

Oil and Gas Tax Guide for Namibia 2013

*A quick guide
to oil and gas
tax regimes in
Namibia*



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Country profile

The Republic of Namibia is a country in southern Africa whose western border is the Atlantic Ocean. It shares land borders with Angola, Zambia, Botswana and South Africa. As a coastal state, Namibia has its Exclusive Economic Zone delineated with an area of 564,748km², of which 86,698km² relates to the Namibian shelf, with water depths ranging between 0 to 200 metres.

Brief history on oil and gas development

License blocks are deep and ultra deep water depths. Prior to 2011, 20 wells were drilled ('95– '99: 13). In 2012, 2 wells were drilled. While seismic survey data is considered to be very promising, no oil has been discovered to date with the limited exploration activities carried out. The petroleum industry in Namibia is thus still in its infant stage.

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Fiscal regime

The laws that regulate the petroleum industry in Namibia are Petroleum (Taxation) Act 3 of 1991 (PTA), the Income Tax Act 24 of 1981 dealing with administrative provisions and the Petroleum (Exploration and Production) Act, Act 2 of 1991 responsible for the levying of royalties.

Petroleum Tax as levied under the PTA, is paid annually for the benefit of the State Revenue Fund in respect of taxable income received by or accrued to or in favour of any person from a licence area in connection with exploration or production operations carried out in any tax year in such licence area. The tax rate is 35% with an additional profit tax payable on a sliding scale of between 15% and 25%.

Royalties are payable at 5% of gross revenues. The market value of crude oil is used as the basis to levy royalty and petroleum tax.

Activities relating to downstream activities are not considered to be petroleum activities and are taxed under the Income Tax Act.

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Government participation

No applicant is compelled to offer Namcor a share in a license. However, Namcor can participate in licenses if this is offered during negotiations, and if Namcor decides to accept the invitation to participate.

Forms of contracts

Current practice in the market is to make use of the Model Petroleum Agreement. The Model Petroleum Agreement serves as a basis of negotiation with applicants for exploration licenses. This Model is a concession type agreement and its clauses are drawn from the international petroleum industry practice and should not hold any surprises for international petroleum companies.

The Model makes provision for the applicant of a license to commit to a minimum exploration work program.

The Model further sets out the procedures to be followed by a licensee on discovery of petroleum.

Forms of Petroleum Leases / Licences

The Minister of Mines and Energy is mandated to appoint the Petroleum Commissioner according to the provisions of the Petroleum Act. This Ministry is responsible for assessing licence applications in respect of oil and gas. According to law, it is the Minister's duty to ultimately recommend the granting or denial of the licence application.

The Petroleum Act stipulates three types of licences for which prospectors can apply, namely:

Reconnaissance Licence – These licences are granted for the purpose of conducting a preliminary exploration of a considerable expanse of land or sea-bed acreage in order to determine where prospecting should be focused once an exploration licence has been obtained. These licences can be extended twice and are valid for no more than two years.

Exploration Licence – These licences are used to enable the systematic prospecting for oil and gas deposits. These licences are issued for a period of four years, which can be extended twice for no more than two years each time.

Production Licence – This licence allows the holder to carry on production activities within a specific production area and to sell or dispose of petroleum derived from such production activities from this area. This licence is valid for 25 years and can be renewed only once, for no more than 10 years.

Namibia adopted an Open Licensing System in 1999 for Reconnaissance, Exploration and Production licenses. The Petroleum Commissioner confirmed that this will change and revert back to bid rounds in future.

Annual licence fees

License holders are required to pay annual charges for the benefit of the State Revenue Fund, calculated by multiplying the number of square kilometers included in the block or blocks by the amounts provided for in Section 67 of the Petroleum Act. In the case of exploration licenses, the charge is calculated as follows:

- During the first four years, NAD60 per square kilometer
- During the next two years, NAD90 per square kilometer
- During the subsequent two years, NAD120 per square kilometer
- Thereafter, NAD150 per square kilometer

In the case of the production licenses, the fee is NAD1,500 per square kilometer.

