



# Namibia Budget Speech 2018/19



# Standard Bank

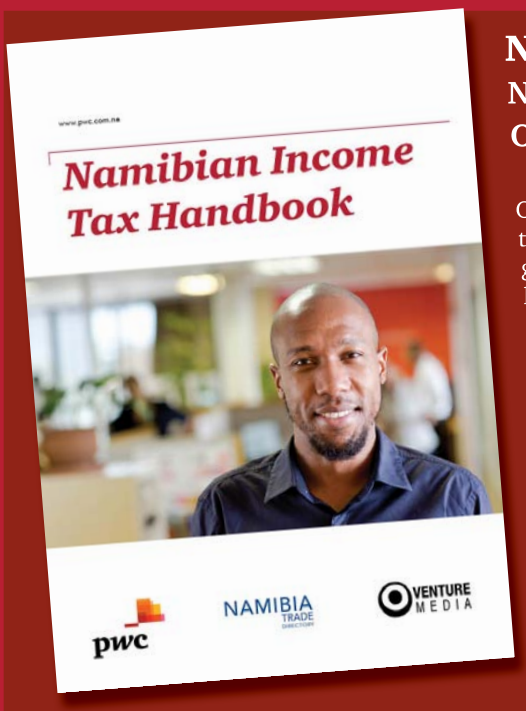


LIBERTY



**NAMIBIA  
MEDIA  
HOLDINGS**

# PwC Namibia Handbooks



## Namibian Income Tax Handbook

N\$350 per copy (VAT inclusive)

Order your copy from [busschool@na.pwc.com](mailto:busschool@na.pwc.com)

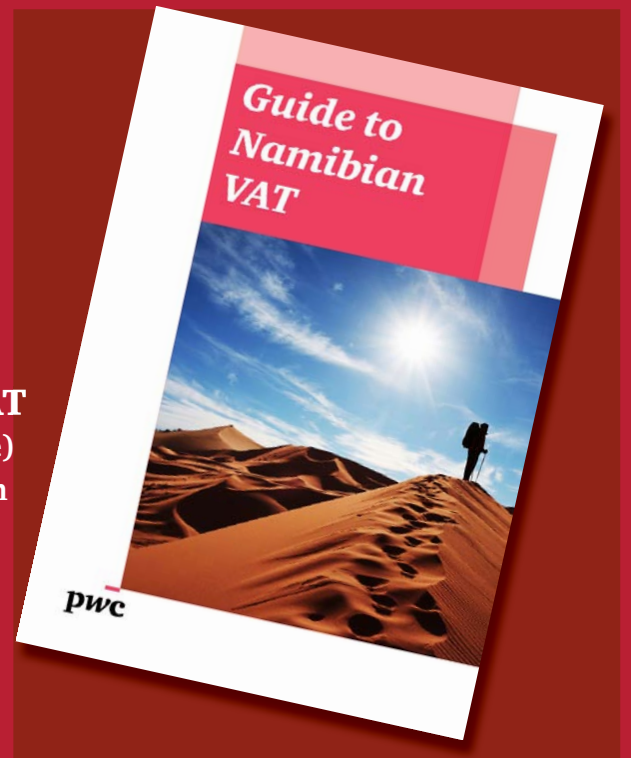
Our aim with this handbook is to assist accountants, business owners and students to obtain a better understanding of the tax environment in Namibia. As with our popular Guide to Namibian VAT, we compiled it as a practical and easy to follow guide, and hope that it will help to build the necessary knowledge to comply with the Namibian Income Tax Act. This handbook was produced by the Income Tax team at PwC Namibia, and is based on published legislation and regulations as at 31 January 2017.

## Guide to Namibian VAT

N\$250 per copy (VAT inclusive)

Order your copy from [busschool@na.pwc.com](mailto:busschool@na.pwc.com)

Guide to Namibian VAT has evolved into a comprehensive handbook on Namibian VAT and is the 4th edition covering existing and proposed VAT legislation up till 30 April 2014, with amendments up till 2017. The book is useful to accountants, tax consultants, tax officials, students and academics.



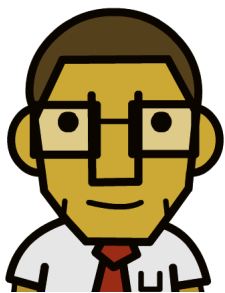
[www.taxtim.pwc.com.na](http://www.taxtim.pwc.com.na)

## PwC's TaxTim

### Tax Returns Quick and Easy!

TaxTim is an online tax assistant.

Answer simple questions and TaxTim will complete your individual Namibian income tax return for you, ready to be printed and submitted to Inland Revenue!

