

## Malawi government tussles with banks over tax

The Malawian government continues to tussle with the banking community over the newly introduced value added tax (VAT) on some of its banking services ever since Finance Minister Ken Kandodo introduced the said tax in the 2011/2012 national budget.

 By [Gregory Gondwe](#) 8 Aug 2011

Kandodo announced new fees, charges, commissions and discounts on financial services as new targets for VAT as government said it is trying to maximise its revenue collection base.

The Bankers Association of Malawi (BAM) have been leading lobbies against the move, and in the process have been meeting government officials to either suspend the tax imposition or postpone it for a while

### Government should have consulted banks

In one such meeting early in July 2011 where officials from the Malawi Revenue Authority (MRA) and secretary to the treasury, Joseph Mwanamvekha, were present, BAM officials told government that government should have consulted the banks first before going ahead with the imposition of the tax.

The bankers representatives contended in the meeting that the imposition is ill timed because they need to source money that they can use to buy and install new technology to enable automatic Vat deductions.

They also said they are afraid of overwhelming their customers which increased charges as the banks are likely pass the VAT onto their customers.

"This VAT means that customers will bear the burden. Say, for example, if you want a bank statement, any account holder will automatically be deducted only if we put the right ICT system in place," explained BAM President John Bizwick in an interview with *The Nation* newspaper.

### Government to relook at proposal

He said at the meeting, MRA officials told the bankers that government will have to relook at their proposal and get back to them on the new VAT.

The tax which was supposed to be enforced on 1 July 2011 when government year begins, but due to the current situation where bankers are contending its imposition government has forced to delay it.

### ABOUT GREGORY GONDWE

Gregory Gondwe is a Malawian journalist who started writing in 1993. He is also a media consultant assisting several international journalists pursuing assignments in Malawi. He holds Diploma and an Intermediate Certificate in Journalism among other media-related certificates. He can be contacted on [gregorygondwe@gmail.com](mailto:gregorygondwe@gmail.com). Follow him on Twitter at [@Kalipochi](#).

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