Taxation Regime

Petroleum income tax is levied at 35% of taxable income and an additional profits tax (APT) levied on the after-tax net cash flows from petroleum operations. The after tax net cash flows is determined by deducting the exploration and development expenditure as well as the petroleum income tax from gross income.

Income tax is levied in respect of each license area. License areas are taxed separately even if the taxpayer has been granted the right of exploration in different license areas.

Taxable income is calculated by

*Gross income*¹ is defined as:

- *the total **amount**,*
- *in **cash or otherwise**,*
- ***received** by or **accrued** to or in favour of a person*
- *from a **license** area in connection with **exploration** operations, **development** operations or **production** operations*
- ***excluding** amounts of a **capital** nature*

There are certain specific inclusions that would form part of gross income:

- ***Market value** of Petroleum **produced**, saved or delivered (including appropriated for refining purposes)*
- *Closing crude form **inventory** (50%)*
- *Profit on **disposal** of petroleum asset/licence area or transfer of such asset/licence area*
- ***Sale** of petroleum **information** in relation to such license area*
- *Any income received or accrued to a person as **condition of the license***
- *Capital gains arising on **sale of assets** after production commenced is taxable in hands of licence holder*
- *Insurance proceeds in respect of any loss of petroleum produced or saved or any income that would have been included in gross income had the loss not occurred*

Any amounts received or accrued to the license holder prior to the year of production in respect of these items are carried forward to the year of first production and are included in gross income in that year.

*Deductions*² allowed in the determination of taxable income are:

- *Expenses **actually incurred***
- *in respect of the **particular license area***
- *in the production of **gross income***

Including such expenditure so incurred in respect of:

- (i) **repairs or maintenance** of any premises occupied for purposes of carrying out exploration operations, development operations or production in or in connection with such licence area, including repairs of machinery, implements, utensils and other articles employed by such person for such purposes;*
- (ii) charges, fees or **rent** for or in respect of **land or buildings** occupied for purposes of carrying out production operations in or in connection with such licence area;*
- (iii) **contributions to a fund or scheme**, approved by the Permanent Secretary, in respect of any person employed by such person in or in connection with production operations in or in connection with such licence area;*

¹ Section 7 of Petroleum Income Tax Act

² Section 8 of Petroleum Income Tax Act

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- (iv) **interest and other moneys** paid during the year of assessment on **loans or other debts** which, to the satisfaction of the Permanent Secretary, has been utilized or incurred for purposes of carrying out explorations or production operations in or in connection with such licence area;
- (v) any **royalty levied under**, and paid in terms of, the provisions of the **Petroleum (Exploration and Production) Act, 1991**, in connection with petroleum produced and saved in such licence area;
- (vi) the advancement of the **education and training of Namibian citizens** at institutions approved by the Permanent Secretary, and the provision of educational and scientific material and equipment in terms of any term or condition of a production licence issued in respect of such licence area;
- (vii) **wages and salaries** of persons employed by such person in or in connection with production operations carried out in such licence area;
- (viii) **consumable items** used in respect of the **production, conveyance and storage facilities** in or in connection with production operations, carried out in such licence area; the right of use of any plant, machinery, equipment or other article used in or in connection with exploration operations, development operations or production operations carried out in such licence area;
- (x) **customs duty** in respect of the **importation for use** in or in connection with production operations carried out in such licence area of plant, machinery, equipment spare parts, materials, supplies or consumable items to be used in or in connection with such production operations;
- (xi) **General administration and management** directly connected with production operations carried out in such licence area. If the expenditure was incurred outside Namibia, and the expenditure is otherwise an allowable deduction under this Act, the deduction will only be allowed to the extent to which provisions is made in the terms and conditions of a production licence. If no such terms and conditions exist, the Permanent Secretary can determine the amount which he considers just and reasonable.
- (xii) the **restoration of a licence area**, or any part thereof, after cessations of exploration operations, development operations or production operations in such licence area to the extent to which such expenditure may, by virtue of any term and condition of a licence issued in respect of such licence area, be allowed as a deduction in determining such person's taxable income;
- (b) **any debts** due to such person to the extent to which they are proved to the satisfaction of the Permanent Secretary to be bad, provided such amount is included in the current tax year or was included, but not deducted, in any previous tax year in such person's income;
- (c) **any amount which has been included in the gross income** of such person in terms of section 7(1)(d) (closing stock) in the **immediately preceding tax year in respect of such licence area**.