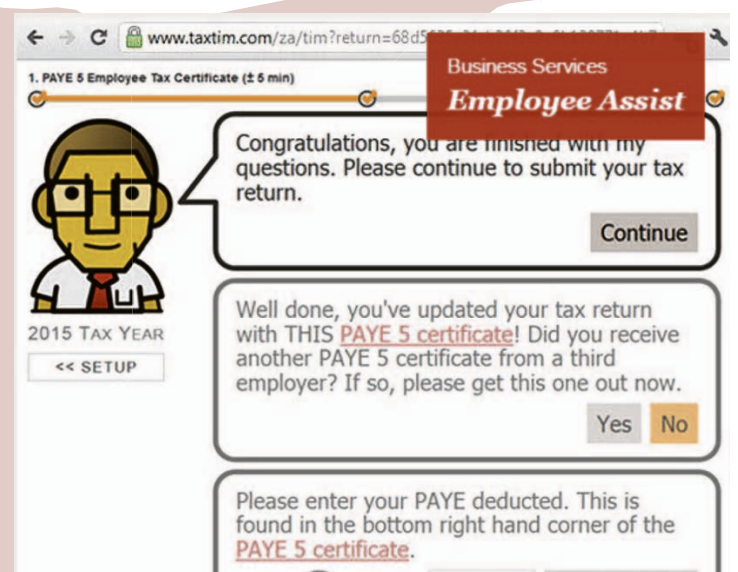


#### Key benefits of PwC's TaxTim:

- The fastest, easiest way to do tax returns
- Be tax compliant
- Avoid penalties from Inland Revenue
- Be done with your return in 30 minutes or less
- Save money
- Save time - TaxTim does all the calculations for you
- Simple questions one-by-one (like having a conversation)

TaxTim also offers Employee Assist, where employers can sign up employee groups at a discount with a bulk submission service option.

Questions? - email us at [namibia@taxtim.com](mailto:namibia@taxtim.com) or register and submit your question via [www.taxtim.pwc.com.na](http://www.taxtim.pwc.com.na)



**Try TaxTim now!**  
[taxtim.pwc.com.na](http://taxtim.pwc.com.na)



# Foreword

Over the past 12 months, the fiscal consolidation initiative undertaken by the government at the 2016 mid-year budget review have gone a long way in ensuring that government consumption grows at a slower pace and that key fiscal sustainability indicators such as debt and the budget deficit stabilize. Whilst undoubtedly challenging, the fiscal consolidation phase has been necessary in demonstrating government's commitment to fiscal prudence and supportive of the country's medium to long-term economic growth. During the 2017/18 financial year, the government made significant strides to stabilize the country's fiscal position and as a result of this we saw the budget deficit fall from 6.9 percent in 2016/17 to 5.3 percent as a percentage of GDP; whilst, sovereign debt as a proportion of GDP grew moderately relative to previous years and seems to be plateauing at around 40 percent. However, despite these notable efforts to maintain macroeconomic stability and debt sustainability, the high wage bill, structural reforms especially for the SOEs governance and performance plus sluggish economic growth, remain among some of the key challenges that need urgent redressing. We believe that it is imperative that our economy becomes less reliant on

the public sector in order to improve its productive capacity. The projected slow recovery could benefit from measures to stimulate private sector-led investments and growth accompanied by a review of the public sector size, structure and involvement in the economy. As the nation we must support government during this period in order to overcome the most difficult financial and economic period faced by our country since independence. These painful adjustments are necessary to maintain macroeconomic stability and tame the elevated debt and expenditure levels. Standard Bank is committed to supporting the government in this endeavour, and as such, will continue to make significant strides towards fostering a robust and constructive partnership with the public and private sectors in order to ensure that Namibia's long term growth outlook is positive.

**Vetumbuavi Mungunda**  
Chief Executive  
Standard Bank Namibia



It is once again an honour for PwC Namibia to produce this Namibia Budget Review supplement in collaboration with Standard Bank, Liberty and Namibia Media Holdings. We express our gratitude to these sponsors who share our vision to spread the news and empower Namibians with a summary of the Namibia Budget speech in a way that is easily understood. Thank you very much to the various teams involved in producing this supplement in a short time frame. Since the 2017 budget review, the Namibia Government has been making tough but necessary calls to address the country's weakening fiscal position. The downgrade by rating agencies and the blacklisting by the EU has not counted in the country's favour, but we are confident that the Namibian Government is hard at work to rectify the situation. The current emphasis on the governance and profitability of SOE's is a step taken that will surely reap rewards in the future. Another milestone is the passing of the Revenue Agency Bill in Parliament that enables Namibia to establish a semi-autonomous Revenue Agency in the next 12 months. This should greatly improve the tax administration process as well as go a long way in improving our international ratings in terms



**Nangula Uaandja**  
PwC Country Senior Partner  
[nangula.uaandja@pwc.com](mailto:nangula.uaandja@pwc.com)

of the ease of doing business. A combination of the economic developments in Zimbabwe, the strengthening of Namibia's fiscal position and South Africa's economy showing signs of recovery boasted by the recent appointment President Cyril Ramaphosa, economic stability within the region should improve. Such improvement will be positive for Namibia, as there would be expected increase in the country's foreign and domestic investments. As a country we nevertheless still face many challenges especially with regards to wealth distribution. The renewed focus by the President

on the implementation of NEEEF is a sign that the redistribution is of the highest importance. This remains key to the country's plan for inclusive economic growth, while at the same time ensuring this does not hamper investment opportunities. As can be learned from the past, the heavy reliance of our economy on government procurement is a factor that needs to be addressed. The increased need for public/private partnerships remains a key objective if we want to ensure efficient delivery of public services to stakeholders without having to continuously ask for additional funding from taxpayers. We appeal to all Namibians as responsible corporate citizens that they pay their fair share of taxes so that we can take this beautiful country to new horizons. Of course in doing so taxpayers have a right to hold Government accountable on how this money is spent in improving the facilities of the country and making Namibia, the jewel of Africa. In this regard we compliment the Government on their increased initiative to consult various stakeholders (including the private sector) on proposals and legislations such as PPP and in this way hearing the voice of the people. Change is evident, and in tough times that we are facing we can be sure that new challenges will come forward. Our duty is to re-imagine the possible.



