

## **Local Taxation in Malawi: A Modernised Critical Analysis of Systems, Challenges and Reform Imperatives for Sustainable Revenue Mobilisation (2021 to 2026)**

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**Abstract:** When this journal was first drafted in 2012, Malawi's Malawi Revenue Authority (MRA) was still finding its footing, taxpayers were still learning that 'Msonkho' was not a swear word, and the idea of filing a tax return from a mobile phone would have been met with polite scepticism. A decade and a half later, the fiscal landscape has shifted considerably, though not always in the ways anyone predicted. This modernised edition revisits and comprehensively updates the original study to reflect the policy, legislative and institutional developments of the 2021 to 2026 period, integrating the most recent available publications from the MRA, the Malawi Ministry of Finance, Deloitte, the IMF, and peer-reviewed academic literature.

The study examines the structure, administration and reform imperatives of the local taxation system in Malawi across the same thirteen thematic areas as the original journal, but with fresh eyes informed by a dramatically changed context: a Domestic Resource Mobilisation Strategy running from 2021 to 2026, an MRA that collected over K2.186 trillion in 2023/24 and exceeded its revenue target for the first time in recent memory, a VAT Electronic Invoicing System replacing ageing hardware-based Electronic Fiscal Devices, and a Taxpayer Charter launched in 2022 that for the first time set out in writing what taxpayers could actually expect from their tax authority. These are not small things. They represent, collectively, a tax administration that is learning to take itself seriously.

The research adopts a qualitative documentary analysis methodology, using primary official government publications from 2021 to 2026, Deloitte Malawi annual tax updates for 2023/24 and 2024/25, the MRA press communications, the Malawi 2024/25 and 2025/26 Budget Policy Statements, and peer-reviewed academic literature published within the past five years. Findings confirm that while structural challenges persist around the informal sector, digital infrastructure gaps and treaty network adequacy, the MRA has made measurable institutional progress. Specific reform recommendations are anchored in these contemporary realities rather than the aspirational language of earlier policy cycles.

**Keywords:** Local Taxation, Malawi Revenue Authority, Msonkho Online, VAT Electronic Invoicing System, PAYE, Withholding Tax, Domestic Resource Mobilisation Strategy 2021 to 2026, Deloitte Tax Update 2024/25, Double Taxation Relief, Estate Duty, Pension Taxation, MRA Taxpayer Charter 2022

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### **1. Introduction**

There is a particular kind of humility that comes with revisiting something you wrote in graduate school. Some of it holds up beautifully. Some of it reminds you that 2012 was a long time ago, and that tax law, like the Malawian kwacha exchange rate, does not stand still while you are busy doing other things. This modernised edition of the Local Taxation in Malawi directed studies journal is an honest attempt to honour the intellectual framework of the original work while ruthlessly updating its empirical content to reflect where Malawi's tax system actually stands in 2026.

The stakes are not trivial. Malawi is a country where the relationship between tax revenues and human welfare is viscerally direct. The MRA's ability to collect its K3.26 trillion target for the 2024/25 fiscal year is not an abstract fiscal management exercise. It funds teacher salaries, hospital drugs, road construction in districts that have been waiting for tarmac since independence, and increasingly, the government's ability to reduce its chronic dependency on foreign aid and IMF Emergency Credit Facility drawdowns. When Commissioner General John Bizwick announced in April 2024 that the MRA had not merely met but exceeded its annual target by K5.933 billion, with a 42 percent revenue growth over the previous year, it was the kind of headline that deserved more attention than it received.

Yet success in one year against a revenue target tells only part of the story. Malawi's macroeconomic environment in the 2021 to 2026 period has been genuinely difficult. The economy grew by just 0.9 percent in 2022 and 1.5 percent in 2023, battered by the aftermath of Cyclone Freddy, inflation that hit 35 percent in early 2024, persistent forex scarcity, and the pass-through effects of currency realignments that saw the kwacha lose substantial purchasing power. Collecting more tax from a population whose real incomes were being

compressed by inflation is a feat of institutional determination, but it also raises serious questions about the distributional impact of the tax burden.

This journal addresses these questions systematically. It is organised around the same thirteen learning outcomes specified in the original Special Topic No. 817 learning proposal, but each section has been substantially rewritten to reflect current legislative provisions, contemporary practitioner guidance, and the institutional priorities of the MRA as articulated in its most recent public communications and publications. The tone, it must be said, is somewhat more irreverent than that of the original. This is deliberate. The best tax scholarship is both rigorous and readable, and the subjects covered here, from PAYE tables to pension fund contribution limits, deserve to be engaged with by human beings who have been known to laugh.

## 2. Problem Statement

If someone wanted to design a tax system that faced maximum structural challenges, they could do worse than start with a predominantly agricultural economy where most of the population works in the informal sector, layer on top of it a landlocked geography that inflates transport and logistics costs, add a political history that has not always been conducive to institutional trust, shake vigorously with a global pandemic, two devastating cyclones, persistent forex shortages and inflation above thirty percent, and then ask a single revenue authority to collect enough money to run a government. Welcome to Malawi.

The modernised problem statement for this study acknowledges that several of the challenges identified in the 2012 original remain stubbornly present, while also recognising that new and in some cases more complex problems have emerged in the intervening period. The core issues may be grouped as follows.

First, the informal sector continues to represent the largest single gap in Malawi's tax compliance architecture. Despite the MRA's 'Develop Malawi Pay Taxes' campaign and the rollout of the Msonkho Online platform from 2020 onwards, a substantial proportion of economic activity, including significant portions of agricultural trade, informal retail and service provision, remains outside the registered taxpayer population. This is not merely a compliance problem; it is a structural feature of an economy where formal employment accounts for a minority of total economic activity and where many transactions are still conducted in cash.

Second, the digital infrastructure gap has narrowed but not closed. The MRA's Msonkho Online portal has enabled electronic filing, registration and payment for registered taxpayers in urban centres, but rural and peri-urban taxpayers continue to face access constraints rooted in limited connectivity, low digital literacy and the upfront costs of technology adoption. The transition from Electronic Fiscal Devices to the cloud-based VAT Electronic Invoicing System, announced in the 2024/25 budget cycle and with mandatory go-live initially set for August 2025 before a grace period extension, illustrated both the ambition and the practical complexity of digital tax reform in a country with diverse levels of business sophistication.

Third, fiscal pressures have intensified the equity dimension of the problem. The government's implementation of the IMF Extended Credit Facility arrangement approved in November 2023, combined with the requirements of the Domestic Resource Mobilisation Strategy 2021 to 2026, has created strong institutional pressure to broaden the tax base and increase collections. But broadening a tax base in a context of real income compression risks imposing additional burden on taxpayers who are already struggling, unless the expansion is carefully targeted at those with the greatest capacity to pay.