Specific deductions not allowed in terms of Section 13 are as follows:

- (a) any expenditure incurred in respect of improvements not being an allowable deduction under section 8(a)(i);
- (b) any expenditure incurred in respect of charges, fees or rent for or in respect of land or buildings, not being an allowable deduction under section 8(a)(ii);
- (c) any expenditure incurred in respect of contributions to a fund or scheme, not being a fund or scheme which is approved by the Permanent Secretary, not being a allowable deduction under section 8(a)(iii)
- (d) any expenditure incurred in respect of a pecuniary obligation incurred in obtaining a loan or any other debt, not being an allowable deduction under section 8(a)(iv);
- (e) any capital withdrawn or any sum utilized or intended to be utilized as capital;
- (f) any expenditure incurred in respect of the acquisition of any land or an interest in any land or rights over or in respect of any land;
- (g) any expenditure wholly or partly depending on or determined by reference to the quantity, value or proceeds of, or the profits from, petroleum produced under the authority of a production licence not being a deduction allowed in terms of section 8(a)(v);
- (h) any expenditure incurred for the purpose of obtaining a direct or indirect interest in petroleum produced under the authority of a production licence;
- (i) any payment in respect of the tax, or of tax within the meaning of the Income Tax Act or of any tax levied, whether within or outside Namibia, under any other law.

(2) No deduction shall be allowed under section 8 or otherwise in respect of any expenditure which according to any term and condition of license shall not be so allowed.

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Royalties

Royalties are calculated as 5% of gross revenues. Royalties are generally payable quarterly, calculated by using the market value of the crude oil. The minister may prohibit the removal of petroleum from the production area and any other dealings in respect of the petroleum if the payer fails to remit payment. The royalty paid is deductible in the determination of the taxable income of the license holder³.

Withholding taxes

The general principle, on which Namibia's tax system is based, is the source principle and not residence. That implies that residents and non-residents are taxed on exactly the same basis in respect of income which is from a Namibian source or deemed source. All non-resident taxpayers (individuals as well as companies) have to submit a tax return in respect of their Namibian source income.

In terms of the provisions of the Income Tax Act, certain types of income will be subject to withholding tax.

The types of incomes subject to withholding tax are:

- Royalties (30% x 33% corporate tax rate = 9.9%)⁴
- Management, consulting, technical, administration and directors fees (Withholding tax on Services, 25%)

Petroleum companies are exempt from withholding taxes on dividends (NRST).

Compliance dates

Royalties withholding tax is payable within 14 days after the end of the month during which the liability for payment is incurred

The amount of Withholding Tax on Services deducted or withheld is payable to Inland Revenue within 20 days after the end of the month during which the amount was deducted or withheld.

Capital Gains Tax

Mining Licences/Rights

In terms of the Namibian Income Tax Act, any sale/donation/ expropriation cession, grant or other alienation or transfer of ownership of a licence or right to mine minerals is specifically included in the definition of gross income. The definition also includes a sale of shares in a company for a licence or right to mine minerals in Namibia.

Section 15 deems these profits to be from a Namibian source irrespective of:

- whether the transaction is concluded in or outside Namibia,
- the place where the payment of such amount is made
- the place where the funds from which the payment is made are held.

