



# MITC



MARCH, 2022

## BUSINESS OPERATING COSTS IN MALAWI

Private Bag 302, First Floor Aquarius House, Lilongwe, Malawi

Tel: +265 1 771 315, F: +265 1 771 781, Web: [www.mitc.mw](http://www.mitc.mw)

*“Malawi - Your sure destination for investment and trade”*

BUSINESS INFORMATION UNIT

## **CONTENTS**

MALAWI LABOUR CHARGES.....	2
UTILITIES (WATER COSTS)	
1. CENTRAL REGION WATER BOARD .....	3
2. LILONGWE WATER BOARD .....	5
3. BLANTYRE WATER BOARD .....	11
4. NORTHERN REGION WATER BOARD .....	13
ELECTRICITY SUPPLY CORPORATION OF MALAWI (ESCOM) .....	14
TRANSPORTATION .....	16
1. FREIGHT SERVICES (TRANSPORT TARIFF RATES .....	17
2. RAIL IMPORT AND EXPORT RATES .....	18
IMMIGRATION PERMITS .....	20
TAXATION .....	21

March, 2022

### 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 MK824.48**, 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 \$1.63) per day**  
**Note: US\$ 1 = K824.48 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 in November 2021.

#### A. TARIFF ADJUSTMENT

##### 1.0 INDIVIDUAL CATEGORY

VOLUMES IN 200 LITRE DRUMS	TARIFF MK	PRICE PER LITRE
First 20 Drums	Mk1,631.90	Mk0.41
Next 130 Drums	Mk387.52 for 5 drums	Mk0.39
Over 130 Drums	Mk420.20 for 5 Drums	Mk0.42

##### 2.0 INSTITUTIONAL CUSTOMERS

VOLUME IN 200 LITRE DRUMS	TARIFF MK	PRICE PER LITRE
First 20 drums	Mk15,447.75	Mk3.86
Next 130 Drums	Mk1,822.93	Mk1.82
Over 130 Drums	Mk2, 162.34	Mk2.16

##### 3.0 COMMERCIAL AND INDUSTRIAL CATEGORIES

VOLUME IN 200 LITRE DRUMS	TARIFF MK	PRICE PER LITRE
First 20 drums	Mk16,852.14	Mk4.21
Next 130 Drums	Mk1,988.72	Mk1.99
Over 130 Drums	Mk2,358.95	Mk2.36

#### 4.0 COMMUNAL WATER POINTS

VOLUME IN 200 LITRE DRUMS	TARIFF MK	PRICE PER LITRE
5 Drums	Mk213.971	Mk0.21

##### Typical Individual Customer Bill Illustration

Description	Input details	Amount
Tier 1:		
Tier 2:	(8m3 x387.52)	
Tier 3	(0m3 x420.20)	
Total Water Bill		4,732.06
Service Charges		1,812.14
Total Bill		6,544.20

*Source: Central Region Water Board*

# 1. LILONGWE WATER BOARD

## WATERWORKS 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 Forestry and Natural Resources, make the following By laws-

- **Citation**

- These By-laws may be cited as the waterworks (Lilongwe Water Board) (Water Supply Charges) (Amendment) By-laws,2021 and shall be deemed to have come into operation on 1<sup>st</sup> November, 2021

### **FIRST SCHEDULE..... (bylaw 2)**

#### **WATER CHARGES**

- 1. For water supplied in bulk to kiosks, a flat rate shall be levied per m<sup>3</sup> as follows:**

ITEM NO.	CUSTOM CATEGORY	BAND	TARIFFS BEFORE VAT	
			K	T
a)	Community kiosks	Flat Rate (Mk/m <sup>3</sup> )	2	69
b)	The Boards kiosks	Flat Rate (Mk/m <sup>3</sup> )	2	99

2. For water supplied for domestic purpose:

ITEM NO	BAND	TARIFFS BEFORE VAT	
		K	T
a)	Up to 5m <sup>3</sup> (Flat Rate in MK- Minimum charge)	2,504	00
b)	5-10m <sup>3</sup> (MK/m <sup>3</sup> )	719	00
c)	>10m <sup>3</sup> (MK/m <sup>3</sup> )	1,001	00
	Prepaid meters all bands (Flat Rate)	1,001	00

