



Tax First Namibia Newsletter

June 2016

A monthly newsletter published by PwC Namibia providing informed commentary on current developments in the local tax arena.

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VAT refunds

In the current economic circumstances, many businesses experience pressure on their cash flows. One way to release some of the pressure is to recover VAT refunds that are tied up at Inland Revenue. Here is a recap of the refund process and ways to expedite your refund pay-outs.

1. When is a VAT refund subject to an audit?

Not all VAT refunds are subject to an audit, only those selected by Inland Revenue's system. The criteria in Inland Revenue's system to select a return for audit, is not public knowledge. In our experience any return, refund or payment, can be selected for an audit.

However, in your first year following VAT registration, Inland Revenue is likely to audit a few returns to obtain an understanding of your business operations and to assess a taxpayer's level of compliance. Any refunds due in the 1st year, would therefore normally be held back until audits have been finalized and returns have been assessed.

2. How does a VAT audit work?

When Inland Revenue captures a VAT return, the system will indicate an "A" next to the tax period(s) selected for an audit.

The VAT registered person is not necessarily notified of such selections. It is therefore a good practice for VAT registered persons to obtain regular tax status reports from Inland Revenue to determine whether any tax periods have been selected for an audit.

Where tax periods have been selected, it is recommended that Inland Revenue should be contacted to determine which official is responsible for conducting the audit and whether the audit will be a desk audit or a field audit.

A desk audit will take place at the regional office of Inland Revenue or at the Large Taxpayers Office ("LTO") in Windhoek. A field audit will be conducted at the VAT registered person's place of business.

The audit official will set the date and time of the audit and will indicate what information will typically be required for the audit, which normally includes:

- all original documentation (tax invoices and/or contracts / agreements) in support of the transactions declared on the VAT returns;
- bank statements for a specified period;
- supporting documents for significant cash inflows not subject to VAT.

The 2016 tax return deadline for Individual Salaried taxpayers are **30 June 2016.**

Use PwC's TaxTim to complete your 2016 tax return TODAY! www.taxtim.pwc.com.na



VAT refunds (continued)

It is important to note that, during the audit, the official may request additional information based on their review. This often happens in practice.

A follow-up audit date can be set, depending on additional information required by the audit official.

Once the audit is finalized, the return(s) will be revised (where required) or assessed at which point the VAT refund becomes due and payable by Inland Revenue.

Once the VAT refund becomes part of Inland Revenue's refund cycle, the VAT refund will be paid to the respective VAT registered person.

3. When does a VAT refund become part of Inland Revenue's refund cycle?

A VAT refund becomes part of Inland Revenue's refund cycle depending on the following:

- **Whether the VAT registered person's banking details have been confirmed on Inland Revenue's system:**

The taxpayer needs to provide proof of its bank account details in order for the VAT refund to be paid electronically.

- **Whether there are outstanding returns and balances (tax, penalties and interest) on any of the tax accounts held at Inland Revenue:**

The taxpayer needs to submit/re-submit all outstanding returns and clear all balances in order for the refund to be allocated to a refund cycle. The refund can also be used to settle any outstanding balances upon written request.

- **Whether the amount to be refunded exceeds N\$5m**

Current processes require that a report should be drafted and signed off by certain Inland Revenue officials to approve the pay-out of the VAT refund(s) by Treasury. These approvals can take up to 6 weeks or more, depending on the availability of the respective officials.

Once the above have been met, the VAT refund(s) will be allocated to a refund cycle on a weekly basis. Where a particular refund cycle is full (i.e. Inland Revenue's weekly refund limit has been reached), the refund(s) will be allocated to the next available cycle.

Once allocated to a refund cycle, a VAT registered person normally can expect to receive the refund within the same week.

