



# Tax First

## Namibia Newsletter

### November 2016

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

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### Double taxation agreements

**A double taxation agreement (“DTA”), is an agreement concluded between two countries in order to avoid or minimise territorial double taxation of the same income, by the two countries. Namibian Double taxation agreements, also known as “tax treaties”, generally follow the Organisation for Economic Co-operation and Development (OECD) model convention/framework.**

To date, Namibia has concluded DTA’s with the following countries:

- Botswana;
- France;
- Germany;
- Malaysia.
- Mauritius;
- India;
- Romania;
- Russian Federation;
- South Africa;
- Sweden; and
- United Kingdom (Extension of 1962, SA treaty).

We understand that a DTA between Namibia and Canada was signed during 2010, which is currently applicable in Canada. However, in Namibia no ratification has taken place to date and therefore the legislation is not yet effective.

The Minister of Finance confirmed in his mid-year budget review in Oct 2016, that Namibia approved a DTA framework, and that some existing Namibian DTA’s will be renegotiated based on this framework. Our expectation is that these renegotiations may affect the current treaty relief on some withholding taxes. New DTA’s will also be based on this framework.

It is important to consider DTA implications when working with international transactions that may include one of the above-mentioned countries. A good example would be management fees paid to a foreign supplier that is situated in South Africa, where withholding tax on services legislation and the Namibia/South Africa double taxation agreement would have to be considered. The payment between Namibia and South Africa may currently be subject to treaty relief and therefore the rate may be reduced to 0%. For payments between Namibia and Botswana however, withholding tax should be withheld at a rate of 10%.

*(Continued on next page)*

Our 2016 Tax Rate and Reference card is up to date and serves as a guideline and a quick reference for taxes and tax compliance in Namibia.

To download our Namibia Tax Rate and Reference card, go to [www.pwc.com.na](http://www.pwc.com.na)  
Namibia 2016 Tax Reference and Rate Card

Namibia Tax  
Reference  
and Rate  
card  
2016



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## Double taxation agreements (continued)

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A DTA contains “articles”, which are segments addressing specific transactions to determine the countries’ taxing rights. Some of the articles most often referred to are “Permanent Establishment”, “Business Profits”, “Dividends”, “Interest”, “Directors fees”, “Royalties”, “Independent Personal Services” and “Dependent Personal Services”.

It should be remembered that DTA's are there to reduce double taxation. A DTA can not impose tax where a transaction would not otherwise have been subject to tax in Namibia. When working with DTAs, it is recommended that you consult an international tax expert or advisor in ensuring correct interpretation and treatment thereof.

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## ALERT! : Changes to Environmental duty regulations

Amendments to Schedule 1 to the Customs and Excise Act, 1998 include:

1. Environmental duties on carbon dioxide emissions (“CO<sub>2</sub> duties”) **apply to most (new and used) motor vehicles** imported into Namibia. No CO<sub>2</sub> duties are payable on the import of two-wheeled motorcycles.
2. CO<sub>2</sub> duties are payable **in addition to any Customs duties** payable on imports from outside SACU member countries.
3. Imported vehicles shall **not be declared on separate bills of entry or customs declarations** for the purposes of Section A and Section B of Government Notice No. 100 of 30 May 2016.
4. **Formulae for the computation** of carbon emission taxes have been released.
5. **Environmental duties on tyres** - tyre threads and tyre flaps of rubber used in the manufacture of tyres, classifiable under tariff sub heading 4012.90 are excluded from the duty.
6. **Road wheels and wheel rims fitted with tyres are now included** as per Section C of Schedule 1.

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Kindly note that most Customs entry points have been migrated to the Asycuda World System. With the latest addition, Ariamsvlei, being integrated into the Asycuda World Business System on 4 November 2016. Noordoewer, Oranjemund and Lüderitz will be added shortly.

### New Legislation Tracker

This diagram tracks the progress of proposed tax legislation.