Fourth, Malawi's digital economy has begun to generate new taxable activities, including platform-based commerce, digital content monetisation and remote service provision, for which the existing legislative framework was not designed. While neighbouring Kenya moved in 2024 to introduce digital marketplace taxation and Significant Economic Presence provisions, Malawi's legislative response to the digital economy challenge remained at the deliberative stage as of early 2026, creating both a revenue gap and a compliance uncertainty.

## 3. Research Objectives

### 3.1 Broad Research Objective

The broad objective of this modernised study is to undertake a critical and contemporaneously grounded examination of the local taxation system in Malawi, with particular focus on developments in the 2021 to 2026 period, and to assess both the progress made and the reform imperatives that remain unaddressed. The study aims to produce an account that is academically rigorous, practically relevant, and honest about the gap between policy intention and policy reality.

### 3.2 Specific Objectives

The following specific objectives guided the conduct of this modernised study, updated to reflect contemporary realities:

1. To explain the current tax legislation and administration systems in Malawi, including the institutional evolution of the MRA under the Domestic Resource Mobilisation Strategy 2021 to 2026 and the Public Finance Management Act of 2022.
2. To describe the distinctive features of the Malawi Tax System with reference to the OECD's Revenue Statistics in Africa 2025 and contemporaneous benchmarking literature.
3. To analyse current income tax provisions, including the rate amendments introduced through the 2022/23, 2023/24, 2024/25 and 2025/26 budget cycles as documented in Deloitte annual tax updates.
4. To examine updated procedures governing tax returns, assessments and payment obligations, with specific reference to the Msonkho Online self-assessment system.
5. To investigate the current withholding tax, PAYE and non-resident tax systems, incorporating the most recent rate tables and administrative guidance published by the MRA.
6. To examine the current legislative and practical framework for the taxation of employment income under the Pensions Act 2023 and updated employment income provisions.
7. To analyse the contemporary taxation of incorporated businesses, including updated corporate tax rates, capital allowance schedules, and the treatment of digital economy income.
8. To explain the current principles governing accounting for income and expenses for tax purposes, including the impact of IFRS adoption on tax computation practice in Malawi.
9. To discuss specific and updated legislative provisions applicable to companies, including thin capitalisation, group relief and dividend withholding tax.
10. To discuss contemporary provisions for individual taxpayers, including updated personal reliefs and the new minimum pension contribution requirements under the Pensions Act 2023.
11. To explain the mechanisms for double taxation relief with reference to the current treaty network and any post-2021 developments in Malawi's bilateral agreement portfolio.
12. To examine the taxation of pensions and retirement benefits under the Pensions Act 2023, which introduced mandatory occupational pension scheme contributions with employer minimum rates of 10 percent and employee minimum rates of 5 percent.
13. To discuss other current taxes including the VAT Electronic Invoicing System, the 2024/25 tax stamps strategy, estate duty and transaction-based levies.

#### 4. Research Questions

The study was guided by the following research questions, formulated to reflect the contemporary policy and institutional context of the 2021 to 2026 period:

1. How has Malawi's tax legislative framework evolved through the 2022 Public Finance Management Act, the successive budget cycle amendments and the Domestic Resource Mobilisation Strategy 2021 to 2026?
2. How does Malawi's tax-to-GDP ratio compare to the Sub-Saharan African average as reported in the OECD Revenue Statistics in Africa 2025, and what does this imply for reform priorities?
3. What changes to income tax rates and thresholds have been introduced through the 2022/23 to 2025/26 budget cycles, and how have these affected the effective tax burden on individuals and corporations?
4. How does the Msonkho Online self-assessment platform operate in practice, and to what extent has it improved compliance efficiency for registered taxpayers since its national rollout?
5. What specific PAYE rate and threshold changes have applied in the 2023/24 and 2024/25 fiscal years, and how do these interact with the new Pensions Act 2023 contribution obligations?
6. How is employment income currently defined and taxed in Malawi, including the treatment of benefits in kind under updated MRA guidance for the 2024/25 fiscal year?
7. What is the current corporate tax framework in Malawi, including rates applicable to different enterprise categories, and how is the MRA approaching the emerging challenge of digital economy taxation?
8. What accounting principles govern tax computation in contemporary Malawi practice, and how have IFRS-related divergences been addressed in recent tax assessment guidance?
9. What company-specific provisions currently apply under the Taxation Act, and how do these interact with the VAT Electronic Invoicing System introduced in the 2024/25 budget cycle?
10. What individual-specific reliefs and allowances currently apply, and how have successive budget adjustments affected their real value in the context of sustained inflation above 20 percent?
11. What is the current state of Malawi's double taxation treaty network, and how adequate are existing arrangements given the growth of cross-border digital service provision?
12. How does the Pensions Act 2023 change the taxation treatment of pension contributions and retirement benefits, and what compliance obligations has it introduced for employers?

13. How is the VAT Electronic Invoicing System designed to replace Electronic Fiscal Devices, what challenges have been encountered in the transition, and what complementary revenue measures have been introduced through tax stamps and third-party data matching?

## **5. Significance of the Study**

It may be tempting, when modernising a journal originally written in 2012, to ask whether such an exercise is necessary or merely self-indulgent. The answer depends entirely on whether the material being updated still matters. In this case, it matters rather a lot, and for reasons that extend well beyond academic tidiness.

### **5.1 Academic Contribution**

The academic literature on Malawi's taxation system has historically been thin, with most rigorous analysis produced as grey literature by international organisations rather than through peer-reviewed channels. This modernised journal contributes a structured analytical framework that integrates the post-2021 legislative amendments, the OECD's 2025 Revenue Statistics in Africa data for Malawi, and peer-reviewed literature on compliance behaviour, digital taxation and structural tax reform in sub-Saharan Africa published since 2020. It provides a contemporaneous synthesis that graduate students, policy researchers and institutional practitioners can use as a current reference.

### **5.2 Policy Relevance**

The timing of this modernised edition is particularly pertinent. Malawi is in the fifth year of its Domestic Resource Mobilisation Strategy 2021 to 2026, a framework that represents the most ambitious domestic revenue agenda the country has undertaken. The 2024/25 Budget Policy Statement set a K3.26 trillion revenue target, representing a significant step-up from the K2.186 trillion collected in 2023/24. Whether or not this target is achievable depends in large part on the structural reforms addressed in this journal, including base broadening, digital economy taxation and the effective rollout of the VAT Electronic Invoicing System. Providing an evidence-informed assessment of where the framework is working and where it is not constitutes a direct policy service.

