

# Tax First

## Namibia Newsletter

### August 2013



## ASYCUDA World has arrived

*On 30 July the Customs and Excise office held an awareness session on the implementation of the long-awaited ASYCUDAWorld system.*

**ASYCUDAWorld** is the latest result of the process began by UNCTAD (United Nations Conference on Trade and Development) to save import related transaction costs using information technologies. An estimated cost-saving of US\$100 billion is pursued by the World Customs Organization ("WCO") in Brussels through the WCO Customs Data Model. When applied globally this Model will have a major impact on the processing of business-to-business, business-to-government and government-to-government transactions.

Currently 85 countries around the world are already using the same customs IT system, ASYCUDA (Automated System for Customs Data). The introduction of **ASYCUDA-World** in Namibia represents a formidable opportunity by using the Internet to make international trade simpler and cheaper whilst also making international markets more accessible to enterprises from developing countries such as Namibia.

**ASYCUDAWorld** builds on the successful experiences of ASYCUDA++, previously designed to function in difficult telecommunications environments, but also to operate through GSM networks in developing countries.

Being web-based, **ASYCUDAWorld** will allow Customs Administrations and traders to do most of their transactions – from Customs Declarations to Cargo Manifests and Transit documents – via Internet, using the latest smart phone, computer and tablet technologies.

Invoices and permits may be uploaded as a declaration for pre- and post viewing by Customs and traders.

**ASYCUDAWorld** is fully supportive of e-government and has the ability to interact in line with external and internal systems and databases. This means increased connectivity with regional web-based systems and allowing the introduction of the National Single Window concept into Namibia through cloud technology.

Other countries in the region that have successfully implemented **ASYCUDAWorld** include Zimbabwe and Zambia.

The system will run parallel with the current ASYCUDA ++ system, using the existing databases, e.g. the Import VAT account facility and Credit Account facility. This will continue to allow for deferment of duties and import VAT with clearing consignments into Namibia.

**ASYCUDAWorld** will be launched in Namibia during September 2013 in a pilot phase at the Windhoek Customs Regional Office and, based on the inputs by traders, it will be further rolled out to all 26 Customs offices in Namibia. Training in the use of the system will be provided by Customs Namibia in Windhoek and other regional offices, depending on the demand and availability of Customs Asycuda training officers.

*PwC staff members assisting clients with Customs and Excise matters will receive full training on the new system to be able to guide our clients through the change - over.*

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[www.pwc.com/na/en/publications/tax-first](http://www.pwc.com/na/en/publications/tax-first)



## Also in this issue:

- 2 VAT implications of Insurance payouts
- 2 Tax Pitfalls - Leasehold Improvements
- 3 Government Gazettes during July 2013
- 3 Tax Calendar - August 2013

## ***VAT implications of cash payments received from insurance claims:***

*Most VAT registered entities process the payment of short term insurance premiums as part of their monthly expenses incurred and remember to claim input tax accordingly.*

*However, businesses often overlook the VAT treatment and implications of insurance pay-outs as result of claims.*

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### **Input VAT on premiums paid:**

According to Section 7 (12) of the VAT Act, a VAT registered entity is entitled to claim the VAT paid on a short term insurance premium, as an input tax deduction in periodic intervals as the supply is deemed to be successively supplied for the successive part of the period of the agreement.

Where an entity renders mixed supplies (exempt and taxable supplies) it will only be entitled to claim the apportioned part of the VAT on the insurance premium paid.

### **Output VAT on cash indemnification payments receive:**

As per Section 3 (9) when a registered person receives a cash indemnity payment under a contract of insurance for a loss incurred in connection with a taxable activity, the cash indemnification is a deemed supply and the output VAT should be paid to Inland Revenue at 15/115 of the cash amount received.

For example, in the event that the registered person receives a cash payment under a short term insurance contract as a result of stock stolen or the stock damaged beyond economic repair, the registered person should declare output VAT on the amount received, thus 15/115 of the amount received.

This is not applicable if the payment relates to the total reinstatement of goods where the registered person was unable to claim the input tax incurred on the acquisition of the goods, because it is a denied input as per the VAT Act, e.g. on passenger vehicles as defined in the VAT Act.