## Contacts

**PwC Windhoek:**  
Tel: +264 61 284 1000  
**PwC Walvis Bay**  
Tel: +264 64 217 700

**PwC Contacts**  
**Chantell Husselmann**  
Tax Leader  
Tel: +264 61 284 1327  
[chantell.husselmann@pwc.com](mailto:chantell.husselmann@pwc.com)

**Johan Nel**  
Partner - Corporate Tax Services  
Tel: +264 61 284 1122  
[johan.nel@pwc.com](mailto:johan.nel@pwc.com)

**Nelson Lucas**  
Associate Director -  
Indirect Tax Services  
Tel: +264 61 284 1203  
[nelson.lucas@pwc.com](mailto:nelson.lucas@pwc.com)

**Riana Esterhuyse**  
Associate Director - Walvis Bay  
Tel: +264 64 217 736  
[riana.estershuyse@pwc.com](mailto:riana.estershuyse@pwc.com)

[www.pwc.com.na](http://www.pwc.com.na)

**Standard Bank Contacts:**  
Standard Bank Head Office  
Tel: +264 61 294 9111  
Customer Contact Centre  
Tel: +264 61 294 2126

**Sindano Nekundi**  
Manager / Marketing / Namibia  
Tel: +264 61 294 2690  
[Sindano.Nekundi@standardbank.com.na](mailto:Sindano.Nekundi@standardbank.com.na)

**Corporate and Investment Banking**  
**Anne Juuko**  
Head / Corporate and Investment Banking  
Tel: +264 61 294 2782  
[Anne.Juuko@standardbank.com.na](mailto:Anne.Juuko@standardbank.com.na)  
[www.standardbank.com.na](http://www.standardbank.com.na)

**Liberty Life Namibia Contacts:**  
**Spencer Kazeundja**  
Compliance Manager  
Liberty Life Namibia  
Tel: +264 61 294 2343

**Christell Loots**  
Managing Director  
Tel: +264 61 294 2660  
[Christell.Loots@liberty.com.na](mailto:Christell.Loots@liberty.com.na)  
[www.liberty.co.na](http://www.liberty.co.na)

## AN INTEGRATED MEDIA SOLUTION FOR NAMIBIA.

Reach your target audience in print and online with a variety of print solutions and production support.





# 2018/2019 Budget Overview

## Budget Snapshot

1. The Minister of Finance announced that the 2018/19 budget provides a three-split set of fiscal policy actions. This includes continued reduction in the budget deficit, a growth stimulus package, centred on industrial development and tax policy changes to generate about N\$500 million annually in additional revenue.

2. Total revenue for 2018/19 is estimated at N\$56.70 billion, about 1.3% decline from the estimated outturn for 2017/18.

3. The budget deficit is estimated at 4.5% of GDP in 2018/19, as to 5.4% in 2017/18 and an average of about 3.6% over the MTEF.

4. The Minister of Finance stated that inflation has been on a downward trend, slowing from 6.7% in 2016 to 6.2% in 2017 to 3.6% by January 2018, amidst weak domestic demand and a stronger currency.

5. The Minister of Finance warned that the public wage bill should be managed more effectively, with specific wage bill reduction target ratios set for realization over the MTEF.

6. In line with the Harambee Prosperity Plan, the 2018/2019 budget and MTEF summons resources and a structural reform implementation agenda, centered on five key priority areas.

7. The Minister of Finance confirmed that a total of N\$ 972.02 million was collected from the recovery of outstanding tax arrears through the Tax Arrear Recovery Incentive Program initiated the prior year.

8. As a proportion of GDP, total revenue is estimated to moderate to 30.7% in 2018/19 from 33.0% in 2017/18

9. The Minister of Finance stated that the most significant downside risks to revenue relates to SACU receipts, which are projected to decline sharply by a cumulative of 18% during the next two years.

10. Proposed capital injections for infrastructure development are made through specific Public Enterprises and PPP arrangements. Includes road infrastructure maintenance and rehabilitation amounting to about N\$13 billion over the next five years.