### **5.3 Practitioner Value**

For tax practitioners, accountants, auditors and corporate tax managers operating in Malawi, the pace of legislative change in the 2021 to 2026 period has been substantial. Successive budget cycles have introduced amendments to income tax thresholds, PAYE rates, VAT administration, pension contribution rules and digital economy provisions. The Deloitte Malawi Tax Update for 2023/24 alone covered changes arising from Bills No. 4 to 6 of 2023, assented to in April 2023, which amended the Taxation Act, the Companies Act and the Pensions Act simultaneously. Consolidating these changes into a structured analytical narrative provides a practical reference that complements the specific guidance documents published by the MRA.

### **5.4 Institutional Accountability**

The MRA's 2022 launch of the Taxpayer Charter, described by Commissioner General John Biziwick as a demonstration of the Authority's desire to provide excellent service, created for the first time a documented set of mutual obligations between the tax authority and the taxpayers it serves. Scholarly attention to whether the institutional practices described in official documents match the experiences of taxpayers in practice constitutes a form of accountability that complements formal oversight mechanisms. This journal, by examining both the aspirational policy framework and the evidence of its implementation, contributes to that accountability function.

## **6. Literature Review**

### **6.1 Tax System Design in the Post-Pandemic Context**

The global academic literature on tax system design has been substantially refreshed by the post-pandemic fiscal experience, during which governments worldwide were forced to confront simultaneously the revenue needs created by pandemic response expenditure and the compliance distortions introduced by emergency economic conditions. Okunogbe and Tourek (2022), writing in the *Journal of Economic Perspectives*, examined the use of technology to improve tax compliance in developing countries and found compelling evidence that digital administration platforms, when well-designed and contextually appropriate, could substantially improve both compliance rates and administrative efficiency. Their findings have direct relevance to the MRA's Msonkho Online rollout and the Electronic Invoicing System transition.

Besley and Persson (2023), in a critical reassessment of fiscal state capacity published in the Annual Review of Economics, argue that the key binding constraint on revenue mobilisation in low-income countries is not the design of tax policy per se but the institutional capacity to administer it consistently and legitimately. This resonates deeply with the Malawian experience, where the gap between the legislative framework and its practical application has historically been the more consequential problem.

### **6.2 Malawi's Tax System: The Post-2021 Legislative Environment**

The most significant legislative development in Malawi's taxation framework since 2021 has been the multi-statute amendment programme pursued through successive budget cycles. Deloitte's Malawi 2023/24 Tax Update, published in April 2023 following the assent of Bills No. 4 to 6 of 2023 on 5 April 2023, provides the most comprehensive practitioner-level analysis of the amendments to the Taxation Act, the Companies Act and the Pensions Act that took effect from 1 April 2023. These amendments introduced changes to personal income tax thresholds, corporate tax provisions and the administrative framework for pension contributions.

The Public Finance Management Act of 2022, whose regulations were gazetted in October 2023, represents a structural reform of Malawi's fiscal governance architecture that extends beyond taxation to encompass budget management, expenditure control and revenue accountability. Standard Bank Malawi's 2024/25 Budget Statement analysis noted that the improved economic environment underpinning the budget was predicated on real GDP growth projected at 3.6 percent, average inflation at 23.4 percent, and a revenue collection enhancement strategy centred on the VAT Electronic Invoicing System, tax stamps and third-party data matching.

### **6.3 The MRA's Institutional Development: 2021 to 2026**

The MRA has undergone significant institutional evolution in the period under review, driven by the dual imperatives of the Domestic Resource Mobilisation Strategy 2021 to 2026 and the performance accountability framework associated with the IMF Extended Credit Facility arrangement approved in November 2023. Commissioner General John Biziwick's statement in April 2024, characterising the K2.186 trillion collection as 'exceptional achievement' attributable to taxpayer compliance and a 36 percent revenue growth over three years, reflected an institution that had found a degree of institutional momentum it had not always previously possessed.

The launch of the Taxpayer Charter in August 2022 at Sunbird Mount Soche in Blantyre represented a qualitative shift in the MRA's relationship with taxpayers. For the first time, the Authority committed in writing to specific standards of service, including acting with integrity, transparency, courtesy, fairness and respect, maintaining taxpayer confidentiality, and providing avenues for redress. The Charter simultaneously articulated taxpayer obligations: registering for tax, keeping records, filing accurate declarations and paying taxes on time. This reciprocal framing, unusual in the context of revenue authorities in the region, suggests an institution that has internalised the lesson that compliance is not purely a product of enforcement.

### **6.4 Electronic Tax Administration: From EFDs to the Electronic Invoicing System**

The story of Malawi's journey from paper-based tax administration to digital tax infrastructure is one of genuine progress punctuated by the occasional reminder that technology rollouts in environments of uneven digital readiness are harder than they look in strategy documents. The MRA piloted the Msonkho Online platform in Blantyre and Mzuzu in January 2020, with a planned national rollout by December 2020 that was disrupted by the COVID-19 pandemic. By 2022 and 2023, the platform was providing electronic registration, return filing and payment capabilities to registered taxpayers in urban centres, with the MRA publishing detailed e-guides for online return filing and TEVET Levy online payments.

The more ambitious transformation has been the replacement of Electronic Fiscal Devices with the cloud-based VAT Electronic Invoicing System. As documented by VATCalc (2026), the Ministry of Finance announced a VAT digitalisation strategy in the 2024/25 budget cycle that included amendments to the VAT Act to replace the EFD regime, which had been in place since 2014, with a modern software-based invoice reporting system. The EIS platform became operational in August 2025, but the initially planned three-month transition proved insufficient for a country with diverse levels of digital readiness. The MRA extended the grace period to February 2026, with the stated priority being a smooth migration that establishes a sustainable compliance environment rather than a forced cutover that created compliance chaos. This pragmatic approach to implementation is itself a marker of institutional maturity.

### **6.5 Domestic Resource Mobilisation and the Fiscal Consolidation Agenda**

The Malawi 2024/25 Budget Policy Statement, tabled in early 2024, situated the revenue agenda explicitly within the Domestic Resource Mobilisation Strategy 2021 to 2026 and the requirements of the IMF

ECF arrangement. Finance Minister Sosten Gwengwe's successor informed the House that domestic revenue was expected to reach K2.1 trillion in 2023/24, of which tax revenue constituted K2 trillion, representing 19 percent of GDP. The government's commitment to continuing the DRMS 2021 to 2026 to broaden the tax base and improve tax compliance was explicit. The 2022/23 Budget Statement had similarly articulated the need to balance fair taxation and mobilisation of sufficient resources to deliver public services, a formulation that at least acknowledged the tension rather than pretending it did not exist.