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	TARIFFS BEFORE VAT	
a)	Up to 10m <sup>3</sup> (Flat Rate in MK/ Minimum charge)	22,671	00
b)	10-40(MK/M <sup>3</sup> )	2,535	00
c)	>40m <sup>3</sup> (MK/M <sup>3</sup> )	2,715	00
d)	Prepaid Meter all bands (Flat Rate)	2,715	00

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

ITEM NO.	BAND	TARRIFF BEFORE VAT
a)	Up to 10m <sup>3</sup> (Flat Rate in MK- Minimum charge)	22,671 00
b)	11-40m <sup>3</sup> (MK/M)	2,535 00
c)	>40(MK/m <sup>3</sup> )	2,715 00
d)	Prepaid meters all bands (Flat Rate)	2,715 00

5.For water supplied for commercial or industrial purpose

ITEM NO.	BAND	TARRIFF BEFORE VAT
a)	Up to 10m <sup>3</sup> (Flat Rate in MK- Minimum charge)	12,623 00
b)	10-40m <sup>3</sup> (MK/M)	2,774 00
c)	>40(MK/m <sup>3</sup> )	3,017 00
d)	Prepaid meters all bands (Flat Rate)	3,017 00

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

ITEM NO.	CUSTOMER CATEGORY	BAND	TARRIFF BEFORE VAT
	Bunda (Central Region Water Board)	Flat rate K/m <sup>3</sup>	611 00



**SECOND SCHEDULE.....(by-law 3)**  
**FEES, DEPOSITS AND PENALTIES**

<b>NO</b>	<b>ITEM DESCRIPTION</b>	<b>CUSTOMER CATEGORY/SIZE OF METER</b>	<b>TARIFFS BEFORE VAT</b>
1	Meter Deposit on Post Paid meters	Residential / Kiosks	15,000
		Commercial / Institution	15,000
		Contractors	50,000
2	Meter Deposit on prepaid meter	Residential/Kiosks	30,000
		Commercial/Institution	50,000
3	Sewer Connection fees	Commercial -CBD& Industrial	300,000.00
		Commercial Normal and Institutional	200,000.00
		Domestic	50,000.00
4	Penalty on returned cheques	All customer categories	30,000
5	Change of customer details	All customer categories	Free
6	Post Paid meter damage	15 mm	45,000.00
		20 mm	47,000.00
		25 mm	94,000.00
		40 mm	169,950.00
		50 mm	220,935.00
		80 mm	790,000.00
		100 mm	1,050,000.00
7	Pre - Paid Meter damage/loss	15 mm	109,500.00

		20 mm	120,000.00
		25 mm	126,750.00
		40 mm	550,500.00
		50 mm	761,500.00
		80 mm	1,467,750.00
		100 mm	1,992,000.00
8	Prepaid meter CIU damage /Loss		45,000.00
9	Statement Printing	All customer categories	500.00
10	Bowser hiring	All customer categories	5,000
		(a) Cost of water per m <sup>3</sup> - Domestic	1,001.00
		b) Cost of water per m <sup>3</sup> - Commercial	2,916.00
		C) Cost of water per m <sup>3</sup> - Institutional	2,625.00
		c) Administrative fee	5,000.00
		d) Bowser rental per day	7,875.00
		e) Mileage per km	250.00
		f) Fuel per km	350.00

11	Commercial plumbing		200,000.00
12	Sewerage disposal	Less than 3,000 m <sup>3</sup>	5,000.00
		Between 3,000 m <sup>3</sup> – 9,000 m <sup>3</sup>	10,000.00
		Above 9,000 m <sup>3</sup>	20,000.00
13	Penalty for meter tempering, by passes and self-reconnection	a) Infringement charge-Domestic	500,000.00
		b) Infringement charge-Kiosks	500,000
		c) Infringement charge - Industrial/ Commercial/ Institutional	3,000,000
		d) Cost of stolen water per m <sup>3</sup> - Domestic	2,500.00
		e) Cost of stolen water per m <sup>3</sup> - Kiosks	2,500.00
		f) Cost of stolen water per m <sup>3</sup> - Industrial / Commercial/ Institutional	5,000.00
		g) Administrative charge	37,500.00

For more information visit [www.lwb.mw](http://www.lwb.mw)

---

**Source: Lilongwe Water Board**

## 2 . BLANTYRE WATER BOARD

### WATERWORKS ACT

(Cap 72:01)

