffolding	10%
Scales	10%
Shop Fittings and fixtures	10%
Sprinkler installation	10%
Telephones & lines owned by taxpayers (excluding wiring which should be on the replacements basis)	10%
Temporary Housing: Uniport Huts Tents	20%
Tractors: Farm	20% (or up to 33% where justified)
Tractors: tracked	25%
Trailers	10%
Tree dozers	25%

	Trench diggers	25%
	Typewriters	10%
	Trumpets (musical)	10%
	Uniport Huts: Temporary housing	20%
	Venetian Blinds	10%
	Water-boring drills: Ordinary	10%
	High Speed rotary	20%
	Percussion	15%
	Water supply plant (Including windmills)	10%
	Wagon drills	10%
	Wagons	15%
	Wireless sets	15%
	X-ray plant	20%

Source: Malawi Revenue Authority