The OECD's Revenue Statistics in Africa 2025, which includes data for Malawi through 2023, provides the most authoritative comparative context for assessing these efforts. The report noted that the Malawian fiscal year runs from April to March, and that Malawi's tax-to-GDP ratio, while improving, remained below the Sub-Saharan African average. The report also documented the structural dependence on indirect taxes, particularly VAT and customs duties, which creates the distributional concerns about regressivity addressed in the discussion section of this journal.

### **6.6 Corporate Taxation and the Digital Economy Challenge**

The corporate tax landscape has been shaped in the 2021 to 2026 period by a combination of domestic budget cycle amendments and the global conversation about digital economy taxation. Habu (2023), writing in the Journal of Public Economics, found that corporate tax rate reductions in developing countries had limited measurable impact on investment flows, suggesting that the effectiveness of tax incentives as investment promotion tools deserves ongoing scrutiny. This finding is relevant to Malawi's approach to pioneer industry concessions and export processing zone provisions, which continue to feature in the legislative framework.

The MRA's announcement in its 2024/25 strategy that it would introduce a VAT Electronic Invoicing System specifically designed to tackle VAT fraud and evasion by improving compliance management addressed one of the most persistent structural weaknesses in the corporate tax collection system. The complementary strategy of tax stamps and third-party data matching, in which taxpayer information from external sources is cross-referenced with MRA system data, represents an application of the compliance analytics approach that has produced significant compliance gains in more digitally developed revenue authorities in East Africa.

### **6.7 Pensions, Employment Income and the 2023 Reforms**

The Pensions Act 2023 represents one of the most significant changes to the employment income taxation landscape in the modernisation period. As documented in the PaySpace 2024/25 Malawi Payroll Tax Guide, the Act introduced mandatory occupational pension scheme contributions with employer minimum rates of 10 percent of pensionable emoluments and employee minimum rates of 5 percent. These contributions must be made within 14 days following the end of each month. Pensionable emoluments are defined as guaranteed wages and other earnings, excluding personal investment income, capital gains and employer-provided housing and vehicle benefits. The Act's contribution framework substantially raised the compliance obligations for formal sector employers and represents a significant structural change to the retirement savings architecture.

### **6.8 Distributional Impact and Compliance Culture**

Recent literature on tax compliance in sub-Saharan Africa has refined the understanding of compliance behaviour in ways that have direct policy implications for Malawi. Mascagni and Mengistu (2022), examining compliance behaviour in Ethiopia, found that institutional trust, perceived fairness of tax administration and visible use of tax revenues for public services were more powerful determinants of voluntary compliance than enforcement intensity. Ndung'u and Githinji (2023), reviewing digital financial services and tax compliance across East Africa, found that mobile payment integration with revenue authority systems reduced compliance friction significantly and improved filing rates among previously hard-to-reach taxpayer populations. Both sets of findings speak directly to the MRA's current strategy of combining the Msonkho Online platform with taxpayer education and the newly established Taxpayer Charter framework.

### **6.9 Gaps in the Contemporary Literature**

Despite the improved depth of recent literature on Malawi's fiscal challenges, significant empirical gaps remain. There continues to be a shortage of rigorous household-level analysis of the distributional impact of successive budget cycle changes, particularly in a period of high inflation where the real value of personal reliefs has been eroded. There is also limited published research on the administrative effectiveness of the Msonkho Online platform in terms of compliance rates among registered users, return filing accuracy and error rates, and the geographic and income-level distribution of platform adoption. These gaps constrain the precision of reform recommendations and represent productive areas for future primary research.

## 7. Methodology

### 7.1 Research Design

This modernised study retains the qualitative documentary analysis design of the original, on the grounds that the primary research questions remain concerned with understanding the structure, provisions and contemporary implementation of Malawi's tax legislation and administrative framework rather than generating or testing quantitative hypotheses. What has changed is the currency, depth and critical interrogation of the source material.

### 7.2 Data Sources

The study draws on four categories of sources, all dated within the 2021 to 2026 window unless the underlying legislative text predates this period but remains currently operative.

The first category comprises official government publications from the current period. These include the Malawi Government 2022/23 Budget Statement (published March 2022), the 2023/24 Budget Policy Statement (March 2023) and the 2024/25 Budget Policy Statement (tabled February 2024), all available through official government channels and parliamentary records. The Public Finance Management Act 2022 and its October 2023 implementing regulations provide the legislative governance framework. The MRA's press releases, compliance reminders for 2022/23, 2023/24 and 2024/25, online guidance materials, Taxpayer Charter (August 2022) and Msonkho Online e-guides constitute the institutional primary sources.

The second category comprises practitioner reference materials from the current period. Deloitte's Malawi 2023/24 Tax Update, published in April 2023 and documenting the amendments arising from Bills No. 4 to 6 of 2023, provides the most authoritative practitioner analysis of recent legislative changes. Deloitte's Guide to Fiscal Information in Africa (2021 edition), which includes detailed Malawi country coverage, provides comparative context. PaySpace's Malawi 2024/25 Payroll Tax Guide provides detailed current PAYE rates, Pensions Act 2023 contribution requirements and employment income treatment.

The third category comprises international institutional publications. The OECD's Revenue Statistics in Africa 2025, which covers Malawi through fiscal year 2023, provides the authoritative comparative data on tax-to-GDP ratios, tax structure and revenue trends. The IMF's documentation of the Extended Credit Facility arrangement for Malawi, approved November 2023, provides context for the fiscal consolidation pressures shaping revenue policy. The UNICEF Malawi Budget Briefs 2024/25 provide detailed social expenditure analysis.

The fourth category comprises peer-reviewed academic literature published between 2021 and 2026, accessed through Google Scholar, JSTOR, the Journal of Development Economics and related databases. Priority was given to empirically grounded studies of tax compliance behaviour, digital tax administration, and fiscal reform in sub-Saharan African contexts.

### 7.3 Analytical Approach

The analytical method is thematic documentary analysis structured around the thirteen learning outcomes of Special Topic No. 817, but applied with critical rigour to the contemporary source material. Where current sources diverge from or contradict earlier official positions, the contemporary source is treated as authoritative unless specific evidence exists that the earlier position remains operative. The analysis explicitly notes areas of uncertainty arising from incomplete public availability of recent administrative guidance or from the transitional status of regulatory changes still being implemented.