#### **WATERWORKS (BLANTYRE WATER BOARD) (WATER SUPPLY CHARGES) BY-LAWS 2021**

In EXERCISE of the powers conferred by Section 56 of the Waterworks Act, the Blantyre Water Board with the approval of the Minister of Forestry and Natural Resources has made the following By-laws-

These By-Laws may be cited as the Waterworks Citation and Blantyre Water Board) (Water Supply Charges) commencement By-laws, 2021 and shall come into operation on 1<sup>st</sup> July, 2021

For the supply of water to a consumer, there shall be Water rates payable by the consumer the rates specified in the First Schedule

2. For the supply of water to a consumer, there shall be payable by the consumer the rates specified in the First Schedule
- Water rates

#### **FIRST SCHEDULE WATER RATES**

	<b>K</b>	<b>t</b>	<b>K</b>	<b>t</b>
	<b><u>Present Price</u></b>		<b><u>Proposed Price</u></b>	
1. For water supplied from communal water points or kiosks, per litres	0.23		0.40	
2. <b>For water supplied for domestic purposes</b>				
(a) for the first 5,000 litres or part thereof, per litre	0.46		0.76	
(b) Exceeding 5,000 liters up to 10,000 litres per litre (rate applicable from 0 up to 10,000 litres)	0.49		0.81	
(c) Exceeding 10,000 litres up to 40,000 litres per litre (rate applicable from 0 up to 40,000 litres)	0.58		0.96	
(d) Exceeding 40,000 litres per litre, (rate applicable from 0 and above 40,000 litres)	0.64		1.06	

<b>3. For water supplied to institutions</b>		2.25
(a) For the first 10,000 litres or part thereof, per litre	1.04	1.72
(b) Exceeding 10,000 litres up to 40,000 litres per litre, (rate applicable from 0 up to 40,000 litres)	1.18	1.95
(c) Exceeding 40,000 litres per litre, (rate applicable from 0 and above 40,000 litres)	1.24	2.05
<b>4 For water supplied for commercial purposes</b>		
(a) For the first 10,000 litres or part thereof, per litre	1.36	
(b) Exceeding 10,000 litres up to 40,000 litres per litre, (rate applicable from 0 up to 40,000 litres)	1.50	
(c) Exceeding 40,000 litres per litre, (rate applicable from 0 and above 40,000 litres)	1.65	2.72
<b>5 For water supplied for industrial purposes</b>		
(a) For the first 10,000 litres or part thereof per litre,	1.91	3.15
(b) Exceeding 10,000 litres up to 40,000 litres per litre, (rate applicable from 0 up to 40,000 litres)	2.17	3.58
(c) Exceeding 40,000 litres per litre, (rate applicable from 0 and above 40,000 litres)	2.39	3.94

### 3. 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.

For water supplied through individual household meters:

- Class A (households with water facilities in homes): K906.23 per cubic metre (1000 litres) (Excluding VAT)
- Class B (households with water stand pipe only): K664.13 per cubic metre (1000 litres) (Excluding VAT)
- Class C (communal water points): K483.00 per cubic metre (1000 litres) (Excluding VAT)

For water supplied to institutional customers: K1,454.75 per cubic metre (1000 litres) (Excluding VAT)

For water supplied to commercial customers: K2,331.40 per cubic metre (1000 litres) (Excluding VAT)

*Source: Northern Region Water Board*

# ELECTRICITY SUPPLY CORPORATION OF MALAWI TARIFF

## STRUCTURE EFFECTIVE MARCH 2022

Tariff Code	Description	Type of Charge per month	Existing Rate (Mk)	New Rate (Mk)
ET1	Domestic , Prepaid , Single Phase Supply	Fist 50 KWh Unit Charge	47.5	56.00
		Above 50 KWh Unit Charge	67.25	79.30
ET2	Domestic , Postpaid , Single Phase supply	Fist 50 KWh Unit Charge	41.8	49.30
		Above 50 KWh Unit Charge	63.89	75.30
		Fixed Charge	5 000.00	5 900.00