Tips to expedite VAT refund audits and pay-outs:

- Your VAT returns should agree to your VAT reports and/or VAT reconciliations for the same period;
- Asset additions and disposals should be declared separately on your VAT returns and copies of tax invoices in support thereof should be attached to the specific VAT returns;
- Transactions should be correctly classified and declared as either exempt, zero-rated (0%) or standard rated (15%);
- The Import VAT claimed on a VAT return should agree to the Import VAT paid during that specific tax period;
- Import VAT declared and paid should agree to the imports per Asycuda report for the same period;
- Completion of banking details on the VAT returns as confirmation of your bank account details; and
- Pro-active liaison with Inland Revenue to drive the VAT refund process.

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Annual Namibian Tax Symposium 2016

7, 8, 9 & 10 June 2016

PwC Business School & Arebbusch Travel Lodge

- *Basic Income Tax,*
- *International Tax & Transfer Pricing*
- *Employee pay and taxes,*
- *Remuneration Benchmark & Job Grading,*
- *Basic VAT;*
- *Topical tax Update*

See page 5 for more details or

[Click here to register](#)

Tax Good Standing Certificates

Potentially a requirement for your license/permit renewal

In recent months Inland Revenue has been liaising with regulatory and license issuing to include a tax good-standing certificate as required documentation for license/registration applications. An example is health certificates applications by medical practitioners, for which a good standing certificate is now a requirement.

Our understanding is that various authorising bodies in Namibia may in future request a company's Tax Good Standing Certificate for the renewal of permits and licenses.

When this is implemented, taxpayers will need to plan in advance to obtain a Good Standing Certificate for any renewals or applications for licenses or permits.

Here is a reminder of requirements that should be met before Inland Revenue can issue a Tax Goodstanding Certificate:

1. All tax accounts for which the taxpayer are registered should be in good standing i.e.:

- All taxes, interest and penalties should be paid and captured on Inland Revenue's system;
- No returns should be outstanding/show as outstanding on the system.

2. The applicant should state the nature/purpose of the certificate required for:

- Tender;
- Home affairs;
- Small Medium Enterprises;
- Property transfer;
- Bank; or
- Personal use purposes

Inland Revenue will issue a 'certificate' for good standing for tender applications and a 'confirmation letter' for good standing for all other purposes as stated above.

Visa requirements for SA business persons | Namibia

Recent media articles and statements have caused confusion for South African citizens intending to travel to Namibia on business trips. In terms of these statements, South Africans had to apply for a "business visa" in person at the Namibian High Commission in either Cape Town or Pretoria before travelling to Namibia.

The position was clarified in a media statement by the Ministry of Home Affairs and Immigration on 19 May 2016. The media statement is attached to this newsletter as per page 6. The statement confirms that business persons coming to Namibia to work at their subsidiary companies, (e.g give training to local staff, conduct audits of their companies, volunteer work of any kind etc.) are required to apply for either an employment permit or a work visa.

However, if the reason for travelling to Namibia is for holiday or tourism, and the individual is from one of the exempted countries (including South Africa), they do not need to apply for a visa prior to travelling. In this instance they can obtain a Visitor's Entry Permit (VEP) at the point of entry. The VEP should clearly indicate the condition which states the purpose of entry into Namibia. This may include any of the following:

- Holiday/vacation
- Visiting family or friends
- Attending workshops (not as a facilitator)
- Attending meetings
- Exploring business opportunities
- Medical treatment
- Any other purpose which is not employment of any kind

Therefore, travelers from exempted countries should declare their intention to enter Namibia at the point of entry (if for one of the above purposes) and that person will then be eligible for a Visitor's Entry Permit (VEP).

New Legislation Tracker

This diagram tracks on the progress of proposed tax legislation.

The following is the status of announced legislation up to 30 May 2016:



Tax Calendar - June 2016

| Mon | Tue | Wed | Thu | Fri |
|--|-----|-----|-----|--|
| <ul style="list-style-type: none"> PAYE Returns; Import VAT return; Withholding Tax on Services return; VET Levy NRST Return Withholding tax on Royalties & Interest | 20 | 21 | 22 | 23 |
| •VAT return | 27 | 28 | 29 | <ul style="list-style-type: none"> Social Security payment; 1st provisional for companies with a December 2016 year-end; 2nd provisional for companies with June 2016 year-end Tax return - companies with 31 November 2015 year-end; Salaried individuals and non-business trust annual income tax returns <p>Let TaxTim help you </p> |

For assistance or advice please contact one of our tax specialists.