11. Old age pensions are increased by N\$50 to a monthly grant of N\$1250.

12. The envisaged repeal of the State Finance Act by the new Public Finance Management Bill is proposed to enhance public finance management, and will also instil provisions for robust financial discipline across the entire public sector. The roll-out of ITAS in July 2018 and the establishment of NAMRA on 1 March 2019 are an integral part of this reform package

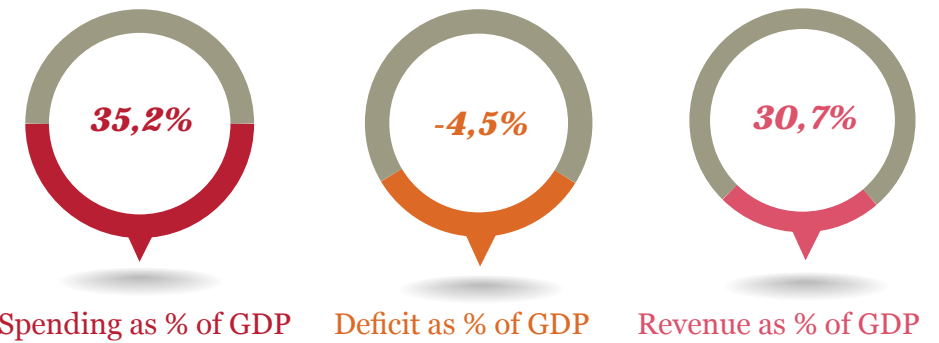
13. The unemployment rate of 34% is structurally high and youth unemployment distinctively higher.

14. In the social sector the resource allocation to education, health, housing and land servicing are scaled-up to enhance increased access to services

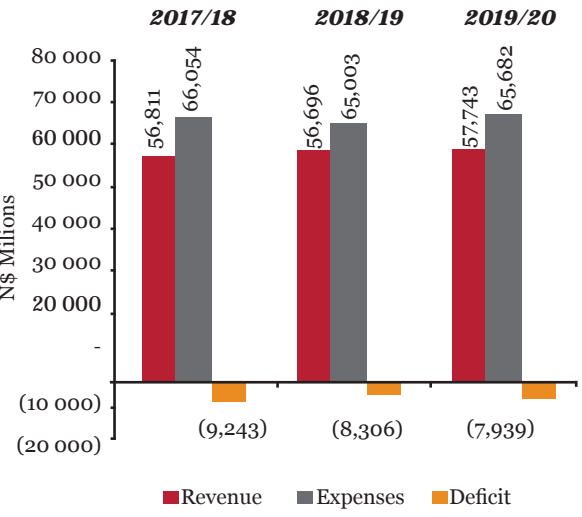
## 10 Tax Proposals

1. Repeal of the Export Processing Zone Act and introduction of the Special Economic Zones, with a sunset clause for current operators with the EPZ status.
2. Expand coverage of the current export levy to include other specific agricultural, forestry and game products and other mining products currently not covered.
3. Reduce the lower individual tax bracket from 18% to 17% and introduce new tax rates of 39% and 40% for individuals earning over N\$1.5 million and N\$2.5 million respectively.
4. Introduce a 10% dividend tax for dividends paid to residents.
5. Abolish the current practice of a conduit (flow through) principle in the taxation of trusts.
6. Subject income derived from commercial activities by charitable, religious, educational and other types of institutions under Section 16 of the Income Tax Act to normal corporate tax.
7. Deepen the current hybrid tax system by taxing all income earned from foreign sources. Namibian residents will have to declare such income in their annual tax returns.
8. Explore a profit tax of 37% on betting and gaming entities.
9. Introduce VAT on income earned by listed asset managers.
10. Introduce VAT on proceeds on the sale of shares or membership in a company owning commercial immovable property.

