

# Govt scrapes off VAT on newspapers

 By [Gregory Gondwe: @Kalipochi](#)

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The Malawian government has scrapped off 16.5% Value Added Tax (VAT) on newspapers a year after it was introduced by the regime of late president Bingu wa Mutharika, where he was implementing a zero deficit budget that necessitated taxing everything.

Newspapers companies, who also run online versions, were also given a big reason to smile as VAT was also removed on all internet services as it signaled a dawn of communication affordability for users and service providers alike.

The announcement was made in parliament on Friday, 8 June 2012, when finance minister Dr. Ken Lipenga tabled a K406 billion 2012/2013 national budget.

## Media welcomes the decision

Soon after announcement, the media fraternity welcomed the development, starting with the Malawi Chapter of the Media Institute of Southern Africa (MISA-Malawi).

"This is proof that the administration of president Joyce Banda is serious about supporting the growth of the media industry in the country," said MISA-Malawi chairperson, Anthony Kasunda.

Likewise, Media Council of Malawi (MCM) also hailed government for the removal of the tax saying government has goodwill at heart for the media. Patrick Semphere, chairperson at MCM, said they collaborated with MISA-Malawi in fighting for the removal of VAT on newspapers.

The deputy CEO and editor-in-chief of the Nation Publications Limited (NPL), Alfred Ntonga says the real reason why the previous government introduced tax on newspapers was to reduce circulation, and deny the populace information; broadening the tax base due to the zero deficit budget notwithstanding.

"The Mutharika administration was averse to critical media," observed Ntonga.

In an interview with his newspaper, Ntonga said access to information is a right in a democratic Malawi and by imposing VAT on newspapers which are already very expensive to produce, the previous administration was simply pushing them beyond the reach of the majority of Malawians.

Tikhala Chibwana, general manager of Blantyre Newspapers Limited (BNL), said the idea of to tax public information was

wrong.

"Government has done the right thing because we had been talking against it all the time," he said.

## Adjustment of newspaper prices

Newspaper readers are now expecting the adjustment of newspaper price with the removal of VAT.

"Newspapers companies just hiked newspapers by nearly 40 percent just last week. We are now buying both dailies at K250 each while the weekly we are buying at K300.

This is beyond the reach of an average Malawian and I expect the prices to now come down," says a curios seller in the Blantyre Central Business district.

Chibwana added that his company will go back to the drawing board to consider newspaper cover prices because its adjustment to the current price was partly due to the VAT.

When government introduced VAT on newspapers, it also earned the wrath of parliamentary media committee and newspaper companies but still went ahead implementing it.

At that time, managing director of Times Group, Leonard Chikadya questioned the tax imposed on newspapers.

Times group owns Blantyre Newspapers Limited (BNL) which publishes *The Daily Times*, evening *Weekend Times*, Saturday's *Malawi News*, *Sunday Times*, *Business Times* and quarterly magazine *Times Lifestyle*.

Chikadya said at the time that they had been struggling with circulation although newspapers are part of essentials on access to information.

"My concern is when we have tax on bread, newspapers, dairy products which are basic essentials. This is a price we have to pay for the lost revenue from donor funding," he said.

## ABOUT GREGORY GONDWE: @KALIPOCHI

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