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PwC Business School

Annual Namibian Tax Symposium 2016

PwC Tax teams will again host our popular four-day Symposium on Namibian VAT, PAYE, Income Tax and Remuneration.

WHERE: Windhoek **DATE:** 7, 8, 9 and 10 June 2016

VENUE: PwC Business School and Arebbusch Travel Lodge

NOTE: You can book any one of the sessions or more than one session.

7 June 2016

Morning Session

Introduction to Income Tax

- Basic Income Tax Rules: Tax Framework; Gross income definition; Deductions; Capital allowances and Recoupment; Individual Taxes
- Thin Capitalisation & Transfer Pricing
- Withholding taxes

Time:

07h30 for 07h45 - 12h45

Venue:

PwC Business School Training Centre



Cost:

N\$ 2000 (incl VAT) per delegate

7 June 2016

Afternoon Session

Remuneration Benchmark & Job Grading

- Understand the Total Rewards Model and define:
 - Remuneration & Benefits;
 - Reward Environment
- Know how Remuneration Package Composition works;
- Legislation & governance around Remuneration;
- Typical market trends per region, industry or job discipline
- How to use Market Pricing (benchmarking) effectively

Time:

13h30 for 13h45 - 16h45

Venue:

PwC Business School Training Centre



Cost:

N\$ 1200 (incl VAT) per delegate

8 June 2016

Afternoon Session

International Tax &

Transfer Pricing

International trends; Challenge faced in the Transfer pricing world; Double taxation agreements; Permanent establishments, withholding taxes, cross border issues

Time:

13h30 for 14h00 - 16h30

Venue:

PwC Business School Training Centre



Cost:

N\$ 1200 (incl VAT) per delegate

9 June 2016

Basic VAT

Full Day session, covering the following topics: Imposition of VAT; Rules on supplies; Rules on input tax; Import VAT apportionment; VAT and accounting system

Time:

07h30 for 07h45 - 16h45

Venue:

Arebbusch



Cost:

N\$ 3000 (incl VAT) per delegate

8 June 2016

Morning Session

Employee Pay and Taxes

Income Tax Framework; Total Cost to Company; Employee Taxes (PAYE); Payroll administration

Time:

07h30 for 07h45 - 12h45

Venue:

PwC Business School Training Centre

Cost:

N\$ 2000 (incl VAT) per delegate

10 June 2016

Topical Tax Update

1. Interactive brunch with the following Tax Topics to be discussed: Income Tax; International trends; VAT; NEEE Framework & Legislation; Customs; Tax Risks
2. Speakers from Inland Revenue and NTA on proposed Tax legislation and other topical matters

Time:

07h30 for 08h00 - 12h30

Venue:

Arebbusch

Cost:

N\$ 2000 (incl VAT) per delegate

**Registrations close
Wednesday,
01 June 2016**



Register with PwC Business School via email busschool@na.pwc.com



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MINISTRY OF HOME AFFAIRS AND IMMIGRATION

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Your Ref.:

Our Ref.:

MEDIA STATEMENT

RESPONSE TO A MEDIA STATEMENT BY NAMIBIA CHAMBER OF COMMERCE AND INDUSTRY (NCCI) TITLED: "BUSINESS COMMUNITY CONDEMNS VISA REQUIREMENTS FOR SOUTH AFRICAN CITIZENS".