## Fiscal targets



## Revenue & Expenditure Comparison

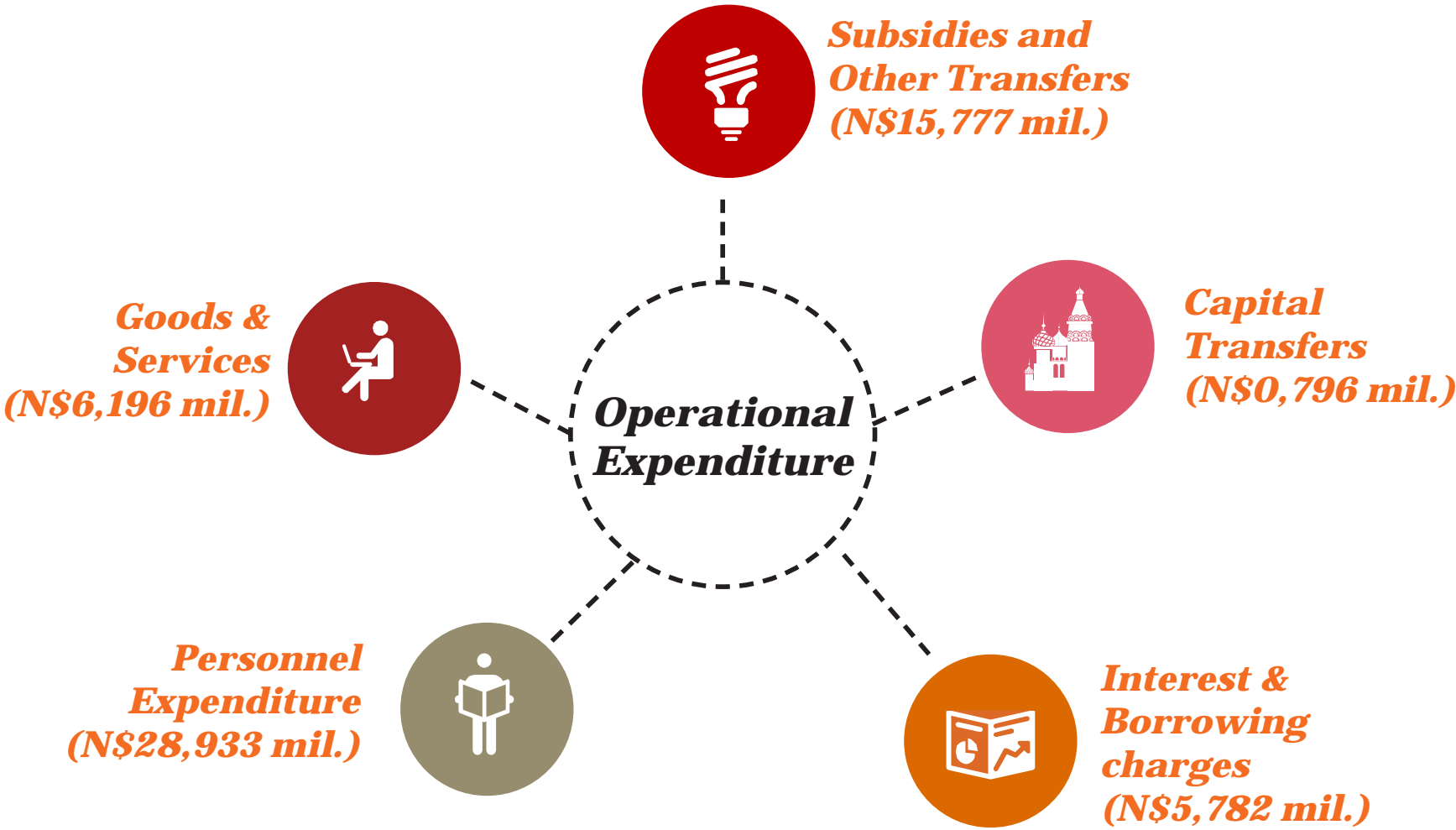


	2017/18 Revised	2018/19 Estimates	2019/20 Budget
GDP	171,851	184,748	200,758
Tax Revenue	53,717	53,254	54,534
Non-Tax Revenue	3,044	3,441	3,207
Return on Capital from Lending & Equity Participation	15	-	-
External Grants	50	-	-
Loan Proceeds	-	-	-
Total Revenue	56,811	56,696	57,743
As % of GDP	33,1%	30,7%	28,8%
Total Expenditure	(66,054)	(65,003)	(65,682)
As % of GDP	38,4%	35,2%	32,7%
Total Budget Deficit	(9,243)	(8,306)	(7,939)
As % of GDP	-5,4%	-4,5%	-4%
Public Debt	74,468	83,722	92,729
As % of GDP	43,3%	45,3%	46,2%

## Expenditure

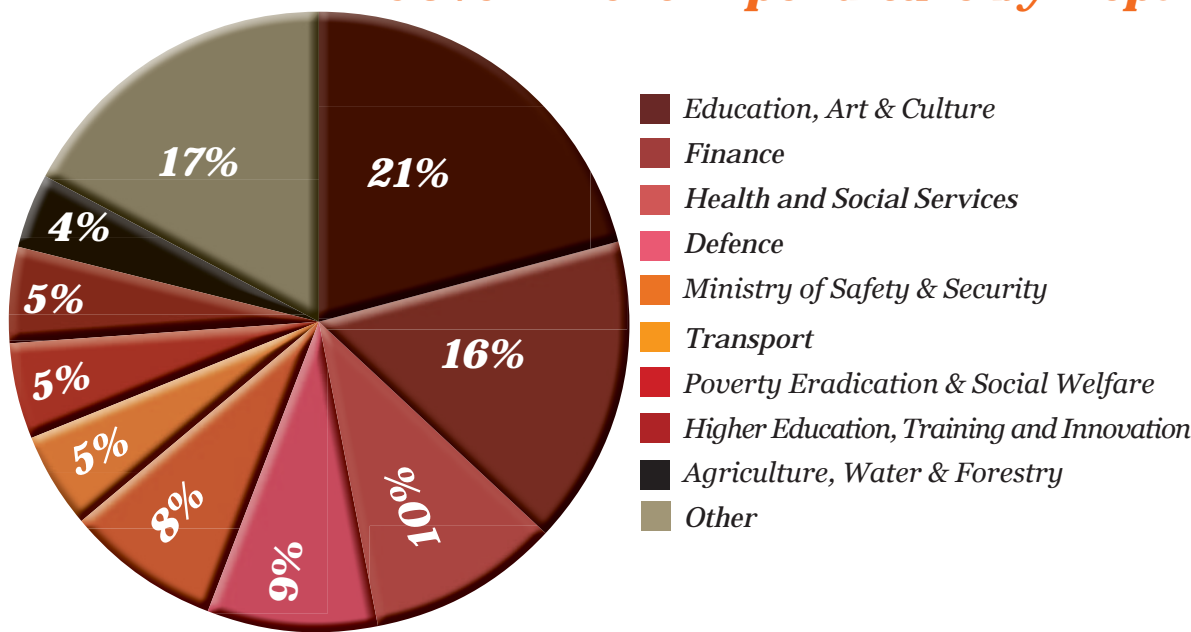
### Government Expenditure by Main Items for 2018/19

