



Tax First

Namibia Newsletter

September 2015



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

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Customs duties: Namibian Seminar on new Africa Free Trade Agreements

The Ministry of Industrialisation, Trade and SME Development ("MITSD") of Namibia hosted a Public Seminar on the recently signed Tripartite Free Trade Area ("TFTA") and the Continental Free Trade Area ("CFTA") Framework Agreements on 5 August 2015 in Windhoek.

As announced in the media statement, the Seminar aimed to inform the public on the developments and implications for the regional integration processes that Namibia is participating in. The Seminar offered a unique opportunity to participate in high level discussions on trade opportunities that Namibia could obtain from the above Agreements.

The TFTA intends to create a single market with free movement of goods and services to promote intra-regional trade. It was said that intra-African trade is currently relatively low (10-12 %) compared to approximately 40% in Northern America and 60% for Western Europe. A strong political will was expressed to remove tariff and non-tariff barriers that impede on intra-Africa trade.

From an economies of scale viewpoint, Namibian products could be harmed by the elimination of import duties envisaged by these two trade agreements but the Trade Minister stressed that the general Customs protectionist instruments, such as anti-dumping, countervailing and safeguard measures can still be applied to protect vulnerable Namibian Industries.

The investigation functions for implementation of these measures are currently "outsourced" in SACU to the International Trade Administration Commission of South Africa ("ITAC"). It is important for Namibian industries that the country be equipped and empowered to perform investigations for the application of these trade remedies on a more autonomous basis, taking into account the common external tariff to be applied across SACU.

A timeframe has been agreed for further negotiations on the objectives of both the TFTA and CFTA, e.g. how member states will design and standardise trade and customs documentation, how import duties will be eliminated progressively and how existing non-tariff barriers will be eliminated. As we receive more information from Government you will be informed and updated accordingly.

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Register now!

The PwC Business School will host the following trainings:

- | | |
|--------------------|--------------------------------|
| 3 - 4 Sept | Annual IFRS update, Windhoek |
| 9 - 11 Sept | Annual Tax Symposium Walvisbay |



Tax Treaties & what they are used for

A tax treaty (Double taxation agreement – “DTA”) is an international agreement which protects residents against paying double tax.

The Namibian tax treaties can provide relief from the tax charged under domestic law. A tax treaty cannot create a tax charge – i.e. if no withholding tax is charged under the Namibian domestic law on interest paid on cross border loans, the treaty cannot create withholding tax to be charged.

A tax treaty only applies when two countries tax the same income for a specific taxpayer. When no tax treaty exists between two countries, and both countries are taxing the same income for a taxpayer, it means that the entity will have to pay tax in two countries on the same income.

A tax treaty is an agreement between two countries to determine which country will have the right to tax income, to avoid that their citizens pay double tax. The taxing right is normally determined by considering the nature of the income, the source of the income and the specific circumstances.

In addition to protecting residents against double taxation, treaties provide for cooperation in tax matters between the countries.

DTA's provide crucial benefits for multinational groups of companies. Some of these are:

- double tax treaties often give relief in the form of lower withholding taxes;
- it allocates profit to a permanent establishment in a way that does not create double tax on branch profits; and
- provide procedural frameworks to apply double tax relief and resolve disputes.

Namibia currently has DTA's with the following countries:

- Botswana
- France
- Germany
- India
- Malaysia
- Mauritius
- Romania
- Russian Federation
- South Africa
- Sweden
- United Kingdom

It is crucial to consider DTA benefits when concluding transactions between Namibian and foreign entities. It is important that any structure that makes use of DTA relief has a commercial basis. If a transaction is only structured through a treaty country to obtain a tax benefit, the transaction may be disregarded for tax purposes by the Revenue Authorities. This is commonly referred to as “anti-treaty shopping”.

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TIM's TIP:

Remember the 2015 annual income tax return for business individuals is due at the end of September 2015.

Do your tax return NOW on **taxtim.pwc.com.na**



Register now for the September PwC Business School events

Below are the PwC Business School training session and workshops scheduled for September:

3 - 4 Sept	Workshop: Annual IFRS update, Windhoek
8 Sept	Workshop: REMchannel Training
9 - 11 Sept	Annual Tax Symposium - Walvisbay
22 Sept	Workshop: Director's Training
23 Sept	Leadership Launchpad - Transforming Stress

Tax Calendar - September 2015

Mon	Tue	Wed	Thu	Fri
<div>21</div> <ul style="list-style-type: none"> • PAYE Returns; • Import VAT return; • Withholding Tax on Services return; • VET Levy 	<div>22</div>	<div>23</div>	<div>24</div>	<div>25</div> <ul style="list-style-type: none"> • VAT return
<div>28</div>	<div>29</div>	<div>30</div> <ul style="list-style-type: none"> • Social Security payment; • 1st provisional for companies with a March 2016 year-end • 2nd provisional for companies with September 2015 year-end; • Final income tax returns for Business Individuals 		

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

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