

Tax First

Namibia Newsletter

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31 August First Provisional Tax Payment Alert

The first provisional tax payment is due 31 August 2012 for business individuals/natural persons registered as provisional taxpayers. The new rules regarding underestimation of provisional tax will apply to individuals for the first time with the return due on 31 August 2012.

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1st Provisional 40%

The 31 August **first provisional payment** should be at least 40% of the total actual taxable income for the year. Estimations based on the last assessed income will therefore no longer be sufficient.

2nd Provisional 80%

The **second provisional payment** due at 28 February 2013 year-end should then be at least 80% of the total actual taxable income, taking into consideration the first provisional payment already made.

Underestimation Penalty

Should the provisional payment be less than the prescribed 40% or 80%, underestimation penalties (limited to 100% of the underpaid tax) may be levied.

Provisional tax returns (including NIL returns) submitted after 31 August will attract a late submission penalty of

N\$100 per day

Late payment subject to penalties of 10% per month.

VAT Refund update

Inland Revenue changed the VAT refund audit process during June 2012. Under the new system a VAT return is selected for audit by the Inland Revenue system based on preloaded criteria.

Where a return is not flagged for audit, returns are assessed and refunds are processed and deposited electronically into taxpayers' bank accounts. In terms of section 49(1) of the VAT Act, Inland Revenue however retains its right to audit a VAT return after a return was assessed/refund was paid.

Based on this, the Inland Revenue system can select prior period returns (processed without an audit) for audit when a current period return is being assessed. Where audit adjustments are made to a prior period return this could result in penalties and interest being levied. It is therefore crucial that taxpayers continue to ensure that:

- they are prepared for audits of prior period assessed returns, including ;
- that supporting documents for processed periods are maintained and easily retrievable; and
- VAT returns are accurately completed based on detail supporting records.

Registering a Private Company in Namibia

A Private Company must be registered with the Ministry of Trade and Industry in Namibia.

The registration process includes the following:

1. A name reservation must be submitted in duplicate to the Registrar of Companies, with the relevant revenue stamps attached (to the value of the prescribed revenue stamps).
2. Once the name has been approved by the Registrar of Companies, the following documents must be prepared and submitted to the Registrar of Companies, together with the prescribed stamp duty payable on each form:
 - Certified copies of the Memorandum and Articles of Association in triplicate and in the official language of Namibia (i.e. English);
 - Certificate of Incorporation and Certificate to Commence Business;
 - Notice of postal and registered address;
 - List of Directors, Auditors and officers;
 - Appointment of auditors;
 - Statement by each Director regarding the adequacy of capital of the Company;
 - Copy of the approved name reservation.

It is important to note that all company registration documents must be printed on good quality white paper and all documents must be signed in black ink. All forms must be completed in blocked, legible writing.

The following are additional requirements once the Company has been registered at the Ministry of Trade and Industry:

1. Inaugural minutes to be prepared;
2. Share certificates should be issued to each subscriber/shareholder listed in the Memorandum and Articles of Association and the necessary stamp duty attached on each share certificate. If the shareholder is outside the Rand Monetary Areas such as South Africa, Lesotho, Swaziland and Namibia, the share certificate must be stamped as non-resident shareholder;
3. A Public Officer should be appointed at Inland Revenue. This person must be resident in Namibia;
4. Furthermore, the company should comply with the requirements of other institutions (where applicable), including:
 - Registration for Income Tax purposes with the Ministry of Finance (Compulsory);
 - Ministry of Finance (registration of VAT and Import VAT);
 - Ministry of Labour;
 - Ministry of Home Affairs (work permits/visas);
 - Social Security;
 - Namfisa;
 - Local Authority bylaws (such as City of Windhoek);
 - Opening of a Bank Account at a Financial Institution.



Companies Act Spotlight

A company's name and registration number must appear in legible characters in all notices and other official publications of the company. This includes all bills of exchange, cheques and orders for money or goods signed by or on behalf of the company. All letters, delivery notes, invoices, receipts and letters of credit of the company should also state these details.

Tax Refunds: are you ready to receive electronic transfers?

Inland Revenue is in the process of automating refunds via electronic transfers to Taxpayers' bank accounts. As part of this project taxpayers receive text messages to inform them that tax returns are assessed and when refunds can be expected (where applicable).

As refunds are deposited directly into the taxpayers' accounts, taxpayer bank account details need to be verified. As such, "Verification of Taxpayer details" letters are being distributed to taxpayers.

To safeguard against possible fraud these verification documentation should be stamped by your bank as confirmation of your bank account details to ensure that refunds are deposited into the right bank accounts.

Government Gazettes

Government Gazettes for the period for July 2012 is included in this edition. This is not an exhaustive list of Acts/Notices/Proclamations published.

Government Notice

169 - 2012 Determinations of amendments under the Banking Institutions Act, No 2 of 1998;

Tax Calendar - August 2012

Monday	Tuesday	Wednesday	Thursday	Friday
20 • Import VAT return • PAYE return • Withholding Tax on Services return	21	22	23	24
27 • VAT return (Category A)	28	29	30	31 • Social Security payment • Tax return - companies with 31 January 2012 YE; • 2nd provisional returns - companies with 31 August YE

Bills in progress*

- B1-2011 Unit trust control Amendment Bill
- B2-2011 Long-term Insurance Bill
- B3-2011 Pension Fund Amendment Bill
- B 4-2011 Inspection of Financial Institutions Bill
- B 14-2011 Stamp Duty Amendment Bill
- B 7-2011 Conferment of National Honours Bill

Source: Parliament of Namibia www.parliament.gov.na/bills

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