ET3	Domestic , Prepaid , Three Phase Supply	Unit charge per KWh	96	113.20
ET4	Domestic , Postpaid , Three Phase Supply	Fixed Charge	12 000.00	14 100.00
		Unit charge per KWh	93	109.65
ET5	General , Prepaid , Single Phase Supply	Unit charge per KWh	99.5	117.30
ET6	General , Postpaid , Single Phase Supply	Fixed Charge	8 000.00	9 400.00
		Unit charge per KWh	95	112.00
ET7	General , Prepaid ,Three Phase Supply	Unit charge per KWh	110	129.70
ET8	General , Postpaid , Three Phase Supply	Fixed Charge	12 000.00	14 100.00
		Unit charge per KWh	101	119.10
ET9	Maximum Demand - Low Voltage Supply (Large power for industrial users , supplied at three phase supply and metered at 400 Volts)	Fixed Charge per Month	Nil	Nil
		On peak unit charge per KWh	124	146.20
		Off peak unit Charge per KWh	42	49.50
		Capacity Charge per kVA based on the customer's annual declared demand	5 200.00	6 100.00
		Demand Charge per kVA based on actual monthly demand reading	9 000.00	10 600.00
ET10	Maximum Demand - Medium Voltage Supply ( Large power for industrial users , supplied at three phase supply and metered at 11 kV or 33 kV)	Fixed Charge per Month	Nil	Nil
		On peak unit charge per KWh	121	142.65
		Off peak unit Charge per KWh	40	47.15
		Capacity Charge per kVA based on the customer's annual declared demand	4 700.00	5 500.00
		Demand Charge per kVA based on actual monthly demand reading	8 700.00	10 300.00
ET11	Essential Service, Prepaid, Three Phase Supply, High Current Metering	Unit charge per KWh	115	135.60