N\$ Millions	2017/18	2018/19	2019/20
Personnel Expenditure	28,518	28,933	29,798
Goods and Services	13,771	6,196	5,628
Subsidies and Other Transfers	20,320	15,777	15,473
Interest and Borrowing Charges	5,001	5,782	6,183
Capital Transfers	1,276	796	679
Total Operational Expenditure (A)	68,886	57,484	57,761
Total Capital Expenditure (B)	5,005	6,785	7,404
Total Expenditure (A) + (B)	73,891	64,269	65,165



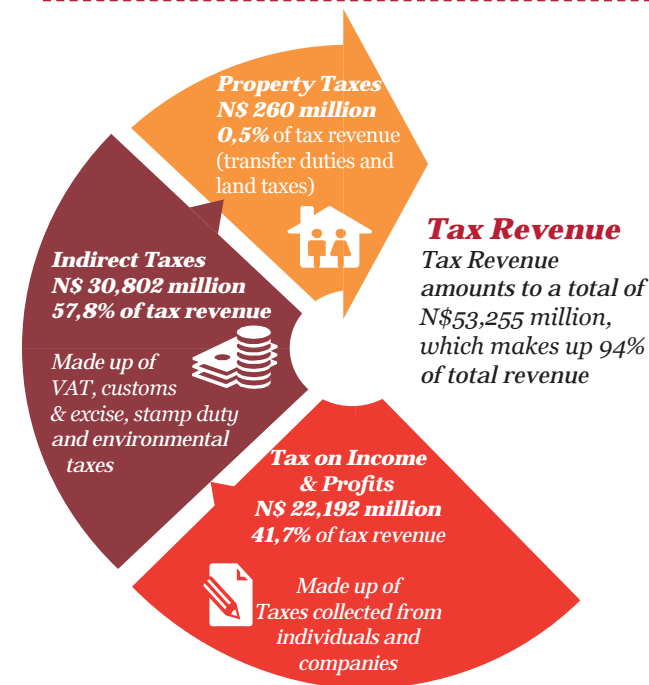
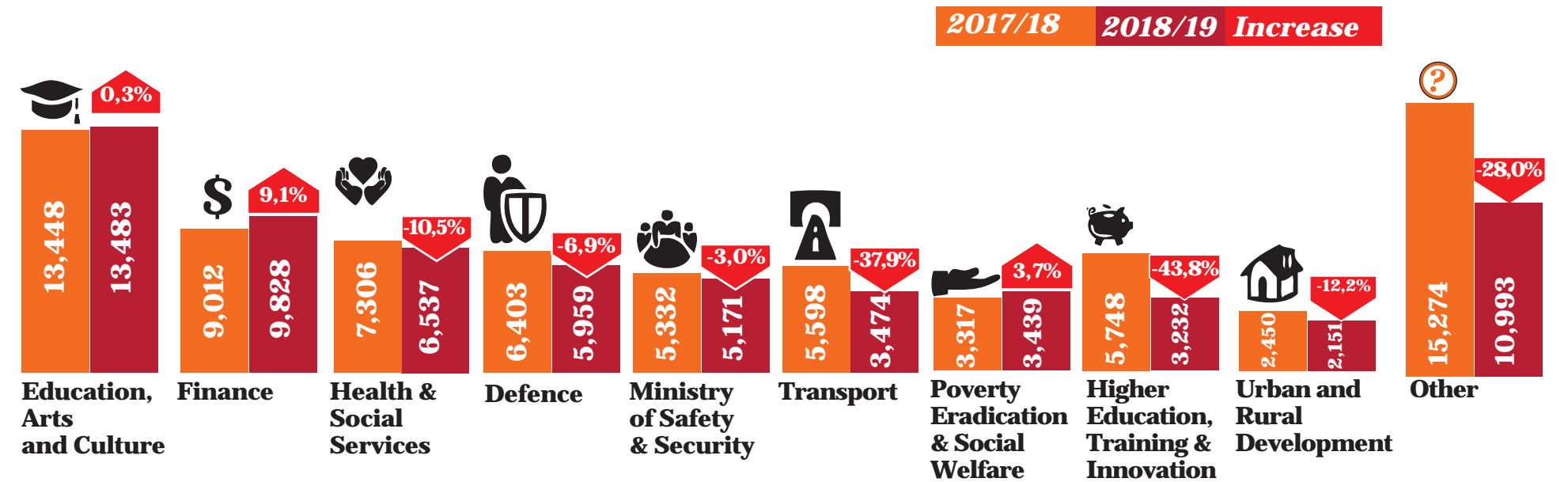