The following is the status of announced legislation up to 31 October 2016:





## Training for November:

### Windhoek

3 Nov	Incentive schemes: Link reward to performance
10 Nov	Remuneration trends in Namibia
15-17 Nov	Finance training for non-FM's, Entrepreneurs and Business Owners
22-23 Nov	Professional behavior in the workplace
28-30 Nov	Facilitation skills training
29 Nov	Interpretation of Annual Financial Statements



### TO BOOK YOUR SEAT:

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Or follow the link for more details on our website:

<http://www.pwc.com/na/en/events.html>

## Tax Calendar - November 2016

Mon	Tue	Wed	Thu	Fri
14	15	16	17	18 • VET Levy
21 • PAYE Return; • Import VAT return; • Withholding Tax Returns: Services, Royalties & Interest; and	22	23	24	25 • VAT return
28	29	30 • Social Security payment; • 1st provisional for companies with a May 2017 year-end; • 2nd provisional for companies with November 2016 year-end; and • Tax return - companies with 30 April 2016 year-end.		

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

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## Appendix A

### Environmental levies to be implemented - Part 3, Section B Environmental Duties

Customs tariff subheading	Product description	Rate of environmental duty
<b>8701.10</b>	<b>Tractors (excluding tractors of heading 87.09): Pedestrian controlled tractors</b>	N\$40 per g/km CO <sub>2</sub> emissions exceeding 120g/km
<b>8701.20</b>	<b>Road tractors for semi-trailers</b>	
8701.20.10 8701.20.20	- Of a vehicle mass not exceeding 1,600kg - Of a vehicle mass exceeding 1,600kg	N\$40 per g/km CO <sub>2</sub> emissions exceeding 120g/km
<b>8701.30</b>	<b>Road tractors for semi-trailers: Track-laying tractors</b>	N\$40 per g/km CO <sub>2</sub> emissions exceeding 120g/km
<b>8701.90</b>	<b>Other</b>	
8701.90.10 8701.90.90	- Two-wheeled tractors of a cylinder capacity exceeding 2,000cm <sup>3</sup> - Other	N\$40 per g/km CO <sub>2</sub> emissions exceeding 120g/km
<b>8702.10</b>	<b>Passenger motor vehicles with compression-ignition internal combustion piston engines (diesel or semi-diesel)</b>	
8702.10.10  8702.10.81  8702.10.85 8702.10.87  8702.10.90	- New, right-hand drive, fitted with interior parcel racks, foot-rests, magazine nets, coat hooks, reclining seats, arm rests, microphone and radio or cassette equipment, air conditioning with individual controls, pneumatic plug doors, individual reading lights, chemical toilet, wash basin and refrigerator - Other, of a vehicle mass not exceeding 2,000 kg with a value for ad valorem customs duty purposes not exceeding N\$130,000; or vehicles for the transport of 14 persons or more, including the driver - Other, of a vehicle mass not exceeding 2,000 kg - Other, of a vehicle mass not exceeding 2,000 kg with a value for ad valorem customs duty purposes or ad valorem excise duty purposes of less than N\$130,000; or vehicles for the transport of 14 persons or more, including the driver - Other	N\$40 per g/km CO <sub>2</sub> emissions exceeding 120g/km
<b>8702.90</b>	<b>Other</b>	
8702.90.81  8702.90.85 8702.90.87  8702.90.90	- Other, of a vehicle mass not exceeding 2,000 kg with a value for ad valorem customs duty purposes or ad valorem excise duty purposes of less than N\$130,000; or vehicles for the transport of 14 persons or more, including the driver - Other, of a vehicle mass not exceeding 2,000 kg - Other, of a vehicle mass not exceeding 2,000 kg with a value for ad valorem customs duty purposes or ad valorem excise duty purposes of less than N\$130,000; or vehicles for the transport of 14 persons or more, including the driver - Other	N\$40 per g/CO <sub>2</sub> emissions exceeding 120g/km
<b>8703.21</b>	<b>Passenger motor vehicles, including station wagons with cylinder capacity not exceeding 1,000 cm<sup>3</sup>, spark-ignition, internal combustion reciprocating engines</b>	
8703.21.23 8703.21.25 8703.21.27 8703.21.60 8703.21.70 8703.21.90	- Vehicles of the open body tubular frame type, with an engine capacity not exceeding 250 cm <sup>3</sup> and a vehicle mass not exceeding 250 kg - Hearses - Ambulances - Vehicles with motorcycle-type handlebars and hand operated controls - Six or eight wheeled vehicles, chain-driven and operated through an integral gearbox and differential unit - Other	N\$40 per g/CO <sub>2</sub> emissions exceeding 120g/km