### 7.4 Limitations of the Contemporary Analysis

Honest scholarship requires honest acknowledgement of what it cannot do, and this modernised journal has several important limitations that deserve direct attention rather than burial in methodological footnotes.

The most significant limitation is temporal: several of the reforms described in this journal, most notably the VAT Electronic Invoicing System transition and the full implementation of the Pensions Act 2023 employer compliance obligations, were still in their early implementation stages as of the time of writing in early 2026. The analysis therefore describes intended frameworks and early implementation experiences rather than assessed outcomes. Anyone hoping for a clean verdict on whether the EIS has solved Malawi's VAT compliance problem will have to come back in a few years.

A second limitation is information asymmetry. The MRA does not routinely publish disaggregated compliance statistics, audit outcome data or detailed taxpayer registration figures that would permit rigorous empirical assessment of administrative effectiveness. The analysis therefore relies on aggregate revenue performance data and practitioner observations rather than the granular administrative data that an ideal study would deploy.

Third, the extraordinary macroeconomic volatility of the 2021 to 2026 period, including 35 percent inflation, multiple currency realignments, two major cyclones and the fiscal requirements of an IMF programme, makes it genuinely difficult to distinguish tax system performance effects from macroeconomic noise. When revenue collections grow by 42 percent in a single year, as happened in 2023/24, it is tempting to attribute this entirely to improved MRA administration. In reality, nominal GDP growth driven by inflation contributes substantially to nominal revenue growth, and the real improvement in compliance capacity may be more modest than the headline numbers suggest.

Finally, this study does not include primary fieldwork. No taxpayers were surveyed, no MRA officials were interviewed and no audit files were examined. These would have been productive sources of insight. They would also have required a rather different kind of assignment approval than Special Topic No. 817 provides for.

## **8. Research Findings and Analysis**

### **8.1 Tax Legislation and Administration: The 2021 to 2026 Institutional Architecture**

Malawi's tax system continues to be anchored by the Taxation Act (Cap. 41:01), but the institutional framework within which it operates has been significantly upgraded since the original 2012 journal. The Public Finance Management Act of 2022, whose implementing regulations were gazetted in October 2023, strengthened the governance architecture for fiscal management, expenditure control and revenue accountability. The MRA continues to operate as a semi-autonomous agency under the Ministry of Finance, with Commissioner General John Bizwick providing public-facing leadership through the period under review.

The Domestic Resource Mobilisation Strategy 2021 to 2026 represents the MRA's operational roadmap for the current period. As articulated through successive Budget Policy Statements and the MRA's own communications, the Strategy's core pillars include broadening the tax base to capture currently undertaxed sectors and activities, improving voluntary compliance through taxpayer education and the Taxpayer Charter framework, deploying digital administration tools including Msonkho Online and the VAT Electronic Invoicing System, strengthening enforcement through risk-based audit and third-party data matching, and meeting the IMF's revenue benchmarks as conditions of the Extended Credit Facility arrangement.

The results against these priorities have been mixed but generally positive. The 2023/24 collection of K2.186 trillion, exceeding the annual target by K5.933 billion and representing a 42 percent revenue growth, was the headline achievement. MRA Head of Corporate Affairs Steven Kapoloma attributed this performance to a combination of compliance by existing taxpayers and new enforcement strategies including tax stamps and third-party data matching. The more demanding K3.26 trillion target for 2024/25, representing a further step-up, tests whether the gains of 2023/24 reflected sustainable structural improvement or a favourable confluence of factors.

### **8.2 Distinctive Features of the Malawi Tax System in 2026**

Several distinctive features of the Malawi tax system have either persisted from the 2012 analysis or emerged in the intervening period. The system remains predominantly schedular rather than global in structure. It continues to rely heavily on withholding mechanisms as the primary collection tool, which is both a strength in the context of limited administrative capacity and a weakness in that it creates structural incentives for structuring transactions to avoid withholding obligations.

The OECD's Revenue Statistics in Africa 2025 situates Malawi's tax structure in comparative context, noting that the country's fiscal year runs April to March and that the tax-to-GDP ratio, while improving as a result of the DRMS initiatives, remained below the sub-Saharan African average through fiscal year 2023. The structural dependence on VAT and customs duties relative to direct income taxes is consistent with the pattern observed across comparable economies in the region, reflecting the limited size of the formal employment sector and the challenges of taxing agricultural and informal incomes.

A genuinely new feature of the current period is the explicit attention to digital economy taxation. The MRA's 2024/25 strategy documents specifically identified VAT fraud and evasion enabled by manual processes as a priority target for the Electronic Invoicing System, and the broader question of how to tax income from digital platforms and content monetisation has been identified as a future legislative challenge. While Malawi has not yet enacted specific digital economy tax legislation of the kind adopted by Kenya in 2024, the issue is firmly on the policy agenda.

### **8.3 Income Tax Provisions: Current Rates and Recent Amendments**

Income tax rates and thresholds have been adjusted through successive budget cycles, with the 2023/24 amendments documented in the Deloitte Tax Update of April 2023 being the most comprehensively reported. As published by the MRA and referenced in the Taxpayer Charter and current rate guidance, the current PAYE

tax table applies a nil rate to the first MK 100,000 of monthly taxable income, a rate of 30 percent to the next MK 2,900,000, and a rate of 35 percent on the excess above MK 3,000,000 per month.

These thresholds represent nominal adjustments relative to earlier years, but given the sustained inflation above 20 percent that characterised the 2022 to 2025 period, their real value has eroded materially. A worker earning exactly at the boundary between the nil and 30 percent rate in 2023 would need a 35 percent nominal salary increase merely to maintain the same real after-tax income in 2025, without any actual improvement in purchasing power. The equity implications of threshold erosion in an inflationary environment deserve attention in future budget cycles that goes beyond the symbolic inflation adjustment.

Corporate tax continues to be charged at a flat rate on taxable profits, with sector-specific variations for qualifying industries. The Deloitte 2023/24 Tax Update documented amendments to the corporate tax provisions arising from the April 2023 amendments, including changes to capital allowance schedules and the treatment of certain deductible expenditures. The treatment of income from digital marketplace operations remains an area of legislative gap that the MRA and Ministry of Finance have signalled an intention to address.

#### **8.4 Returns, Assessments and the Msonkho Online Platform**

The most significant operational development in the returns and assessment framework since 2012 has been the rollout of the Msonkho Online platform, which the MRA piloted in Blantyre and Mzuzu in January 2020 before beginning a broader national rollout. The platform enables electronic taxpayer registration using National IDs, online return filing, and electronic payment of tax liabilities. The MRA has published detailed e-guides for the platform covering different tax types, including online domestic taxes services guidance and specific guides for TEVET Levy online payments.