In terms of the Mining and Prospecting Act 33 of 1992 a; "**mineral licence**" means a reconnaissance licence, an exclusive prospecting licence, a mining licence or a mineral deposit retention licence and includes the renewal of any such licence.

³ Section 8 (a)(v) of the Petroleum (Taxation) Act 3 of 1991

⁴ The corporate tax rate is proposed to decrease to 32% in which case the royalties will be levied at 9.6%(32% x 32% corporate tax rate).

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The definition of “mineral” as per the Mining and Prospecting Act 33 of 1992, specifically excludes “petroleum, as defined in section 1 of the Petroleum (Exploration and Production Act), 1991 (Act 2 of 1991);”

It can therefore be argued that the scope of the newly introduced paragraph (o) of gross income does not include petroleum licences (including gas and oil) in its scope. Accordingly the sale of mining rights/sale of shares in a company holding such a right would not be subject to paragraph (o) of the definition of gross income.

Please note that the wording of paragraph (o) is currently under review, and there is a possibility that the wording might be changed to include petroleum rights / licences.

Petroleum information and assets

Section 7 of the Petroleum Taxation Act⁵ determines the amounts to be included in the gross income of companies falling under the Petroleum Tax Act.

In paragraph (f) of this section it reads as follows:

“any amount received by or accrued to or in favour of such person in the tax year from such licence area and deemed, under the provisions of section 12(1), to be gross income for purposes of this section;”

Section 12(1) of the Act⁶ deals with profit made on the sale/disposal of the licences/assets relating to the petroleum operations.

Where the amount received exceeds the capital expenditure incurred in respect of the licence area;

“the amount of such excess shall be deemed to be gross income received by or accrued to or in favour of such person from such licence area in the tax year in which such amount was so received or so accrued.”⁷

Accordingly the profit on sale of assets is included as taxable income. The amounts are only subject to tax in year that production starts. Capital gains arising on sale of assets after production commenced is taxable in hands of the licence holder.

Incentives

Prior to production

Accumulated exploration expenditures are deductible in full in the first year of production (unless they have already been transferred to another license area that has gross income from production).

During production

Exploration expenditures incurred when production already commenced are immediately deductible. Accumulated development expenditures are deductible in three equal instalments commencing in the first year of production.

Exploration expenditure⁸ is defined as “in relation to a licence area, means expenditure actually incurred, whether directly or indirectly, in or in connection with the carrying out of exploration operations in or in connection with such licence area, including expenditure actually incurred in respect of –

⁵ Petroleum (Taxation) Act 3 of 1991

⁶ Petroleum (Taxation) Act 3 of 1991

⁷ Section 12(1)(b) of the Petroleum (Taxation) Act 3 of 1991

⁸ Petroleum (Taxation) Act 3 of 1991

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- (a) the acquisition of machinery, implements, utensils and other articles employed for purposes of such operations, including pipes, wellhead equipment, subsurface equipment and onshore and offshore drilling;*
- (b) labour, fuel, haulage, supplies, materials and repairs in connection with a survey or study, excluding drilling for appraisal purposes, referred to in paragraphs (a) and (b) of the definition of “exploration operations” in section 1 of the Petroleum (Exploration and Production) Act, 1991;*
- (c) contributions to a fund or scheme, approved by the Permanent Secretary, in respect of any person employed in or in connection with exploration operations;*
- (d) the advancement of training and education of Namibian citizens at institutions approved by the Permanent Secretary after consultation with the Commissioner, and the provision of educational and scientific materials and equipment by virtue of any term and condition of an exploration licence issued in respect of such licence area;*
- (e) charges, fees or rent for, or in respect of, land or buildings occupied for purposes of carrying out exploration operations;*
- (f) subject to the provisions of section 14(2), the general administration and management directly connected with exploration operations;*
- (g) the restoration of such licence area, or any part thereof, after cessation of exploration operations in such area to the extent to which such expenditure has been incurred by virtue of any term and condition of an exploration licence issued in respect of such licence area relating to safety of the prevention of pollution;*
- (h) customs duty in respect of the importation for use in or in connection with exploration operations in such licence area of plant, machinery, equipment, spare parts, materials supplies or consumable items used in or in connection with such exploration operations”*

