

Tax First Namibia Newsletter

December 2016



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

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Deductibility of donations

With the festive season approaching, "t's the season to be giving, Fa la la la, la, la la la..."

A lot of entities make donations as part of their corporate social responsibility programs or provide assistance in the form of donations where a need arises.

Generally donations are not deductible, but section 17(1)(s) of the Income Tax Act, 1981 (Act 24 of 1981) allows for the deduction from taxable income of amounts donated by a taxpayer to a welfare organisation or an educational institution during a year of assessment.

To qualify a welfare organisation must be registered under the National Welfare Act, 1965 (Act 79 of 1965) AND approved by the Minister of Health and Social Services.

An educational institution must be approved by Minister of Higher Education, Training and Innovation or with the Minister of Education, Arts and Culture.

Once the welfare organisation/educational institution is approved by either of these ministries, the organization should apply to Inland Revenue for approval that contributions made to it is deductible by its donors. Inland Revenue then approves this by issuing them with a formal letter and the template for issuing donation certificates to donors.

To qualify for the section 17(1)(s) deduction, an individual may not be nominated as a beneficiary. The amount donated may also not be for payment of school fees or contributions to a school fund.

Finally, the section 17(1)(s) deduction may not give rise to or increase your tax loss for the year of assessment.

The educational institution or welfare organisation must issue a certificate to the taxpayer in respect of the amount donated. Such certificate should be included in the taxpayers' tax return when claiming a deduction. This certificate is a specific format that is approved by Inland Revenue.

So as you approach the festive season and you start giving, remember that you may be able to also get a tax advantage on this. Make sure that you obtain the necessary certificates to substantiate your claims.

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Please note that our PwC offices will close on 16 December 2016 and re-open again on 5 January 2017. We would like to wish all our valued clients a safe and cheerful festive season.

New Namibia Customs procedures on temporary importation and in transit movement of goods

The Directorate of Customs and Excise of Namibia recently revealed new procedures to be applied when goods are imported temporarily and more specifically moving in transit through Namibia.

The procedures have become necessary following the almost complete rolled-out AsycudaWorld customs clearing system by Namibia's Ministry of Finance. It was found that the current manual procedures pose a revenue risk to Customs Namibia.

As from 1 December 2016 all temporary imports will either be subject to Provisional Payments ("PP") to cover duties and taxes or a Temporary Import ("TI") bond guarantee.

The Customs administration confirmed that it successfully tested the Suspense Procedure / Temporary Bond / Guarantee Management module of the AsycudaWorld Namibia system. The automatic (electronic) deduction of duties and tax liabilities raised on the system at the time of temporary importation can now take place at time of re-exportation.

Transitional matters

All clearing agents are urged to clear all existing temporary importation entries ("IM5") on the Asycuda Plus Plus system using the EX3 module on the SAD500 declaration. A list of all "open" IM5 entries can be provided by Customs upon request.

As from 1 December 2016 a temporary import bond/guarantee must be in place. Importers or their clearing agents should apply for transfer of the bond or any part thereof from Asycuda Plus Plus to Asycuda World by providing the Customs Technical Control Section (at the Customs Information Centre, Moltke Street, Windhoek) with a letter from the organization to request such transfer of the existing bond, attaching a copy of the bond.

Customs will run the Squirrel application on Asycuda Plus Plus to ensure that all temporary imports have been acquitted through the EX3 re-export module of declaration. Once completed, the available guarantee amount will be transferred to the AsycudaWorld system against the importer's bond number.

Alternatively, a completely new guarantee can be submitted to the above Customs office under cover of a cover letter requesting that the new guarantee be allocated to the importer and by attaching a certified copy of the VAT registration certificate issued by the Inland Revenue Department.

Prescribed acquittal period

All temporary import transactions on both Asycuda Plus Plus and AsycudaWorld must be acquitted within 12 months of the IM5 date of assessment. Failure to do so will result in payment of duties and taxes at the risk of the importer.

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Import of Electronic Equipment into Namibia | Certificates required

In terms of instructions forwarded by the Communications Regulatory Authority of Namibia ("CRAN"), importers of electronic equipment (whether installed into vehicles, planes, boats, or otherwise) are reminded to apply for approval certificates for such equipment at CRAN prior to import. CRAN urges importers to apply well in advance to avoid any delays at the border posts, where goods will not be cleared for import without the required certificate. This also applies to importers of Wi-Fi enabled equipment like cellphones and computers. Affected industries include Motor, Aviation, Marine, Telecommunications and Electronic sound equipment.

The Regulation does not apply to electronic equipment imported by private persons for own use in Namibia.

