



Tax First

Namibia Newsletter

April 2016

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

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This newsletter and previous issues are available on our website <http://www.pwc.com/na/en/publications/tax-first.html>

Making withholding tax payments

With the recent income tax amendments, the compliance procedures for withholding taxes have changed. The withholding taxes specifically amended were Non-residents Shareholders tax, Withholding tax on Royalties, Withholding tax on Interest and Withholding tax on Services. Below is a summary of the change and the amended compliance process.

Non-Residents Shareholders Tax

- Penalties (10%) and interest (20%) for non-compliance can now also be levied on NRST
- The taxes withheld and the tax return should be submitted 20 days after the month in which the dividend was paid
- The account reference number ends with **012**

Withholding Tax on Royalties

- Royalty payments made to a non-resident person or company for the “right to use industrial, commercial or scientific equipment” will now also be subject to withholding tax of 10%
- Penalties and interest for non-compliance now also applies
- The taxes withheld and the tax return should be submitted 20 days after the month in which the royalty was paid
- The account reference number ends with **013**

Withholding Tax on Interest (persons other than banks and unit trusts)

- Withholding tax on all interest paid to non-residents on cross border financing was introduced
- The taxes withheld and the tax return should be submitted 20 days after the month in which the interest was paid
- The account reference number ends with **017**

Withholding Tax on Services

- The withholding tax on services were amended to reduce the rate from 25% to 10%. No other amendments were made to the compliance process.

Taxpayers should ensure that they use the correct reference numbers for electronic fund transfers (EFTs) to Inland Revenue. Incorrect reference numbers may lead to misallocations of payments. Refer to our December 2015 Newsletter which has a detailed article on how to make EFT payments.

Also in this issue:

2	PwC Business School Tax Trainings
2	Taxability of ‘Restraint of Trade’ payments
2	Reminder PAYE Reconciliations due 31 March
3	Tax Legislation Tracker
3	Tax Calendar - April 2016



TIM's TIP:

TaxTim offers Employee Assist, where **employers** can sign up employees to use TaxTim to complete their tax returns and we will submit the returns too!

For queries please mail us at taxtim@na.pwc.com



Register now!

PwC Business School:



- 5 April** : Finance for Non-Finance Managers
- 8 April** : Bitesize - Proposed Namibian Empowerment legislation
- 12 April** : Basic VAT Training
- 13 April** : Bitesize - Organisational Effectiveness
- 14 April** : Training on Employee Taxes
- 18 April** : Basic Accounting Training
- 21 April** : Remuneration Principles for Directors

Click on the link for more details on the website: <http://www.pwc.com/na/en/events.html>

2015 Income Tax Amendments:

Restraint of Trade payments:

- *restraint of trade payments received are now taxable*
- *new rules to claim a deduction for restraint of trade payments.*

Received:

Paragraph (p) of gross income is the new paragraph which includes restraint of trade payments received into gross income. It reads as follows:

"Any amount (whether in money or in kind) received by or accrued to any person or company as compensation for any restraint of trade imposed on such person or company"

Previously the amounts were generally considered to be capital in nature and therefore not subject to tax in the hands of the person receiving it. As from 30 December 2015, restraint of trade payments will be taxable by the person receiving it.

Paid:

Paragraph (x) was added to Section 17 of the Act, which deals with deductions. This makes provision for a deduction for restraint of trade payments made over the period of restraint or 3 years.

The deductible amount is as follows:

Any amount actually incurred by such a person or company in the course of carrying on his or her trade, as compensation in respect of any restraint of trade imposed on any other person or company to the extent that such amount constitutes or will constitute income of the person or company to whom it is paid.

The amount allowed as a deduction shall not exceed in any year the lesser of -

- (i) the restraint of trade payment divided by the number of years which the restraint of trade applies; or*
- (ii) one-third of such amount so incurred.*

For example - if company X pays Mr X N\$900,000 to prevent him from working for the next 6 years, the amount that will be deductible is as follows:

$$\text{N\$900,000} / 6 = \text{N\$150,000 in each of the following 6 years.}$$

Reminder

PAYE Reconciliations 2016 | All Employers

PwC wishes to remind all business to submit their annual PAYE reconciliations for the tax year 01 March 2015 to 29 February 2016 by 31 March 2016. Should you not be able to meet the deadline, apply for extension timeously. Extension will only be granted if a taxpayer's tax affairs are in order.



New Legislation Tracker

The below diagram serves as a tracker on the progress of proposed tax legislation. The following is the status of the legislation to date of this publication, all of which were announced:



Tax Calendar - April 2016

Mon	Tue	Wed	Thu	Fri
18	19	20 <ul style="list-style-type: none"> • PAYE Returns; • Import VAT return; • Withholding Tax on Services return; • VET Levy • NRST Return • Withholding tax on Royalties & Interest 	21	22
25 <ul style="list-style-type: none"> • VAT return 	26	27	28	29 <ul style="list-style-type: none"> • Social Security payment; • Tax return - companies with 30 September 2015 year-end; • 2nd provisional returns - April 2016 companies with year-ends

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

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