Development expenditure⁹ is defined as “expenditure actually incurred, whether directly or indirectly, in or in connection with the carrying out of development operations in or in connection with a licence area, including expenditure actually incurred in respect of –

(a) the acquisition of –

(i) machinery, implements, utensils and other articles used for purposes of such operations, including pipes, units for purposes of production, treatment and processing, well-head equipment, subsurface equipment, enhanced recovery systems, onshore and offshore drilling and production platforms and petroleum storage facilities;

(ii) furniture, tools and equipment used in offices and accommodation referred to in paragraph (e)(ii) of the definition of “development operations” and in warehouses, export terminals, harbours, piers, marine vessels, vehicles, motorised rolling equipment, aircraft, fire and security stations, water and sewage plants and power plants;

(b) labour, fuel haulage, supplies, materials and repairs in connection with the drilling, laying, installation and construction referred to in paragraphs (a), (b), (c), (d) and (e)(i) of the definition of “development operations”;

(c) contributions to a fund or scheme, approved by the Permanent Secretary, in respect of any person employed in or in connection with development operations;

(d) the advancement of training and education of Namibian citizens at institutions approved by the Permanent Secretary after consultation with the commissioner and the provision of educational and scientific materials and equipment by virtue of any term and condition of a licence issued in respect of such licence area;

(e) charges, fees or rent for, or in respect of, land or buildings occupied for purposes of carrying out development operations;

(f) subject to the provisions of section 14(2), the general administration and management directly connected with development operations;

(g) the restoration of such licence area, or any part thereof, after cessation of development operations in such licence area to the extent to which such expenditure has been incurred by virtue of any term and condition of the licence issue in respect of such licence area relating to safety or the prevention of pollution;

(h) customs duty in respect of the importation for use in or in connection with development operations in such licence area of plant, machinery, equipment, spare parts, materials, supplies or consumable items to be used in or in connection with such development operations”

⁹ Petroleum (Taxation) Act 3 of 1991

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Losses

Losses resulting from allowable deductions may be deducted as an allowable loss against the gross income from the licence area in the next year. Losses may be carried forward without limitation.

Losses arising from different licence areas may, however, not be offset against income from another licence area or other operations.

Compliance requirements

Petroleum entities are subject to the administrative procedures set out in the Income Tax Act.

Income Tax compliance duties for a branch, company, joint venture, business person or close corporation will consist of:

- Submission of provisional tax returns (including payment of provisional taxes); and
- Submission of annual tax returns.

Provisional returns and payments must be made, as follows:

- The 1st provisional tax return and payment is due 6 months before the end of the tax year in question. The payment should be based on the taxable income for the first six-months of the tax year and is calculated at the relevant corporate tax rate;
- The 2nd provisional return and payment is due at the end of each financial year (determined by the year-end of the company, branch, joint venture or close corporation). Provisional tax payable must be calculated based on actual taxable profit for the year, at the relevant corporate tax rate, less the amount paid on the first provisional.
- The 1st and 2nd provisional payments should be equal to at least 40% and 80% respectively of the tax payable for the year. Penalties and interest may be levied on an underestimation of provisional taxes
- A top-up provisional payment should be made no later than 7 months after the financial year-end of the company, equal to outstanding taxes for the year, after deducting 1st and 2nd provisional payments (if necessary).

The company/branch/joint venture is required to submit an annual income tax return to the Directorate Inland Revenue. This return is due no later than 7 months after the financial year end of the company. Extension for the submission of the income tax return may be granted by the Receiver of Revenue for an additional 5 months on receipt of a written request for such.