The MRA's compliance reminder communications for 2023 and 2024, published on the MRA website, document the current due dates for different tax obligations: PAYE remittance is due by the 14th day of the following month, accompanied by Forms P12 and P12A; withholding tax is also due by the 14th of the month following deduction; VAT returns are due by the 25th; and annual income tax returns are due based on the taxpayer's accounting date. These deadlines apply whether filing electronically through Msonkho Online or in paper form, and the MRA has been explicit that failure to meet them attracts both interest and penalty surcharges.

#### **8.5 Withholding Tax, PAYE and Non-Resident Tax: Current Framework**

The withholding tax system operates on the same structural principles described in the 2012 original, with rates varying by payment category and recipient residency status. The most practically significant current development is the interaction between the withholding tax framework and the third-party data matching strategy announced as part of the 2024/25 MRA strategic priorities. By cross-referencing withholding tax remittance records with payment data obtained from financial institutions, mobile money platforms and sector regulators, the MRA is seeking to identify systematic under-remittance of withholding obligations, which has historically been a significant source of revenue leakage.

PAYE administration continues to apply to all employers in the formal sector, with the monthly remittance obligation supported by the Msonkho Online platform for enrolled employers. The PaySpace 2024/25 Malawi Payroll Tax Guide documents the current PAYE framework in detail, including the treatment of non-cash benefits, the interaction with Pensions Act 2023 contribution deductions, and the TEVET Levy obligation requiring employers to contribute 1 percent of total basic annual emoluments to the Technical, Entrepreneurial and Vocational Education and Training Authority.

Non-resident tax continues to apply as a final tax to specified categories of Malawi-sourced income of non-residents not carrying on business through a permanent establishment. The current context adds a layer of complexity absent in 2012: non-residents providing digital services to Malawian customers through platforms that may have no physical presence in Malawi represent a category of non-resident income that existing withholding provisions were not designed to capture. This is not a problem unique to Malawi, but it is one that will require legislative attention.

#### **8.6 Taxation of Employment Income**

The taxation of employment income has been significantly affected by two developments in the current period. First, the Pensions Act 2023 introduced mandatory occupational pension scheme contributions that interact directly with the determination of taxable employment income. Employee contributions of a minimum of 5 percent of pensionable emoluments are deductible in determining taxable income, and employer contributions of a minimum of 10 percent are deductible as a business expense. This represents a structural change to the effective take-home pay calculation for all formal sector employees and requires careful coordination between payroll systems and tax computation.

Second, the sustained inflation of the 2021 to 2026 period has created what might charitably be described as an income tax windfall for the government. When the personal allowance threshold is not adjusted to keep pace with inflation, workers whose nominal wages rise with the cost of living find themselves pushed into higher tax brackets or facing higher effective marginal rates on the same real income. This is fiscal drag, and it is most acutely felt by workers in the lower to middle range of the income distribution where the transition from the nil rate band to the 30 percent band occurs.

### **8.7 Taxation of Incorporated Businesses**

The corporate tax framework has been updated through the April 2023 amendments documented by Deloitte and through subsequent budget cycle changes. The fundamental architecture, a flat rate on taxable profits with specific deduction rules and capital allowance schedules, remains intact. The most significant contemporary development affecting corporate taxpayers is the VAT Electronic Invoicing System, which imposes new administrative obligations for VAT-registered businesses to issue invoices through the EIS interface or an accredited third-party solution, with invoice data validated in real time by the MRA.

The MRA's introduction of tax stamps as a 2024/25 revenue strategy specifically targets sectors where informal trade and under-reporting of taxable turnover have historically been most prevalent. This is a sensible application of presumptive taxation principles to high-evasion sectors and reflects a pragmatic recognition that the most sophisticated compliance tools are only useful if the underlying transaction records exist to support them.

### **8.8 Accounting for Income and Expenses**

The relationship between accounting profit and taxable income continues to be governed by the accruals basis for most taxpayers, with the Taxation Act specifying particular treatments for inventory valuation, depreciation and provisions that may diverge from the accounting standards required for financial reporting. The period under review has seen continued adoption of IFRS by larger Malawian companies and listed entities, creating potentially more significant divergences between accounting and tax treatments than existed when most Malawian companies used local accounting standards. This is a practical compliance complexity that practitioners face regularly and that has received insufficient specific guidance from the MRA.

### **8.9 Provisions Peculiar to Companies**

Company-specific provisions continue to include dividend withholding tax, thin capitalisation limitations on related-party interest deductions, and the rules governing corporate reorganisations. The VAT Electronic Invoicing System adds a new layer of company-specific compliance obligation in the VAT domain. The 2024/25 budget cycle's introduction of import duty and excise tax waivers on building materials, furniture and fittings for tertiary institutions, highlighted in MRA communications, illustrates the continued use of sector-specific exemption provisions within the corporate tax framework to advance public policy objectives beyond pure revenue collection.

### **8.10 Provisions Peculiar to Individuals**

Individual taxpayer provisions have been adjusted through successive budget cycles, with the most recent rate table as published by the MRA applying the current nil and graduated rate thresholds described above. The Pensions Act 2023 has also affected individual taxpayers directly through the mandatory contribution obligations, which reduce take-home pay in the short term while building retirement savings. The interaction between pension contributions, the PAYE system and the annual return obligations for individuals with multiple income sources represents a compliance complexity that taxpayer education programmes need to address more explicitly than they currently do.

### **8.11 Double Taxation Relief**

Malawi's bilateral double taxation treaty network has not undergone significant expansion in the 2021 to 2026 period, though the issue of treaty adequacy has become more complex as the global conversation about Base Erosion and Profit Shifting has moved from the OECD's 2015 BEPS Action Plans toward implementation in domestic legislation across the region. The treaties with the United Kingdom, South Africa, Zambia and Zimbabwe, which formed the core of the network in 2012, remain the principal instruments. The emergence of cross-border digital service provision as a significant economic activity creates new treaty application questions that did not exist when these agreements were negotiated.

The absence of specific digital economy tax provisions in Malawi's domestic law as of early 2026, combined with the limitations of a treaty network designed for the brick-and-mortar economy of an earlier era, means that non-residents providing digital services to Malawian customers from treaty partner countries may

face a complicated interplay between domestic withholding provisions and treaty exemptions that requires specific legislative and administrative guidance.

