



Tax First

Namibia Newsletter

Special Edition

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Tax Compliance and Arrear Taxes

Press release by Ministry of Finance to all taxpayers

The Permanent Secretary issued a Press Release today, addressed to “All Taxpayers” and dated 4 April 2013.

The serious tone of the Press Release is in line with the focus on improving taxpayers’ compliance mentioned by the Minister of Finance in her budget speech addresses.

The announcement calls on taxpayers to become tax compliant immediately to avoid drastic measures envisaged by the Directorate of Inland Revenue.

The Press Release informed Namibian companies and taxpayers that a notification period of 90 days starting 1 April 2013 and ending 30 June 2013 applies to all taxpayers to rectify their tax accounts with Inland Revenue (VAT, Income Tax, Withholding Tax on Services and PAYE). After this period, drastic measures, which will include the following, will be taken against taxpayers still in default:

Permanent closure of import VAT accounts

Reports on import VAT liability per import VAT account numbers recorded on the Customs Asycuda system are available to Inland Revenue which means that Inland Revenue can determine and assess any short payment of import VAT strictly based on the Customs Asycuda reports for any specific month.

The import VAT account number allows the deferment of import VAT payable on goods imported during a specific month to the 20th of the following month and importers must therefore ensure that the liability for import VAT agrees with the Asycuda reports.

Import VAT returns are due before or on the 20th of a month in respect of a previous month’s imports. If no imports took place, a (nil) return is still due in terms of the VAT Act. Inland Revenue bases assessments of import VAT on the Customs Asycuda reports for specific months and if the import VAT declared and paid does not agree with the reports available on Inland Revenue’s system, an assessment for any shortfall will be applicable together with penalties of 10% per month and interest at 20% per annum.

Importers are therefore urged to ensure that payments per import VAT accounts to Inland Revenue agree with the Customs Asycuda reports.

Any unpaid import VAT amount can mean that the import VAT accounts are closed by 30/06/2013 on the Customs system on instructions from Inland Revenue. It will not be possible to register a Customs declaration on an import VAT account number should this happen and an important consignment will be blocked by the Customs office of importation until the import VAT has been settled.

Customs only accepts cash (Namibia dollar or South African Rand) or a Namibian bank guaranteed cheque. Cheques exceeding N\$500 000 are not permitted.

To avoid the frustration of blocked imports due to the permanent closure of an import VAT account, importers are strongly advised to, as soon as possible, compare payments of import VAT to Inland Revenue with the Customs Asycuda reports and address any short payment with their closest Inland Revenue Office.

As the window of 90 days is very limited, importers are further advised to start the reconciliation processes as soon as possible.

Prevention to participate in public tenders

Inland Revenue will not issue any good standing tax certificate which is required for public works and state owned enterprise tenders should any tax be in arrears or a return not be submitted according to Inland Revenue's system.

This will mean automatic disqualification for a tender, which can be avoided by ensuring that tax affairs are in order and a good standing certificate is obtained in advance. Applications for the certificates must be made 7 working days in advance.

Legal action, including sale of assets in execution to recover tax debts

This measure is at the disposal of Inland Revenue in terms of tax legislation and it is in the best interest of any taxpayer to ensure that tax affairs are up to date.

Denial of penalties waiver

Should a taxpayer persist in non-compliance, penalties may not be waived and will be recoverable from the taxpayer. Interest cannot be waived and must be paid to Inland Revenue on arrears accounts.

Disapproval of refund claims

The non-payment of refunds, especially VAT refunds, can have a serious disruptive effect on the cash flow of any business.

Taxpayers have been reminded by the Press Release that a refund will not be processed if their record with Inland Revenue is not in order, i.e. that any tax return is not submitted or any tax payment is outstanding.



Considering the limited window of 90 days, taxpayers are advised to obtain tax status reports from the Inland Revenue system as soon as possible to ensure that their tax affairs are up to date.

Please contact us for more information or assistance with your tax compliance status:

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MINISTRY OF FINANCE

PRESS RELEASE

NOTIFICATION TO ALL TAXPAYERS

- The Ministry of Finance hereby notifies all taxpayers who are not in good standing with the Receiver of Revenue to rectify their accounts. This announcement serves to inform all taxpayers with outstanding returns and balances on any of their tax accounts (Value Added Tax, Income Tax, Withholding Tax on Services and Employees Tax) to submit these outstanding returns and/or settle the outstanding balances. Taxpayers who arranged payment plans are requested to adhere to those arrangements.
- In addition to this announcement, the Department will also send out specific notifications via the statements of account to all taxpayers with outstanding returns and/or balances.
- The notification period starts as from 1st April 2013 until end of June 2013. This means that taxpayers are afforded the opportunity of 90 days to comply with this request before drastic measures are taken against those in default.
- The Ministry will take strict measures against those who are still not compliant within this notification period of 90 days. These measures will include:
 - ✓ Permanent closure of VAT Import Accounts. This means the taxpayer will no longer be allowed to defer the VAT payable on imports but will be required to pay at the point of entry before the goods are released into the country;
 - ✓ Prevention to participate in public tenders. The taxpayer will not be able to tender for public work including tenders for state owned enterprises;
 - ✓ Legal actions, including sale of assets in execution to recover the debts;
 - ✓ Denial of penalties waiver; and
 - ✓ Disapproval of refund claims.
- Please note that this notification is not an offer for penalties and interest waiver or write off. Accounts that remain in default during and after this notification period will continue to attract penalties and interests. Taxpayers are advised to ensure that accounts are settled immediately to avoid further escalation of penalties and interest.
- Taxpayers with accounts in default are further advised not to wait for notifications but to approach their Receiver of Revenue offices for settlements.
- Further, this announcement also serves to inform all taxpayers who did not update their contact details, postal addresses, e-mail address, contact numbers (mobile & others) and banking details with the Receiver of Revenue to do so without delay.
- For any enquiry regarding this notification, taxpayers are advised to contact their Receiver of Revenue office where registered.

Ms. E. B. Shafudah

Permanent Secretary: Ministry of Finance



Date

04/06/13