Indirect taxes

Value-added Tax (VAT)

VAT is chargeable on the taxable supply of goods by every registered person under Section 6(1)(a) of the VAT Act. Taxable supplies are defined in Section 1 of the VAT Act as the supply of goods or services in the course or in the furtherance of a taxable activity. Namibia is defined for the purpose of the VAT Act as including the territorial sea, excluding the economic zone and the continental shelf. As such, for VAT purposes, goods or services supplied by a taxable person up to 200 nautical miles from the low watermark may be subject to VAT.

If taxable supplies exceed NAD200,000¹⁰, registration for VAT is obligatory. For VAT purposes, taxable activity means any activity that is carried on continuously or regularly by any person in

¹⁰ The VAT threshold for compulsory registration is proposed to increase to NAD500,000 during the 2014 year

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Namibia or partly in Namibia, whether or not for a pecuniary profit, that involves or is intended to involve, in whole or in part, the supply of goods or services to any other person for consideration.

No guidelines define the terms “continuously” or “regularly” and it is strongly advised to obtain professional advice prior to commencing activities in Namibia and/or written confirmation from Inland Revenue whether the activities, as envisaged, will constitute taxable activities or not.

License holders must levy VAT at 15% on invoices for goods or services.

As VAT-registered persons, license holders are entitled to claim credit for VAT paid on invoices issued by Namibian suppliers against VAT charged on supplies made in Namibia and import VAT paid on goods imported into Namibia.

Custom duties/Import tariffs

License holders are exempt from paying import VAT under Schedule V, paragraph 2(f) of the Value-added tax Act 10 of 2000 (“the VAT Act”), and rebated from customs duties (full rebate of duty less ad valorem duties) in terms of rebate item 460.23, Schedule No. 4, Part 2 of the Customs and Excise Act, Act No. 20 of 1998 (“the Customs and Excise Act”).

The goods imported by the license holders must be for use solely in operations in connection with the prospecting for or the mining of natural oil or natural gas to qualify for exemption from import VAT, and subject further to the provisions of rebate item 460.23 above for rebate of customs duties, to the extent indicated.

Individuals

Personal income tax

All persons other than companies are regarded as individuals and their year of assessment runs from the 1st of March to the 28th of February. There is no distinction between different classes of individual taxpayers and married men and women are taxed on the same basis. The same principles apply for individuals and for other taxpayers except for certain inclusions, exemptions and deductions, which relate specifically to individuals.

Services rendered within Namibia will be deemed to be from a Namibian source.¹¹ Included in Namibia is “*the sea within a distance of 12 nautical miles measured from the low water line shall be the territorial sea of Namibia*”.

Therefore if employees render services on a vessel within 12 nautical miles, they will be taxable in Namibia.

There are three ways that payment of normal tax liability takes place:

- Employees' tax by way of PAYE.
- Provisional tax payments.
- By way of assessment when PAYE and provisional tax payments fall short of the assessed liability for the year.

The due dates of annual income tax returns are as follows:

- Persons with taxable income of less than NAD50 000 per year are exempt from submitting an income tax return;
- Salaried individuals must submit income tax returns by the 30th of June each year;
- Business individuals, needs to submit their income tax returns by the 30th of September each year.

Social security tax

The Social Security Act 34 of 1994 provides for an income support system designed for the broadest possible number of Namibians. The system provides for maternity leave, sick leave and

¹¹ Section 1 of the Income Tax Act, Act 24 of 1981

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death/retirement benefits for its members. Social security is based on a principle of 50:50 contributions from employers and employees. This entitles the employee to certain benefits after a set period of time (minimum 6 months membership period).

The employer is required to register with the Social Security Commission as well as register all its employees who are younger than 65 years of age and who work for the employer for two or more days per week.

Contributions should be paid over within 30 days after the end of the month.

The contributions are calculated as follows. Both employer and employee contributions are calculated at 0.9% of earnings. The maximum monthly contribution per employee is NAD81-00 by each (NAD 162-00 in total). Should the employer choose to carry the full cost of the contribution, there is a taxable fringe benefit to the employee on half of the contribution made by the employer.