## Appendix A (continued)

### Environmental levies to be implemented - Part 3, Section B Environmental Duties

Customs tariff subheading	Product description	Rate of environmental duty
<b>8703.22</b>	<b>Passenger motor vehicles, including station wagons with cylinder capacity exceeding 1,000 cm<sup>3</sup>, but not exceeding 1,400 cm<sup>3</sup> spark-ignition, internal combustion reciprocating engines</b>	
8703.22.25 8703.22.27 8703.22.90	– Hearses – Ambulances – Other	N\$40 per g/CO <sup>2</sup> emissions exceeding 120g/km
<b>8703.23</b>	<b>Passenger motor vehicles, including station wagons with cylinder capacity exceeding 1,400 cm<sup>3</sup>, but not exceeding 3,000 cm<sup>3</sup> spark-ignition, internal combustion reciprocating engines</b>	
8703.23.25 8703.23.27 8703.23.90	– Hearses – Ambulances – Other	N\$40 per g/CO <sup>2</sup> emissions exceeding 120g/km
<b>8703.24</b>	<b>Passenger motor vehicles, including station wagons with cylinder capacity exceeding 3,000 cm<sup>3</sup> spark-ignition, internal combustion reciprocating engines</b>	
8703.23.25 8703.23.27	– Hearses – Ambulances	N\$40 per g/CO <sup>2</sup> emissions exceeding 120g/km
<b>8703.31</b>	<b>Other vehicles, with compression-ignition internal combustion piston engine (diesel or semi-diesel): Of cylinder capacity not exceeding 1,400 cm<sup>3</sup></b>	
8703.31.25 8703.31.27	– Hearses – Ambulances – Of a vehicle mass not exceeding 600 kg (excluding hearses) – Six or eight wheeled vehicles, chain-driven and operated through an integral gearbox and differential unit, of a vehicle mass exceeding 600 kg and of a cylinder capacity not exceeding 1,000 cm <sup>3</sup> – Other	N\$40 per g/CO <sup>2</sup> emissions exceeding 120g/km
<b>8703.32</b>	<b>Other vehicles, with compression-ignition internal combustion piston engine (diesel or semi-diesel): Of cylinder capacity exceeding 1,400 cm<sup>3</sup>, but not exceeding 2,400 cm<sup>3</sup></b>	
8703.32.25 8703.32.27 8703.32.90	– Hearses – Ambulances – Other	N\$40 per g/CO <sup>2</sup> emissions exceeding 120g/km
<b>8703.33</b>	<b>Other vehicles, with compression-ignition internal combustion piston engine (diesel or semi-diesel): Of cylinder capacity exceeding 2,400 cm<sup>3</sup></b>	
8703.33.25 8703.33.27 8703.33.90	– Hearses – Ambulances – Other	N\$40 per g/CO <sup>2</sup> emissions exceeding 120g/km
<b>8703.90</b>	<b>Other vehicles, with compression-ignition internal combustion piston engine (diesel or semi-diesel): Other</b>	
8703.90.25 8703.90.27 8703.90.90	– Hearses – Ambulances – Other	N\$40 per g/CO <sup>2</sup> emissions exceeding 120g/km
<b>8704.10</b>	<b>Motor vehicles for the transport of goods: Dumpers designed for off-highway use</b>	
8704.10.25 8704.10.90	– GVM not exceeding 501 – Other	N\$40 per g/CO <sup>2</sup> emissions exceeding 140g/km