Government Expenditure by Department for 2018/19



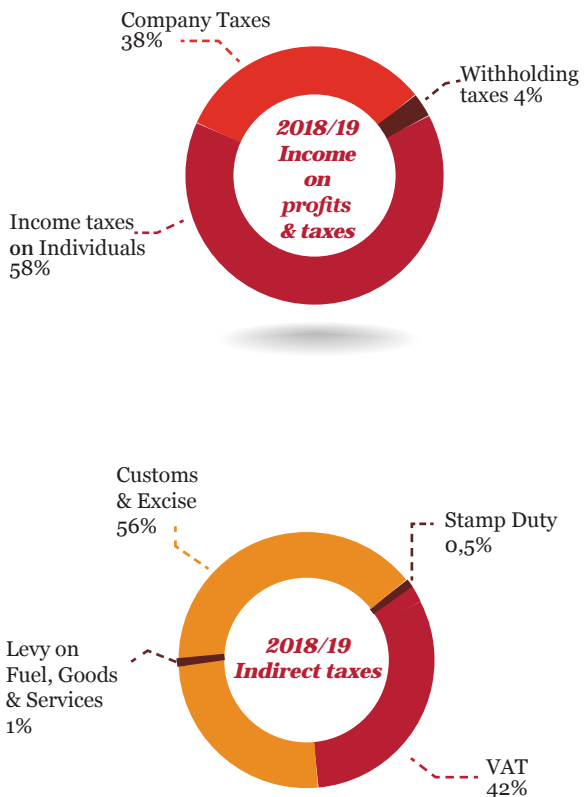
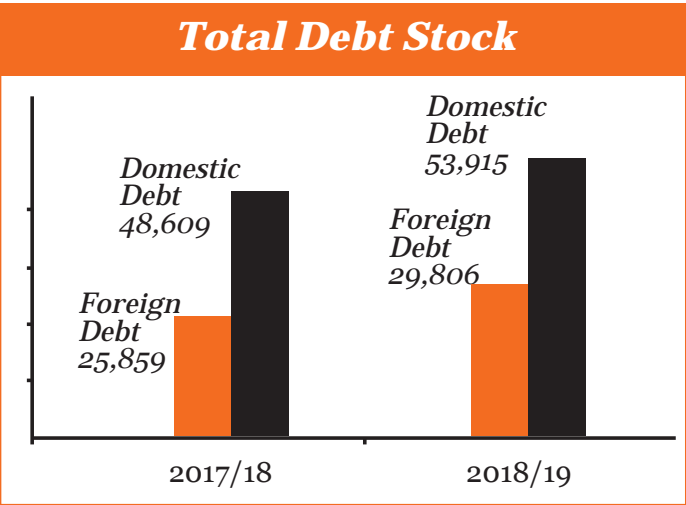
N\$ Millions			
	2017	2018	Increase
Education, Arts and Culture	13,448	13,483	0,3%
Finance	9,012	9,828	9,1%
Health and Social Services	7,306	6,537	-10,5%
Defence	6,403	5,959	-6,9%
Ministry of Safety & Security	5,332	5,171	-3,0%
Transport	5,598	3,474	-37,9%
Poverty Eradication and Social Welfare	3,317	3,439	3,7%
Higher Education, Training & Innovation	5,748	3,232	-43,8%
Urban and Rural Development	2,450	2,151	-12,2%
Other	15,274	10,993	-28,0%
Total	73,894	64,271	-13,0%

Comparison 2017/2018 to 2018/2019 (N\$ millions)

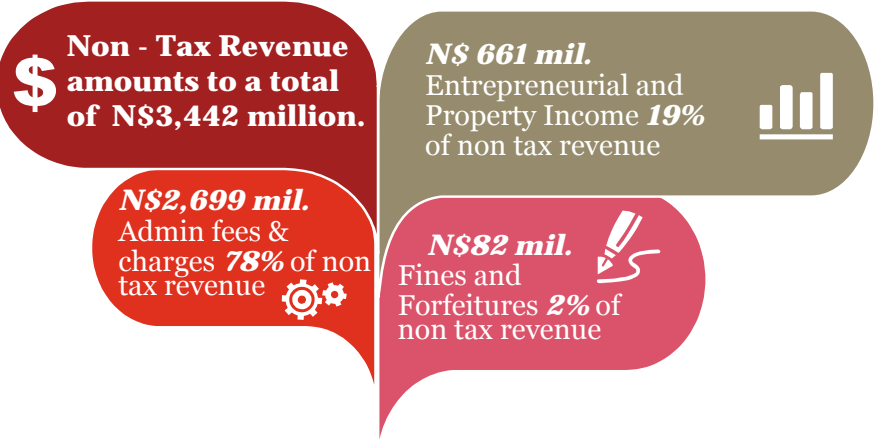


Debt Financing

Debt Financing plan for the Medium Term Expenditure Forecast (MTEF) for 2017/18 to 2018/19



Non-Tax Revenue



2018/19 Excise Duty effective 21 February 2018

Product	Excise Duty Increases
Malt Beer	15 cents per 340ml
Unfortified wine	23 cents per 750ml bottle
Fortified wine	28 cents per 750ml bottle
Sparkling Wine	73 cents per 750ml bottle
Ciders & Alcoholic fruit beverages	15 cents per 340ml bottle
Spirits	N\$4.80 per 750ml bottle
Cigarettes	N\$1.22 per packet of 20





# Take your money further **With offshore banking**

**Standard Bank now offers safe and secure international banking solutions in EUR, GBP, USD and AUD.**

Diversify your wealth and save money overseas for foreign property, international travel, offshore school fees, retirement, currency protection and more.

