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## The importance of Estate Planning

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It is a given and known fact that all of us will one day pass away. It is not certain when this unfortunate event will take place and therefore we should all make provision for what might lie ahead.

When loved ones pass away, surviving spouses, children, family and friends are left with a void that cannot be filled. This is also often coupled with a lot of trauma and loss of security. Do you want your family to have peace of mind when you are gone? Then it is important to do effective estate planning, and more importantly with the help of a professional person.

The first step is to compile a will that directs how your assets should be distributed at your death. By stating your wishes clearly and by organising your assets, your family will not have to struggle with your finances during a very difficult time when you die. If you die without leaving a valid will, your estate will be distributed according to the rules laid down by the laws of intestate succe-

sion that may lead to the distribution of your assets in a way different than you would have wanted. Since there are certain formal requirements to be met for a will to be valid (for example to sign in the presence of 2 witnesses, certain persons are excluded from signing as witnesses



etc), it is imperative that the advice of professional people are obtained.

The final step is to arrange your affairs and keep your crucial documents in a safe and central place for your loved ones not to wander around in darkness searching for the relevant

documents to report your estate and to handle your affairs after your death. It is also important to discuss your financial position, estate and will with someone knowledgeable to enable him/her to assist your family in taking decisive action when you pass away.

To spare your loved ones the

frustrations most often coupled with the handling of the affairs of an estate, obtain the services of a professional to assist you during your lifetime to do effective estate planning. This would include making sure that your affairs are arranged in such a way that your loved ones are

taken care of after your death, especially during the time that it takes to finalise your estate.

For business owners, ensuring that your business can continue or be dissolved in an organised manner is also a key consideration.

The heirs of your business interests will become responsible for the wellbeing of employees and other stakeholders and should be in a position to handle this responsibility.

Through effective estate planning, you could arrange your affairs in such a way that the administration costs are kept to a minimum and provision is made for all foreseeable costs to ensure that there is not a cash shortfall in your estate. Only after having done this could one have peace of mind about your estate. **o**

Government's view of the economy could be summed up in a few short phrases:

If it moves, tax it.

If it keeps moving, regulate it.

And if it stops moving, subsidize it.

Ronald Reagan (1986)

## Government Gazettes

Government Gazettes for the period 30 March until 26 April 2011 was included in this edition. This is not an exhaustive list of Acts/Notices/Proclamations published.

### 30 March 2011—General Notices

61/2011—Amendment of entry fees payable in respect of foreign vehicles and registration and annual license fees and mass distance charges: Road Administration Act, 1999

### 1 April 2011—Government Notices

34/2011—Removal of Post Office Savings Bank from Section 2(2) of the Banking Institutions Act, Banking Institutions Act, 1998

### 1 April 2011—General Notices

67/2011—Ministry of Trade and Industry: Public Notice on business registration o

## Bills in progress\*

- B 6-2008 National Youth Service Bill
- B1-2010 Industrial Property Bill
- B7-2010 Namibian Planning and Construction Council Bill
- B15-2010 Employment Service Bill
- B 18-2010 Architectural and Quantity Surveying Bill

- B26-2010 Statistics Bill
- B1-2011 Unit trust control Amendment Bill
- B2-2011 Long term insurance Amendment Bill
- B3-2011 Pension Fund Amendment Bill
- B4-2011 Inspection of Financial Institutions
- B5-2011 Income Tax Amendment Bill

\* Source: Parliament of Namibia [www.parliament.gov.na/bills](http://www.parliament.gov.na/bills)

## What type of taxpayer are you?

In terms of Section 55 of the Income Tax Act, Act No 24 of 1981 ("the Act"), all income tax return forms shall be in such form as prescribed by the Minister.

Section 56(1) of the Act, compels every person who is liable to taxation to furnish a return of income duly signed and including a computation of the taxable income as well as the amount of tax payable.

Currently Inland Revenue provides four different forms for completion and submission by different taxpayers depending on the type of taxable income the taxpayers earns in Namibia. It is important that the taxpayer complete their tax returns in full as incomplete returns of income shall be returned to taxpayers and may result in late rendering thereof and the consequent imposition of penalties and interest.

In terms of Section 55 of the Income Tax Act, Act No 24 of 1981 ("the Act"), all income tax return forms shall be in such form as prescribed by the Minister.

Section 56(1) of the Act, compels every person who is liable to taxation to furnish a return of income duly signed and including a computation of the taxable income as well as the amount of tax payable.

The forms for completion and submission by the different taxpayer are:

**Form A.** This form is yellow in colour and consists of 25 schedules. The form is for any taxpayer who derives income wholly or partially from business or farming.

In terms of section 56(1A)(b) of the Act, the due date for furnishing of the A form return of income is the last day of the 7<sup>th</sup> month after the end of the year of assessment.

In terms of the prevailing registration procedures by Inland Revenue, individual provisional taxpayers are classified between business and individual. Business provisional taxpayers have a September due date for submission of returns. Please note that individual provisional taxpayers (i.e. directors of companies) who do not carry on business should make use of a blue form and have a June due date for submission of returns.

**Company and Close Corporation form.** Companies and Close Corporations are treated the same for tax purposes hence the same form is applicable to both which is green in colour. A company determines its own year end and the return of income must be rendered within seven months of the company's financial year end.

Continue on page 4

## Are you acquainted with VAT on Imported Services?

I am certain we are all aware of the VAT consequences on **goods** imported into Namibia. But can the same be said on imported **services**?