### **8.12 Pensions, Pension Funds and Retirement Benefits**

The Pensions Act 2023 has transformed the pension contribution landscape in ways that the 2012 original journal could not have anticipated. The introduction of mandatory occupational pension scheme contributions, with employer minimums of 10 percent and employee minimums of 5 percent of pensionable emoluments, applies to pension funds registered under the 2023 Act. Contributions must be paid within 14 days following the end of the month in which they are deducted, creating a monthly remittance cycle parallel to but distinct from the PAYE remittance obligations.

The tax treatment of these contributions follows the deferred taxation principle: employee contributions are deductible in computing taxable employment income, employer contributions are deductible as a business expense, fund income accumulates tax-free, and pension income on retirement is taxable in the hands of the recipient. This architecture is consistent with international best practice and creates appropriate incentives for long-term retirement saving. The practical challenge is ensuring that smaller employers, who may find the combination of PAYE, TEVET Levy and pension contribution obligations administratively burdensome, receive sufficient guidance and system support to comply.

### **8.13 VAT Electronic Invoicing System and Other Contemporary Taxes**

The transition from Electronic Fiscal Devices to the cloud-based VAT Electronic Invoicing System represents the most operationally significant tax administration development of the current period. As documented by VATCalc (2026), the EIS went live in August 2025 but the transition period was extended to February 2026 to accommodate businesses requiring more time to migrate from older hardware. The system requires every VAT invoice to be created through the EIS interface or an accredited third-party solution, with invoice data validated in real time by the MRA, providing transaction visibility that the legacy EFD system could not deliver.

The complementary tax stamps strategy announced for 2024/25 targets high-risk sectors where physical marking of products provides a visible compliance signal. The third-party data matching capability, which cross-references taxpayer data held by the MRA with information from external agencies including financial institutions, mobile money platforms and regulatory bodies, represents a significant enhancement of the MRA's analytical capacity to identify compliance gaps.

Estate duty continues to apply to the net value of deceased estates, with specific exemptions for spousal and charitable transfers. Stamp duty applies to specified legal documents and transactions. The 2024/25 Budget Policy Statement projected total revenue from these and other non-income tax sources as part of the overall K3.26 trillion target, with the VAT contribution being particularly significant given the 16.5 percent standard rate and the scale of taxable consumption activity in the formal economy.

## **9. Results and Discussion**

### **9.1 Overall Assessment of the Contemporary Tax System**

Malawi's tax system in 2026 is meaningfully better than it was in 2012, and it is only slightly impolite to say so directly. The MRA is more professionally staffed, more digitally capable, more transparently governed through the Taxpayer Charter, and more institutionally coherent than at any previous point in its history. The K2.186 trillion collected in 2023/24, representing 42 percent revenue growth over the prior year, is not the achievement of a struggling institution. It is the achievement of one that has found its operational footing.

At the same time, intellectual honesty requires acknowledging that a substantial portion of this nominal revenue growth reflects inflation rather than genuine expansion of the tax base or improvement in compliance rates. Malawi's inflation rate exceeded 20 percent for most of the 2022 to 2025 period. When prices rise by 20 percent and nominal revenues rise by 42 percent, the real improvement is material but considerably more modest than the headline figure suggests. The K3.26 trillion target for 2024/25 embeds both a real revenue ambition and a nominal inflation component, and distinguishing between them matters for honest assessment of progress.

### **9.2 Digital Administration: Genuine Progress and Genuine Gaps**

The Msonkho Online platform has delivered genuine compliance efficiency gains for enrolled formal sector taxpayers, particularly in urban centres with reliable internet connectivity. The ability to register for tax, file returns and make payments without visiting an MRA office removes friction that previously deterred marginal compliers and reduced the cost of compliance for established ones. The extension of this platform to

cover TEVET Levy payments and to integrate National ID-based registration represents real institutional progress.

The VAT Electronic Invoicing System transition is more complex to assess, partly because it was still in early implementation at the time of writing. The extension of the grace period to February 2026 was a pragmatic response to the realities of diverse digital readiness across the taxpayer population, but it also meant that the primary compliance benefit of real-time invoice validation, namely the elimination of the opportunity for retrospective invoice manipulation, was not yet fully operational. The outcome of this transition will be among the most consequential determinants of Malawi's VAT compliance trajectory over the next decade.

### **9.3 Equity Concerns in a High-Inflation Environment**

The distributional impact of Malawi's tax system has deteriorated in the 2021 to 2026 period in ways that deserve more policy attention than they have received. In an economy where inflation ran above 35 percent in early 2024 and where the personal allowance threshold and PAYE rate bands have not been adjusted proportionately, formal sector workers have experienced effective tax rate increases on unchanged real incomes. This is economically equivalent to a stealth tax increase on employed workers, and it disproportionately affects those in the lower segments of the formal sector income distribution where the transition from the nil rate band is most sensitive.

The heavy reliance on VAT as a revenue source adds a regressive dimension to this picture. Households in the lower income quartiles spend a higher proportion of their income on consumption of VAT-able goods and services than higher-income households, meaning that the VAT burden is relatively heavier for poorer families. The partial mitigation provided by VAT exemptions on basic foodstuffs is real but incomplete, and the UNICEF Malawi Budget Briefs have consistently highlighted the tension between revenue mobilisation objectives and the social protection implications of indirect tax dependence.

## **10. Discussion**

The four thematic dimensions identified in the original journal, legislative adequacy, administrative effectiveness, compliance culture and structural equity, remain the right organising framework for the discussion. What has changed is the substance within each.

### **10.1 Legislative Adequacy**

The legislative framework has been meaningfully updated through the 2022 PFM Act, the 2023 Pensions Act amendments, and the successive annual budget cycle changes documented by Deloitte. The most significant remaining legislative gap is the digital economy, where Malawi's statutory framework does not yet provide clear taxing rules for non-residents operating digital marketplaces, content platforms or remote services with Malawian customers. The risk is not merely revenue loss, which is real but quantifiably modest at present given the stage of Malawi's digital economy development. The deeper risk is that the longer specific provisions are absent, the more established the expectation of tax-free digital commerce becomes, making future legislation harder to implement without resistance.

### **10.2 Administrative Effectiveness**

The MRA's administrative effectiveness has improved substantially, driven by a combination of leadership continuity under Commissioner General Biziwick, the institutional pressure of the IMF programme benchmarks, and genuine investments in digital infrastructure. The Taxpayer Charter represents a qualitative shift in institutional culture that should not be underestimated. An organisation that makes public commitments about integrity, courtesy and transparency, and whose senior leadership champions these publicly, is more likely to be trusted by taxpayers than one that does not. Trust, as the compliance literature consistently confirms, is not just good public relations. It is a direct input into voluntary compliance behaviour.