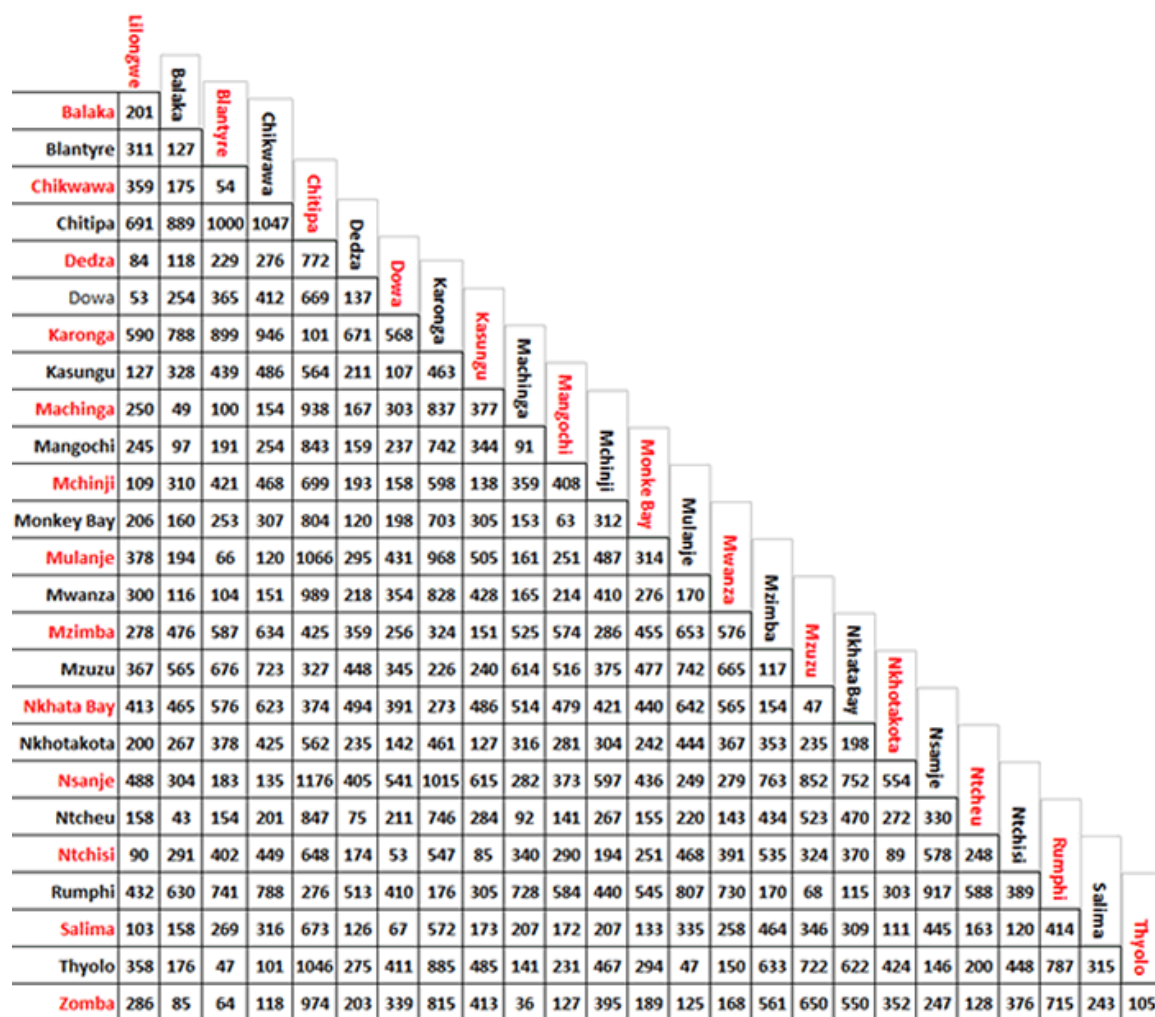


*Source: ESCOM Head Office*

## TRANSPORTATION

- **Road distances in Malawi from major business areas**

Below is a graph showing



- **Road distances between Malawi's major trade routes i.e. Dar es Salaam Corridor, Beira Corridor, Nacala Corridor**

Corridor/Destination	Point of Origin	Distance (Km)	Mode of transport
Durban	Lilongwe Blantyre	2,650 2,340	Road
Dar-es-Salaam	Lilongwe Blantyre	1,667 1,978	Road
Beira	Lilongwe Blantyre	1,096 825	Road

Nacala	Lilongwe Blantyre	989 799	Rail
Beira	Lilongwe Blantyre	951 575	Rail

## 1. FREIGHT SERVICES (TRANSPORT TARIFF RATES)

### A. MANICA MALAWI LIMITED

Containerized Imports							
Destination	Cost Range (varies based on tonnage)		Port Clearing Charges		Total Cost	Total Cost	Remark
Container Size	20'	40'	20'	40'	20'	40'	
Beira to Lilongwe	\$2,800	\$2,800	\$1,050	\$1,250	\$3,850	\$4,050	
Dares-salaam to Lilongwe	from \$4000 to \$4850		\$1,500	\$1,750	\$ 5,500	\$6,600	Inclusive Container return to port

Containerized Exports (FOB)			
Destination	Transport	Port Clearance Cost	Remarks
Beira to Lilongwe	\$1,500	\$500 - \$650	Agricultural
Beira to Lilongwe	\$1,500	\$550 - \$780	Non-agricultural

#### Other Fees

**Shipline Original Terminal Charges      \$200 to \$300 per container**

## 2. RAIL IMPORT AND EXPORT RATES

### Central East African Railway (CEAR) Rail Way Freight Rates (Containerized) 2021

Containers:

2021 Rates		20' Container			15.0 tons ≤ payload ≤ 21.5 tons			20' Overweight			payload > 21.5 tons			20' Light			payload < 15.0 tons			20' Empty		
		Freight Rate (USD)	Weightbridge (per TEU)	Total Freight Rate (USD)			Freight Rate (USD)	Weightbridge (per TEU)	Total Freight Rate (USD)			Freight Rate (USD)	Weightbridge (per TEU)	Total Freight Rate (USD)			Freight Rate (USD)	Weightbridge (per TEU)	Total Freight Rate (USD)			
A	Nacala x Lilwande	\$1 022,74	\$27,00	\$1 049,74			\$1 561,11	\$27,00	\$1 588,11			\$869,33	\$27,00	\$896,33			\$276,14	\$27,00	\$303,14			
B	Nacala x Blantyre	\$1 225,00	\$27,00	\$1 252,00			\$1 834,34	\$27,00	\$1 861,34			\$1 024,16	\$27,00	\$1 051,16			\$325,32	\$27,00	\$352,32			
C	Nacala x Chipoka	\$1 275,19	\$27,00	\$1 302,19			\$1 899,29	\$27,00	\$1 926,29			\$1 060,97	\$27,00	\$1 087,97			\$337,01	\$27,00	\$364,01			
D	Nacala x Lilongwe	\$1 511,10	\$27,00	\$1 538,10			\$2 253,15	\$27,00	\$2 280,15			\$1 261,48	\$27,00	\$1 288,48			\$400,71	\$27,00	\$427,71			
E	Nacala x Chipota	\$1 730,58	\$27,00	\$1 757,58			\$2 582,36	\$27,00	\$2 609,36			\$1 448,04	\$27,00	\$1 475,04			\$459,97	\$27,00	\$486,97			
F	Lilwande x Nacala	\$821,61	\$27,00	\$848,61			\$1 232,41	\$27,00	\$1 259,41			\$698,37	\$27,00	\$725,37			\$205,40	\$27,00	\$232,40			
G	Blantyre x Nacala	\$967,94	\$27,00	\$994,94			\$1 451,91	\$27,00	\$1 478,91			\$822,75	\$27,00	\$849,75			\$241,98	\$27,00	\$268,98			
H	Chipoka x Nacala	\$1 002,72	\$27,00	\$1 029,72			\$1 504,08	\$27,00	\$1 531,08			\$852,31	\$27,00	\$879,31			\$250,68	\$27,00	\$277,68			
I	Lilongwe x Nacala	\$1 192,23	\$27,00	\$1 219,23			\$1 788,34	\$27,00	\$1 815,34			\$1 013,39	\$27,00	\$1 040,39			\$298,06	\$27,00	\$325,06			
J	Chipota x Nacala	\$1 368,54	\$27,00	\$1 395,54			\$2 052,82	\$27,00	\$2 079,82			\$1 163,26	\$27,00	\$1 190,26			\$342,14	\$27,00	\$369,14			