## Appendix A (continued)

### Environmental levies to be implemented - Part 3, Section B Environmental Duties

Customs tariff subheading	Product description	Rate of environmental duty
<b>8704.21</b>	<b>Other, with compression-ignition internal combustion piston engine (diesel or semi-diesel): GVM not exceeding 5 tons</b>	
8704.21.10	– Shuttle cars for use in underground mines, low construction flame-proof vehicles, equipped with control mechanisms both in the front and at the rear, for use in underground mines	N\$40 per g/CO <sup>2</sup> emissions exceeding 140g/km
8704.21.40	– Off-the-road logging trucks	
8704.21.70	– Other, of a vehicle mass not exceeding 600 kg	
8704.21.75	– Other, with an engine capacity not exceeding 1,000 cm <sup>3</sup>	
8704.21.81	– Other, double cab, of a vehicle mass not exceeding 2,000 kg or a GVM not exceeding 3,500 kg, or of a mass not exceeding 1,600 kg or a GVM not exceeding 3,500 kg per chassis fitted with a cab	
8704.21.83	– Other (excluding double cab) of a vehicle mass not exceeding 2,000 kg or a GVM not exceeding 3,500 kg, or of a mass not exceeding 1,600 kg or a GVM not exceeding 3,500 kg per chassis fitted with a cab	
8704.21.90	– Other	
<b>8704.22</b>	<b>Other, with compression-ignition internal combustion piston engine (diesel or semi-diesel): GVM exceeding 5 tons, but not exceeding 20 tons</b>	
8704.22.10	– Shuttle cars for use in underground mines, low construction flame-proof vehicles, equipped with control mechanisms both in the front and at the rear, for use in underground mines	N\$40 per g/CO <sup>2</sup> emissions exceeding 140g/km
8704.22.20	– Off-the-road logging trucks	
8704.22.90	– Other	
<b>8704.31</b>	<b>Other, with spark-ignition internal combustion piston engine: GVM not exceeding 5 tons</b>	
8704.31.30	– Off-the-road logging trucks	N\$40 per g/CO <sup>2</sup> emissions exceeding 140g/km
8704.31.50	– Three-wheeled vehicles with motorcycle type steering systems and engines of a cylinder capacity not exceeding 550 cm <sup>3</sup> , and equipped with motor vehicle type differentials and reverse gears	
8704.31.70	– Other (excluding off-the-road logging trucks and three-wheeled vehicles) of a vehicle mass not exceeding 600 kg	
8704.31.75	– Other, with an engine capacity not exceeding 1,000 cm <sup>3</sup>	
8704.31.81	– Other, double cab, of a vehicle mass not exceeding 2,000 kg or a GVM not exceeding 3,500 kg, or of a mass not exceeding 1,600 kg or a GVM not exceeding 3,500 kg per chassis fitted with cab	
8704.31.83	– Other (excluding double cab) of a vehicle mass not exceeding 2,000 kg or a GVM not exceeding 3,500 kg, or of a mass not exceeding 1,600 kg or a GVM not exceeding 3,500 kg per chassis fitted with a cab	
8704.31.90	– Other	
<b>8704.32</b>	<b>Other, with spark-ignition internal combustion piston engine: GVM 5 tons</b>	
8704.32.10	– Off-the-road logging trucks	N\$40 per g/CO <sup>2</sup> emissions exceeding 140g/km
8704.32.90	– Other	
<b>8704.90</b>	<b>Other</b>	
	– Off-the-road logging trucks – Electric vehicles, of a mass not exceeding 2,000 kg or a GVM not exceeding 3,500 kg or of a mass not exceeding 1,600 kg or a GVM not exceeding 3,500 kg per chassis fitted with cab – Other, double cab, of a vehicle mass not exceeding 2,000 kg or a GVM not exceeding 3,500 kg, or of a mass not exceeding 1,600 kg or a GVM not exceeding 3,500 kg per chassis fitted with cab – Other (excluding double cab) of a vehicle mass not exceeding 2,000 kg or a GVM not exceeding 3,500 kg, or of a mass not exceeding 1,600 kg or a GVM not exceeding 3,500 kg per chassis fitted with a cab – Other	N\$40 per g/CO <sup>2</sup> emissions exceeding 140g/km