## ***Tax Pitfalls - Capital allowances on assets***

*When calculating company taxes a number of capital allowances are available to taxpayers. All the criteria for these allowances need to be met to qualify for a deduction. In this monthly article we discuss one of the allowances taxpayers often apply incorrectly:*

### ***Leasehold Improvements***

Where there is a legal obligation under a lease agreement to effect leasehold improvements, the improvements made by the lessee may be claimed under section 17(1)(h) of the Income Tax Act. This section allows a capital deduction over the remaining lease period or 25 years (whichever is the shorter) from the year in which the improvements are completed. The value of leasehold improvements stipulated in the lease agreement may be deducted over the above mentioned period.

Where no value is stipulated in the lease agreement, the fair and reasonable value as determined by the Minister of Finance should be claimed.

It is important to plan the tax effect or deductibility of capital improvements in advance of entering into a lease agreement and to ensure that the contract is appropriately worded.

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# Government Gazettes

**Government Gazettes issued during July 2013 are included in this edition.**  
**This is not a non-exhaustive list of Acts/Notices/Proclamations published during this period.**

## Government Notices

No 256 - 2013	Bank of Namibia: Statement of assets and liabilities as at close of business on 31 May 2013
No 196 - 2013	Ministry of Safety and Security published the schedule depicting the Prevention and Combating of Terrorist Activities Regulations.

## Upcoming PwC Events - African Tax and Business Symposium 2013

**30 September to 3 October 2013**

Le Meridien Hotel, Mauritius

"Save the date" details attached or visit the website: <https://atbs.pwc.co.za>

## Tax Calendar - August 2013

Monday	Tuesday	Wednesday	Thursday	Friday
			8 <b>2013 Annual Coastal Tax Symposium,</b> Walvis Bay: RSVP with <a href="mailto:andra.moolman@na.pwc.com">andra.moolman@na.pwc.com</a>	9 <b>2013 Annual Coastal Tax Symposium,</b> Walvis Bay: RSVP with <a href="mailto:andra.moolman@na.pwc.com">andra.moolman@na.pwc.com</a>
19	20 <ul style="list-style-type: none"> <li>• PAYE Returns</li> <li>• Import VAT return</li> <li>• Withholding Tax on Services return</li> </ul>	21	22	23
26 <b>Public Holiday</b>	27 <ul style="list-style-type: none"> <li>• VAT return (category A)</li> </ul>	28	29	30 <ul style="list-style-type: none"> <li>• Social Security payment</li> <li>• Tax return - companies with 31 January 2013 year-end</li> <li>• 1st Provisional returns - companies with 28 February 2014 year-end</li> </ul>

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

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# Africa connected

## Africa Tax and Business Symposium

*The 16th annual PwC Africa Tax and Business Symposium will be hosted at the Le Meridien Ile Maurice, Mauritius, from 29 September – 2 October 2013.*

*The symposium will bring together global and local experience to provide practical guidance on doing business in Africa.*

Once again, the symposium enables delegates to tap into the largest professional services network in Africa. PwC speakers and invited guest presenters – representing over 25 African countries – will present topics that cover the tax, regulatory, business and HR aspects of doing business in Africa, in a range of plenary and workshop sessions.

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*Clients with an interest in Africa should not miss this event!*



Scan the QR code to take you to the African Tax and Business Symposium (ATBS) website where you can register for this event. You will also find all the information you need here.



## *Here is a selection of some of the workshops on offer at the symposium:*

- Do regional hubs make sense for undertaking business in Africa?
- African investment incentives – Are countries doing enough to attract the right investors?
- OECD developments and global trends on base erosion and profit shifting - Practical implications for African investments
- Linking customs valuations and transfer pricing – An African perspective
- Talent mobility: 2020 and beyond

## *New session! Private Equity and Venture Capital (PE/VC) Day*

In addition to the symposium workshops we will be presenting a bespoke Private Equity and Venture Capital (PE/VC) Day on Tuesday, 1 October 2013 that will focus on industry-specific issues.

Topics include investment fund structuring for Africa; fund managers and advisory arrangements; funding in Africa including financing of portfolio companies; exit strategies and management incentives/carry planning; as well as other related issues.