2021 Rates		40' Container			23.0 tons ≤ payload ≤ 30.0 tons			40' Light			payload < 23 tons			40' Empty					
		Freight Rate (USD)	Weightbridge (per FEU)	Total Freight Rate (USD)			Freight Rate (USD)	Weightbridge (per FEU)	Total Freight Rate (USD)			Freight Rate (USD)	Weightbridge (per FEU)	Total Freight Rate (USD)			Freight Rate (USD)	Weightbridge (per FEU)	Total Freight Rate (USD)
A	Nacala x Lilwande	\$1 867,94	\$48,60	\$1 916,54			\$1 499,75	\$48,60	\$1 548,35			\$460,23	\$48,60	\$508,83					
B	Nacala x Blantyre	\$2 195,81	\$48,60	\$2 244,41			\$1 762,05	\$48,60	\$1 810,65			\$542,20	\$48,60	\$590,80					
C	Nacala x Chipoka	\$2 273,75	\$48,60	\$2 322,35			\$1 824,40	\$48,60	\$1 873,00			\$561,69	\$48,60	\$610,29					
D	Nacala x Lilongwe	\$2 698,38	\$48,60	\$2 746,98			\$2 164,10	\$48,60	\$2 212,70			\$667,84	\$48,60	\$716,44					
E	Nacala x Chipota	\$3 093,44	\$48,60	\$3 142,04			\$2 480,15	\$48,60	\$2 528,75			\$766,61	\$48,60	\$815,21					
F	Lilwande x Nacala	\$1 478,89	\$48,60	\$1 527,49			\$1 183,11	\$48,60	\$1 231,71			\$369,72	\$48,60	\$418,32					
G	Blantyre x Nacala	\$1 742,29	\$48,60	\$1 790,89			\$1 393,83	\$48,60	\$1 442,43			\$435,57	\$48,60	\$484,17					
H	Chipoka x Nacala	\$1 804,90	\$48,60	\$1 853,50			\$1 443,52	\$48,60	\$1 492,52			\$451,22	\$48,60	\$499,82					
I	Lilongwe x Nacala	\$2 146,01	\$48,60	\$2 194,61			\$1 716,81	\$48,60	\$1 765,41			\$536,50	\$48,60	\$585,10					
J	Chipota x Nacala	\$2 463,38	\$48,60	\$2 511,98			\$1 970,70	\$48,60	\$2 019,30			\$615,85	\$48,60	\$664,45					

### Weighbridge Fees and Penalties

- Application of abnormal load permits - K30, 000.00 (US\$36.40)
- International cross-border service permits per annum - K12, 000.00 (US\$14.56)

### 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\$ 7,400
- 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\$2,000
- 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 (Year)