Although this measure has not been widely published by CRAN, we have been informed by CRAN that computer screen messages have been posted on all agents linked to AsycudaWorld and AsycudaPlusPlus (the Namibian Customs clearing system) for several weeks.

The earlier notification (published 1 May 2016 in the Government Gazette) which provided for the issuing of such certificates to regular importers, lapsed on 1 November 2016. As a result, all applications for certificates will be processed on a first come, first serve basis and regarded as "received late", according to CRAN.

CRAN stressed that no further extensions for applications will be allowed. Customs and Excise have been notified that transport vehicles may be sealed and required to move goods to the Central Customs Warehouse situated in Windhoek for delayed releases. Penalties may apply where certificates have not been obtained in a timely manner. Importers and their suppliers should note that delays in customs clearance will be experienced if this requirement is not met.

It is advised that CRAN (Mr Lazarus Paulus | Telephone: +264 61 222 666 | E-mail info@cran.na) be contacted should you require more information and assistance in this regard. The website of CRAN could also be visited for more contact details and to download the application form and legislation in this regard.

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Update on Export Levy Act, 2016

The Namibian Customs and Excise ("NCE") is in the process of preparing a submission to the Honorable Calle Schlettwein (Minister of Finance) addressing all the concerns and inputs received thus far in respect of the proposed Export Levy Act. The introduction of the levy will be postponed until the Export Levy Act has been revised to accommodate such concerns and inputs received. The levy is therefore no longer expected to be introduced during 2016, but during the first quarter of 2017.

New Legislation Tracker

This diagram tracks on the progress of proposed tax legislation.

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



Tax Calendar - December 2016

Mon	Tue	Wed	Thu	Fri
19	20	21	22	23
	<ul style="list-style-type: none"> VET Levy; PAYE Returns; Import VAT return; Withholding Tax Returns: Services, Royalties & Interest; and NRST Return. 			
<i>Boxing Day</i> 26	27	28	29	30
	<ul style="list-style-type: none"> VAT return 			<ul style="list-style-type: none"> Social Security
2 Jan 2017 <i>Public Holiday</i>	3	4	5	6
	<ul style="list-style-type: none"> 1st provisional for companies with a June 2017 year-end; 2nd provisional for companies with December 2016 year-end; and Tax return - companies with 30 May 2016 year-end. 			

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Appendix A - EFT Payments to Inland Revenue

Getting it Right



Taxpayers should ensure that they use the correct reference number for electronic fund transfers (EFTs) to Inland Revenue. Incorrect reference numbers may lead to misallocation of payments to incorrect periods or incorrect tax accounts.

EFT reference numbers are made up of 19 characters. The components of this number are as follows:

1. The first 3 characters represent the *type of tax payment*:

ITA	-	Income Tax (ITX) Account payment
ITP	-	Income Tax (ITX) Provisional Payment
ETA	-	Employee Tax (ETX) Account Payment
ETP	-	Employee Tax (ETX) Period Payment
VTA	-	Value Added Tax (VAT) Account Payment
VTP	-	Value Added Tax (VAT) Period Payment
VIA	-	VAT Import (VIA) Account Payment
VIP	-	VAT Import (VIA) Period Payment
WTA	-	Withholding Tax (WTX) Account Payment
WTP	-	Withholding Tax (WTX) Period Payment

In these codes, “account payments” refer to payments for remaining balances of arrear taxes, penalties or interest. “Period payments” should be used for the normal monthly/bi-monthly filing payments.

2. The next 10 characters is your tax number (i.e. the file identification number).

The last character of this 10 digit sequence depends on the type of tax account and may only be one of the following:

1 for Income Tax (ITX)	;	i.e. 123 4567 0 1
4 for Employee Tax (ETX)	;	i.e. 123 4567 0 4
5 for Value Added Tax (VAT)	;	i.e. 123 4567 0 5
6 for VAT Import Tax (VIA)	;	i.e. 123 4567 0 6
8 for Withholding Tax (WTX)	;	i.e. 123 4567 0 8

3. The last 6 characters relate to the *tax period*.

The tax period consists of the Tax Year (YYYY) and Month (MM) for which the payment is made.

For **account payments** the Tax Period can be left blank or entered as 999999 or 000000.

Full Example for **account payments**:

ITA1234567011999999

Full Example for **period payments**:

ITP1234567011201303

It is advisable that electronic payments are made two or three days before the due date and not on the due date to ensure that the payments reach Inland Revenue in sufficient time to avoid penalties and interest. Currently penalties are levied based on the date that payment reaches Inland Revenue’s account at the Bank of Namibia.

The bank account for EFT payments is:

Account Name : **Inland Revenue** | *General Revenue Account*
Account Number : **165001**
Branch Number : **980172**
Bank : **Bank of Namibia**



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