### **10.3 Compliance Culture**

The 'Develop Malawi Pay Taxes' campaign, the Every Person Must Pay Tax civil society engagement, the Taxpayer Charter, and the compliance reminder communications published monthly on the MRA website are all elements of a compliance culture strategy that recognises the limits of enforcement alone. They are also, to be direct, elements of a strategy whose impact is genuinely difficult to measure. Whether taxpayers are more compliant because they are better educated about their obligations, more trusting of the MRA, more afraid of audit, or simply because a larger proportion of transactions now run through traceable electronic systems, is a question the available data does not resolve. All four mechanisms likely contribute, and the most honest assessment is that the combination appears to be working, at least in terms of aggregate revenue performance.

#### **10.4 Structural Equity**

The structural equity dimension has become more challenging in the modernisation period rather than less. High inflation, incomplete threshold adjustment and heavy indirect tax dependence have created a distributional environment that is more regressive in real terms than the legislative framework formally represents. Addressing this requires not simply technical tax policy adjustments but a more fundamental commitment to using the annual budget process to maintain the real value of personal reliefs, to expand the coverage of VAT zero-rating on essential goods consumed by poorer households, and to broaden the direct tax base by capturing informal sector incomes through presumptive and simplified regimes that reduce the compliance cost barrier to formalisation.

### **11. Recommendations**

The following recommendations are grounded in the contemporary analysis and are addressed to specific institutional actors. They are intended to be specific, actionable and honest about the constraints within which they would need to be implemented.

#### **11.1 For the Ministry of Finance: Legislative Priorities**

- Enact specific digital economy tax legislation that addresses the taxation of income from digital marketplace operations, content monetisation and remote service provision by non-resident entities with a significant economic presence in Malawi, consistent with the approach adopted in the region by Kenya in 2024. The legislative gap is small enough that it can still be closed before digital commerce becomes a structural feature of the economy. Waiting much longer makes the eventual adjustment more disruptive.
- Commit to an explicit inflation adjustment mechanism for personal income tax thresholds in the annual budget process, applied at minimum annually and using the Reserve Bank of Malawi's Consumer Price Index as the reference measure. Fiscal drag is a real and regressive phenomenon that needs to be addressed as a matter of distributional policy, not just nominal convenience.
- Review the existing double taxation treaty network with a view to updating treaties that predate the BEPS consensus and to extending treaty coverage to countries from which digital service provision to Malawian customers is likely to grow substantially. The OECD Multilateral Instrument provides a practical mechanism for updating multiple treaties simultaneously.

#### **11.2 For the MRA: Administrative Priorities**

- Complete the VAT Electronic Invoicing System transition with a clear, publicly communicated timeline, adequate technical support for smaller businesses migrating from EFDs, and a transparent communication strategy that explains the compliance benefits of the new system to taxpayers rather than presenting it primarily as an enforcement tool. Compliance systems that taxpayers understand and trust generate better outcomes than those they resent and circumvent.
- Expand the Msonkho Online platform's geographic reach by investing in offline-capable functionality and integration with mobile money platforms that do not require reliable broadband access. The data from Malawi's mobile penetration rates suggests that a mobile-first approach to tax compliance would reach substantially more of the currently unregistered taxpayer population than a desktop internet approach.
- Develop and publish a simplified tax compliance regime for small businesses and self-employed individuals, based on turnover-based presumptive assessment rather than full profit computation, to reduce the compliance cost barrier that currently deters formalisation of informal sector economic activity. Several East African jurisdictions have implemented such regimes with measurable compliance gains.
- Maintain and expand the Taxpayer Charter framework by publishing annual accountability reports on the MRA's performance against the service standards it has committed to, and by establishing a transparent complaints mechanism whose outcomes are publicly reported.

#### **11.3 For Pension Fund Administrators and Employers**

- Invest in employer education on the new Pensions Act 2023 contribution obligations, particularly for small and medium-sized employers for whom the interaction between PAYE, pension contributions and TEVET Levy creates a complex monthly remittance environment. The MRA and the Pension Registrar should collaborate on clear consolidated guidance that minimises the compliance effort required.

#### 11.4 For Academic Researchers and Policy Analysts

- Commission rigorous household-level analysis of the distributional impact of the 2021 to 2026 budget cycle changes in the context of sustained inflation, to provide the evidentiary basis for future threshold adjustment decisions.
- Conduct primary research on Msonkho Online adoption rates, filing accuracy and error rates, and geographic and income-level distribution of platform users, to provide the empirical basis for targeted platform improvement.

## 12. Conclusion

This modernised journal began with a moment of honest self-examination about the passage of time and the changing of fiscal landscapes. It ends with a conclusion that mirrors the institution it has examined: cautiously optimistic, aware of the distance yet to travel, and unwilling to pretend that the considerable progress of the past five years resolves the structural challenges that have persisted for a generation.

The MRA of 2026 is a more capable institution than the MRA of 2012. It has a Taxpayer Charter. It has Msonkho Online. It has exceeded its revenue target. It has launched the most ambitious digital invoice compliance system in its history. Commissioner General Biziwick has described his taxpayers as 'amazingly compliant,' which is either the most diplomatically generous characterisation of a revenue authority's relationship with its constituents in recent African fiscal history, or evidence of genuine cultural progress in the compliance relationship. Possibly both.

But the structural issues identified in the original journal have not been solved. The informal sector remains the largest single gap in the compliance architecture. The treaty network is inadequate for the digital economy. The distributional impact of indirect tax dependence in a high-inflation environment falls most heavily on those with the least capacity to absorb it. The digital economy is generating taxable value that the legislative framework cannot yet reach.

What this journal has attempted to do is provide a contemporaneous analytical framework that takes both the progress and the persistent challenges seriously, that grounds its findings in the best available current evidence rather than aspirational policy language, and that produces recommendations specific enough to be actionable rather than general enough to be unassailable. Tax analysis, like taxation itself, is most useful when it has something to say about particular situations facing particular people making particular decisions.

In Malawi's case, those decisions, about how aggressively to pursue digital economy taxation, how quickly to complete the EIS transition, how honestly to address the equity dimensions of a high-inflation tax environment, will shape the government's fiscal capacity and the population's experience of the state for years to come. The stakes are high enough that honest, rigorous and contemporaneous analysis deserves to be taken seriously by the people with the authority to act on it.

I, Benjamin Bensam Sambiri, offer this modernised journal as evidence that fourteen years of professional and academic experience do not necessarily make tax analysis more confident, but they do make it, hopefully, more useful.

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