In terms of the Namibian VAT Act, "imported services" is defined as a supply of services to a resident person by a non-resident person or by a resident person from a business carried on by the resident person outside Namibia, to the extent that such services are utilised or consumed in Namibia, other than to make taxable supplies.

This implies that services acquired from foreign suppliers, meeting the above definition requirements, are subject to Import VAT. The person liable for payment of VAT on the import of services is the recipient of the services, i.e. the Namibian business acquiring the service.

The VAT payable is determined at 15% of the value of the consideration paid and must be **declared on a separate VAT return within 30 days after the import**. If the service is imported from a foreign connected party the value of the import would be the greater of market value or consideration paid.

The definition of imported services makes it in particular important to entities not registered for VAT,

entities in the businesses of providing either solely exempt supplies or a mixture of taxable (15% and 0%) and exempt supplies.

The following services are specified as exempt imports and are not subject to Import VAT:

- An import of goods or services by an export processing zone enterprise or an export processing management company for use by that enterprise or company in an export processing zone;
- an import of services where the recipient of the services received the services in respect of a technical assistance agreement;
- An import of services by the state;
- Services imported which would have been exempt from Namibian VAT if acquired in Namibia.
- Services imported which would have been zero-rated if acquired in Namibia.

The cost of non-compliance can be substantial to tax payers with penalties of 10% per month (limited to 100%) and interest of 20% per annum payable on late payment of VAT on imported services o.

## PwC Tax Business School presents *Tax 1st 2011*

This year PwC Tax Business School will again present tax training in Windhoek and the coast. The aim of the course is to provide technical tax skills and knowledge to accountants, debtors and creditors clerks, payroll administrators, financial accountants and other staff with responsibilities in the tax cycle. The training will include updated legislation and practises to refresh experienced attendees and provide a strong technical base to first time participants

**Tax 1st 2011** will cover the following modules:

- Basic income tax;
- Basic employment tax training;
- Basic value added training; and
- Basic customs training.

To allow all parties to attend training in both direct and indirect tax training PwC will provide training over a two day period, combining income tax and employee taxes in one session and value added taxes and customs in another session.

This will allow for a single participant to attend the corporate tax training on day one and the VAT training on day two.

As a company sending more than two participants that specialises in one field, separate registration is possible to maximise the training potential provided.

The training will take place on the 8th and 9th of June 2011 in Windhoek and the 13th and 14th of June 2011 at the coast. The venues will be announced at a later date.

The presenters will include:

**Stefan Hugo**  
**Chantell Husselmann**

**Amanda Gous**  
**Johan Nel**  
**Elria van der Merwe**

**Josephine Keister**

**Denis Hyman**  
**Riana Venter**  
**Nellie du Toit**

B Acc (Hons), CA (Nam), HDip (Unisa)  
B Acc (Hons), CA (Nam), Advances Programme in VAT  
B Comm, LLB, HDip (Unisa)  
B Acc (Hons), CA (Nam)  
B Acc, Post Grad Diploma Tax Strategy & Management  
B Acc, Post graduate Diploma in VAT (Unisa)  
BA Law  
B Acc (Hons), CA (Nam)  
B Com Accounting, HDip Tax (Unisa)

Further detail will be available in the press and from Progress Amadhila ([progress.amadhila@na.pwc.com](mailto:progress.amadhila@na.pwc.com)) at our Windhoek office.

### Tax Training June 2011

## Benefits of tax function effectiveness

In an effective Tax function, management takes the right strategic tax decisions and manage tax exposures continuously.

Tax function effectiveness reviews will assist you in establishing a tax management framework to enable effective management of your tax risk. A tax function effectiveness review process include: a practical analysis of tax risk, a tax risk and control mapping, gap analysis, consideration of tax planning opportunities and formulating a tax strategy.

A documented tax strategy will record the tax risk appetite of a company, sets objectives and determines priorities. It is important that such a strategy should be aligned with the overall business strategy of the company as a proper tax risk strategy will ensure that tax planning is effective and appropriate and that compliance obligations are met. Its existence can reassure stakeholders that the company's tax affairs are under control and that tax risk is taken seriously.

## Tax Calendar— May 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20 PAYE payment Import VAT returns	21
22	23	24	25 VAT returns (Category B)	26	27	28
29	30 Social Security payment	31				

### Give us feedback

Please give us feedback on our newsletter at  
[amanda.gous@na.pwc.com](mailto:amanda.gous@na.pwc.com).

## What type of taxpayer are you?

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### Provisional tax returns

In terms of schedule 2 any person who derives income from sources other than remuneration should register as a provisional taxpayer. A provisional taxpayer also includes any director of a private company.

An individual other than a farmer who is registered as a provisional taxpayer is required to pay one half of an amount equal to the total estimated liability in respect of that year within the period of six months from the commencement of the year of assessment and an amount equal to the total estimated liability not later than the last day of the year of assessment in question.

A farmer is only required to submit one provisional payment which is at the end of the year of assessment – 28 February.

All companies and close corporations are automatically registered as provisional taxpayers and should thus submit two provisional tax returns the first one due six months before year end and the second one due on the last day of the financial year. **o**

## Meet the PwC Namibia Tax Practice - Consultants in the Corporate Tax and Human Resource Services

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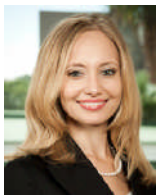


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