The Ministry of Home Affairs and Immigration would like to set the record straight and refute the allegations made by the NCCI in a media release dated 17 May 2016, claiming that the Namibian Government is frustrating the business community by enforcing visa requirements on South African citizens. The following is the position and stance of the Ministry:

1. The requirements for visas and permits in Namibia are mandated under the Immigration Control Act, Act No. 7 of 1993 which was enacted to regulate and control the entry of persons into, and their residence in Namibia. The application of this Act is to all foreign nationals except where stated otherwise by law. There has never been a change in such law or policy that only targets South African business persons.
2. Namibia being a child of the international community, entered into Visa Exemption Agreements with some countries with the result that citizens from such countries are exempted from visa requirements when travelling to Namibia for holiday or tourism purposes (list of countries exempted from visa requirements is annexed hereto).
3. Section 24 (b)(i) of the Immigration Control Act, Act No. 7 of 1993 provides that:
No person shall-
...enter or reside in Namibia with a view to temporary residence therein, unless-
(i) in the case of any person who intends to enter or reside in Namibia for the purpose of employment or conducting a business or carrying on a profession or

occupation in Namibia, such person is in possession of an employment permit issued to him or her in terms of section 27;

It is this category of persons who are required to apply for work visas or employment permit before entering Namibia, regardless of whether they are citizens of a country exempted from visa requirements because the exemption only applies to visits to Namibia for holiday or tourism purposes.

4. It should be made clear that, business persons coming to Namibia to work at their subsidiary companies, for example, give training to local staff, conduct audits of their companies, volunteer work of any kind e.t.c are required to apply for employment permit/work visas in terms of section 27 of the Immigration Control Act regardless of whether they are citizens of countries which are exempted.
5. The following is a list of possible reasons for visiting Namibia for holiday or tourism purposes, whereas persons from countries which are exempted from visa requirements need not apply for a visa before travelling to Namibia but will simply get a Visitor's Entry Permit (VEP) at the port of entry with a condition clearly indicating the purpose of such visit, for example:
 - Holidays/vacation
 - Visiting friends or relatives
 - Attending workshops (not as facilitator)
 - Attending meetings
 - Exploring of business opportunities
 - Medical treatment
 - Any other purpose other than employment of any kind.
6. We hope that the above explanation clears all misunderstandings created by the media statement of Mr. Tarah Shaanika of NCCI.

Signed by:



Amb. Patrick Nandago
Permanent Secretary



ANNEXURE

FOREIGN NATIONALS EXEMPTED FROM VISA REQUIREMENTS WHEN TRAVELLING TO NAMIBIA ON HOLIDAY/TOURISM PURPOSES

1. Angola
2. Armenia
3. Australia
4. Austria
5. Azerbaijan
6. Belarus
7. Belgium
8. Botswana
9. Brazil
10. Canada
- 11. Congo Brazzaville(only Diplomatic/official and service passports)**
12. Cuba
13. Denmark
14. Finland
15. France
16. Germany
- 17. Ghana(only Diplomatic/official and service passports)**
18. Hong Kong
19. Iceland
- 20. India(Diplomatic and official passports up to 3 months)**
21. Ireland
22. Italy
23. Japan
24. Kazakhstan
25. Kenya
26. Kyrgyzstan
27. Lechtenstein
28. Lesotho
29. Luxenburg
30. Macau(SAR)
31. Malawi
32. Malaysia
33. Mauritius
34. Moldova
35. Mozambique

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- 36. Netherlands
- 37. New Zealand
- 38. Nigeria(Diplomatic and official passports up to 3 months)**
- 39. Norway
- 40. Poland(Diplomatic and official passports up to 3 months)**
- 41. Portugal
- 42. Russian Federation
- 43. Seychelles
- 44. Singapore
- 45. South Africa
- 46. Spain
- 47. Swaziland
- 48. Sweden
- 49. Switzerland
- 50. Tajikistan
- 51. Tanzania
- 52. Turkey(Diplomatic and official passports only)**
- 53. Turkmenistan
- 54. Ukraine
- 55. United Kingdom
- 56. United States of America
- 57. Uzbekistan
- 58. Venezuela(Diplomatic and official passports only)**
- 59. Zambia
- 60. Zimbabwe

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