Workmen's compensation

Employers are required, under the Employee Compensation Act 5 of 1995, to contribute to a fund that provides cash benefits for industrial injury, disability and death.

Contribution rates vary according to inherent occupational risk, from less than 1 percent in most low-risk commercial/administrative occupations, to 8 percent (drilling, tunnelling and rock blasting).

For the purposes of the Employee Compensation Act the term "employee" means any person whether employed permanently, temporarily or casually, with the exception of the following:

- Persons earning more than NAD76,000 per annum, NAD6,333.33 per month;
- Persons employed casually and not for the purpose of the employer's business; and
- Seamen or airmen under a contract of service whose remuneration is fixed solely by a share in the takings.

Assessments are payable by employers to the Accident Fund in terms of section 69 of the Act.

Assessments are not calculated on that part of an employee's earnings that exceeds NAD76,000 per annum.

Other tax issues

Thin capitalisation

There are no thin capitalization provisions in the Petroleum Taxation Act.

Transfer pricing

Excessive expenditure incurred under an arrangement between associated persons may be disallowed.¹²

When determining gross income, a sale of petroleum is considered to be at arm's length if:

- the price provided in the sale agreement is the only consideration
- the sale is not affected by any relationships other than the relationship created in the sale agreement
- the seller or any associated person to the seller, has no interest in the subsequent resale of the petroleum.

In the absence of an agreement, which is normally used to determine the market value of petroleum produced in a specific licence area, the amount will be determined by the permanent secretary with regard to the amount that would be obtained between a willing buyer and willing seller acting in good faith.

¹² Section 17 of Petroleum Income Tax Act

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Foreign exchange regulations

All remittances of dividends, interest, royalties etc. to countries outside the ZAR common monetary area need approval from the central bank. To obtain this, foreign denominated loan, trademark/royalty and similar agreements are submitted to the Bank of Namibia for approval when these are entered into.

It is advised that all foreign investments are registered with the Bank of Namibia ("BON"). In respect of the repatriation of investment money, the BON requires a formal application, through an authorised dealer, to be submitted. We were advised by an authorised dealer that the BON may prescribe a minimum investment period before capital invested may be repatriated.

We advise that an authorised dealer should be consulted prior to effecting any forex movements, as the BON applies regulations exclusively through authorised dealers in Namibia, informing them on a regular basis through dealer circulars of changes in rules and guidelines.

Transfer of funds from Namibia to any destination abroad in respect of imports and other payments can be made on condition that the requisite documentation (e.g. letter of credit, bill of lading / airway bill, sellers' final invoice, inspection certification or such certificate as may be required) and required procedures are followed.

Property taxes – Transfer duty

Amendments to the Transfer Duty Act that will levy transfer duty on the sales of shares/members interest in property-owning entities are expected to be tabled in the near future.

Stamp taxes

Certain transactions may attract stamp duty. The amount of stamp duty payable differs and is based on the nature of every individual transaction.

The basic transactions can be summarised as follows:

Transaction	Stamp Duty
Agreements or contracts (other than those where duty is specifically provided for in the Act)	NAD 5
Lease agreement or lease	The stamp duty will be based on lease payments, together with additional considerations specified in the lease agreement
Transfer or issue of marketable securities and other share transactions	NAD2 for every NAD1,000 or part thereof of the value/consideration, depending on the specific transaction
Authorisation of share capital	NAD5 for every NAD1,000 or any part thereof of the nominal value of the shares.
Registration of a bond over immovable property	NAD5 for every NAD1,000 of debt secured
Stamp Duty payable in respect of the transfer of immovable property:	
Where the value of the consideration exceeds NAD20,000	NAD100
- and for every NAD1,000 or part thereof of the value or consideration in excess of NAD20,000	NAD12

Annual duties

Annual Duty is calculated on the issued share capital of the company. Annual duties of 0.04% of company's issued share capital are payable annually. The minimum amount payable is NAD 80 per annum.

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