### 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	<b>INCOME TAX REGIME</b>  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.		
	<b>Tax Source</b>	<b>Descriptions</b>	<b>Rates</b>
	Final Income Taxes		
	- Corporate Tax	Domestic Incorporated Companies	30%
		Foreign Incorporated Companies	<b>Add 5% to rate of domestic company</b>
		Insurance companies	<b>30%</b>
		Trusts and educational institutions	<b>30%</b>
		Pension funds	<b>15%</b>
	- Individual Tax (PAYE)	From employment or business income:  First K100,000/month	<b>0%</b>

		Next K900,000	<b>25%</b>
		Next K2,000,000	<b>30%</b>
		Next K3,000,000	<b>35%</b>
		Excess over K6,000,000	<b>40%</b>
	Export Processing Zone Companies		<b>30%</b>
	Companies in Priority Industries	This is subject to the Minister of Finance gazetting of such priority companies	<b>Either 0% for a period not exceeding 10 years (tax Holiday for up to 10 years) or 15% tax for ever</b>
	Ecclesiastical, Charitable or educational institutions of a public character or of trusts.  <b>For further details on Income Tax, please refer to the Eleventh Schedule of the Taxation Act</b>		<b>30%</b>
	<b>WITHHOLDING TAX REGIME</b>  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		
<b>2</b>	<b>Tax Source</b>		
	<b>Final Income Taxes</b>	<b>Descriptions</b>	<b>Rates</b>
	- Dividend Tax		
	- <i>Non-Resident Tax</i>	Final Tax	<b>15%</b>

	Non-final tax rates applicable to residents on payments for	<i>On gross income</i>	<b>15%</b>
	- Royalties		<b>20%</b>
	- Rent		<b>20%</b>
	- Fees		<b>20%</b>
	- Bank interest of over K10,000		<b>10%</b>
	- Services		<b>20%</b>
	- Commissions		<b>20%</b>
	-Payment for carriage and haulage		<b>10%</b>
	-Payment for tobacco sales in excess of 1200kg		3%
	- Payment to contractors/sub-contractors		<b>3%</b>
	- Payment of any supplies to traders and institution	Only contractors and subcontractors in the building and construction industry	<b>3%</b>
	- Public entertainment	Foodstuff	<b>3%</b>
		Other	<b>20%</b>
	- Payment of over K35,000 for casual labour		<b>20%</b>



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

<b>4</b>	<p style="text-align: center;"><b>INCOME TAX INCENTIVES</b></p> <p>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.</p>			
	<b>Item</b>	<b>Description</b>	<b>Claimable Rate</b>	<b>Reference</b>
	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	<p>Companies operating in priority industry so designated by the Minister of Finance i.e.</p> <p>1. Agro processing sector with minimum investment of USD500,000 for 100% local shareholding and USD 5 million for foreign shareholding. 35% value addition</p> <p>2. Electricity generation, transmission and distribution sector with minimum investment of USD 30million for any type of share holding</p>	<p>0% not exceeding 10year period</p> <p><b>or</b></p> <p>15% for companies incorporated in Malawi and additional 5% of the taxable income for companies not incorporated in Malawi</p>	- 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"> <li>- Duty free importation of qualifying capital goods used in manufacturing, tourism, mining, horticulture, information Technology, and telecommunication</li> <li>- For manufacturing, duty free benefit also applies to raw materials</li> <li>- VAT levelled at 16.5% is reclaimable</li> <li>- Specific goods are VAT exempt or zero rated (see table below VAT relief supplies)</li> <li>- Industrial rebate scheme: qualifying industries can import raw materials duty free</li> </ul>		

## 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.

	<b>Taxable Item</b>	<b>Basis of Taxable Value</b>	<b>Rate</b>	<b>Option</b>
	Motor Vehicle	15% Original Cost	30%	No
		-		
	Housing Accommodation  Property owned by employer	50 percent of 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	- Rented value or - 10% of salary (unfurnished housing) - 12% of salary (furnished housing)	30%	The one with greater amount
	School fees and related expenses	- Total 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	- Total Cost	30%	100% Taxable (but gardener security guard & watchmen are exempted if the property is owned by employer
<b>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</b>				

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.
- 

**For further details on Investments Allowance, please refer to the Second Schedule of the Taxation Act**

<b>7</b>	<b>ANNUAL ALLOWANCES FIXED BY THE COMMISSIONER GENERAL</b>	
	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	
	<b>Goods and Services</b>	<b>Rates</b>
	Air conditioner plant	<b>10%</b>
	Aircraft	<b>20%</b>
	Angle Dozers	<b>25%</b>
	Anvils	<b>20%</b>
	Bakers' Ovens (metal parts only)	<b>10%</b>
	Bicycles	<b>25%</b>
	Billiard Tables	<b>10%</b>

