



# Malawi mining sector: tax benefits available to potential investors

The mining sector in Malawi is rapidly growing mainly in the extraction of graphite, uranium, gemstone, coal, limestone, bauxite, alluvial gold mineralization and semi-precious stones. There have been a number of projects carried out to map the mineral resources, improve governance and participation by local people in the communities. The data gathered through these projects provides information required by the investors and is readily available at the Ministry of Mines, Energy and Natural Resources offices and website [www.mnrem.gov.mw](http://www.mnrem.gov.mw)

The mining sector in Malawi falls under the Ministry of Mines, Energy and Natural Resources. The role of the ministry is to ensure sustainable development, management and utilisation of natural resources; energy; and mineral resources for the socio-economic growth and development of Malawi.

This article aims to provide insights into tax benefits applicable to potential investors in the Malawi mining sector. Mining companies are required to pay income tax, resource rent tax, withholding tax and royalties.

Generally, the tax benefits are designed to attract investors into the mining sector.

The following are the tax benefits that were approved by Parliament in 2016: -

- A person carrying on mining operations and happens to incur mining expenditure shall be entitled to an allowance equal to 100 percent of such expenditure in the first year of assessment. The expenditure shall include purchase of machinery, plant and exploration equipment;
- No duty nor VAT is charged on the importation of specialised goods (machinery, plant and exploration equipment) for use in mining; and
- Entities may go on corporate tax holiday upon approval by the Minister of Finance and the Minister of Mines, Energy and Natural Resources.

The foregoing tax benefits are accessed through an application made to the Commissioner of Taxes of the Malawi Revenue Authority.

The application for the tax benefits is lodged with the Commissioner of Taxes accompanied by:-

- A valid mining licence issued by the Ministry of Mines, Energy and Natural Resources
- Registrar of Companies certificate
- Tax registration certificate
- Malawi Investment and Trade Centre certificate
- Investment registered with the Reserve Bank of Malawi under the Exchange Control Department

Investment should not be less than US\$500,000.

We at BDO Malawi, through our Tax and Advisory team, are able to facilitate business registration with all government departments mentioned above to obtain the required certificates and licences together with any attendant tax, accounting and secretarial services.

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