	Blinds, Venetian	<b>10%</b>
	Book-Keeping and calculating machines	<b>10%</b>
	Bulldozers	<b>25%</b>
	Caravans	<b>20%</b>
	Carpets (over 100 pound)	<b>25%</b>
	Clarinets	<b>10%</b>
	Combined Harvesters (self-propelled)	<b>20%</b>
	Computer (on straight line basis)	<b>40%</b>
	Concrete Mixers	<b>20%</b>
	Cranes (Mobile)	<b>15%</b>
	Diesel Alternation sets, compressors and motors	<b>10%</b>
	Dozers – Angle bull and Tree	<b>25%</b>
	Electric cooking stoves	<b>10%</b>
	Electric fires and fans (renewals basis)	<b>100%</b>
	Electric Organ (portable)	<b>20%</b>
	Flues: Brick and tile maker	<b>100% once or 10% annually</b>
	Forges	<b>20%</b>
	Furniture: hotel, Boarding house and office	<b>10%</b>
	Craders	<b>25%</b>
	Helicopters	<b>20%</b>
	Hot water systems (Flats): equipment	<b>10%</b>
	Pipes	<b>10%</b>
	Industrial Plant	<b>0%</b>

	Instruments (Doctors & Dentists) (renewals basis)	<b>100%</b>
	Kilos: Brick & Tile maker	<b>100% one or 10% annually</b>
	Legal & Professional libraries	<b>25%</b>
	Lifts and Elevators	<b>10%</b>
	Lime Kilos	<b>10%</b>
	Linen, cutlery, crockery, glassware, Hotels, Boarding houses, restaurants etc. (renewals basis)	<b>100%</b>
	Loose Tools (Renewals basis)	<b>100%</b>
	Machinery & Plant	<b>10%</b>
	Mattresses	<b>25%</b>
	Mechanical Elevator	<b>25%</b>
	Mechanical Shovels	<b>25%</b>
	Mobile cranes	<b>15%</b>
	Motor cars	<b>20%</b>
	Motor cars in special cases, such as commercial travellers, and where use is mainly on rough roads	<b>25%</b>
	Motor Lorries (town use-delivery van)	<b>20%</b>
	Motor lorries, heavy lorries and light trucks, where used heavy work or on rough roads	<b>25%</b>
	Special cases, such as road transport service	<b>33%</b>
	Musician's drum sets (replacement of vellums to be allowed as repairs)	<b>10%</b>
	Neon electric signs	<b>10%</b>
	Organ: Electric: portable	<b>20%</b>



	Pianos: Used in schools, music studios, hotels and used for private pupils	<b>10%</b>
	Pipes clocks	<b>10%</b>
	Railway lines (Light-movable)	<b>10%</b>
	Refrigerators	<b>10%</b>
	Road Scrapers	<b>25%</b>
	Safes	<b>10%</b>
	Saxophones	<b>10%</b>
	Scaffolding	<b>10%</b>
	Scales	<b>10%</b>
	Shop Fittings and fixtures	<b>10%</b>
	Sprinkler installation	<b>10%</b>
	Telephones & lines owned by taxpayers (excluding wiring which should be on the replacements basis)	<b>10%</b>
	Temporary Housing: Uniport Huts Tents	<b>20%</b>
	Tractors: Farm	<b>20% (or up to 33% where justified)</b>
	Tractors: tracked	<b>25%</b>
	Trailers	<b>10%</b>
	Tree dozers	<b>25%</b>
	Trench diggers	<b>25%</b>
	Typewriters	<b>10%</b>
	Trumpets (musical)	<b>10%</b>
	Uniport Huts: Temporary housing	<b>20%</b>
	Venetian Blinds	<b>10%</b>

	Water-boring drills: Ordinary	<b>10%</b>
	High Speed rotary	<b>20%</b>
	Percussion	<b>15%</b>
	Water supply plant (Including windmills)	<b>10%</b>
	Wagon drills	<b>10%</b>
	Wagons	<b>15%</b>
	Wireless sets	<b>15%</b>
	X-ray plant	<b>20%</b>

*Source: Malawi Revenue Authority*