Plus, enjoy a range of world-class benefits:

- All your currencies consolidated in one place
- Access to money when working or travelling abroad
- Unlimited access to foreign exchange
- Security against currency and exchange rate volatility
- The ability to accumulate funds for future use
- Efficient and flexible financial management across borders

**For more information,** contact our dedicated Offshore Manager: Daniel van der Merwe  
[Daniel.vandermerwe@standardbank.com.na](mailto:Daniel.vandermerwe@standardbank.com.na)  
061 294 2088



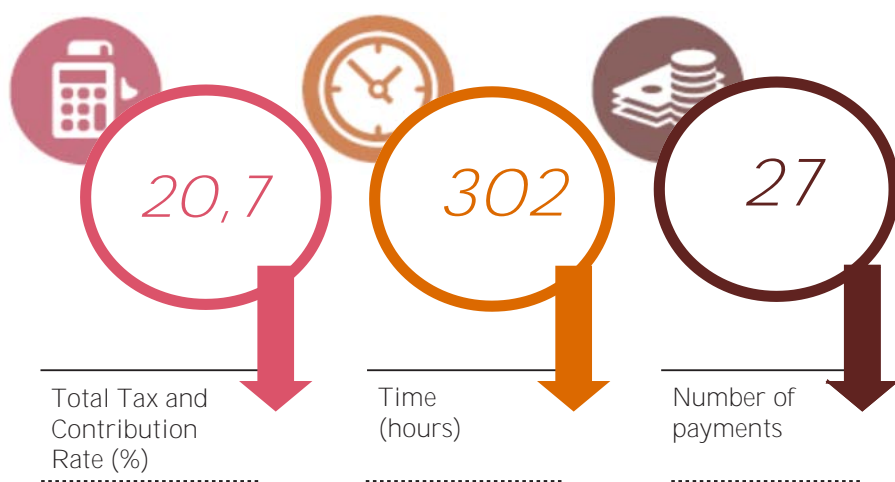
# Paying Taxes 2018

Paying Taxes 2018 is a unique study from PwC and the World Bank Group.

The study investigates and compares tax regimes across 190 economies worldwide using a **case study company**, and ranks them according to the ease of paying taxes.

The launch of the 2017 Paying Taxes survey ranked Namibia **79<sup>th</sup>** out of **190 economies** on the ease of paying taxes.

The survey published that it takes an annual average of 302 hours and 27 tax payments to be tax compliant in Namibia.



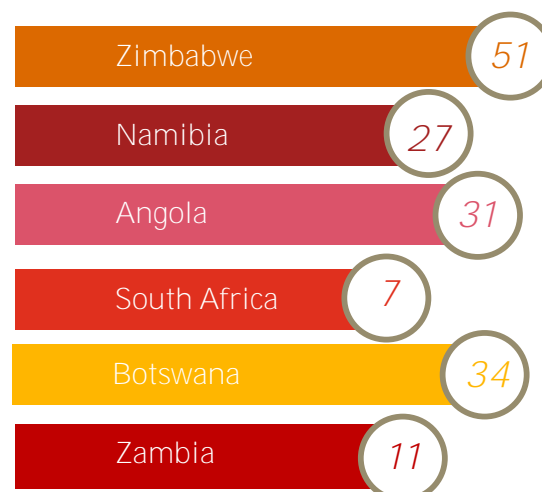
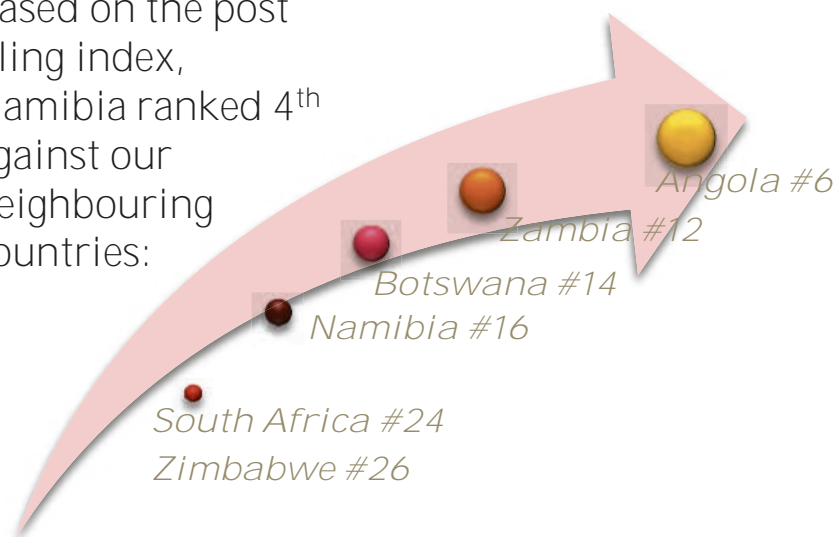
Includes time and processes post filing

*This information is an extract from Paying Taxes 2018, available at*

<http://www.pwc.com/payingtaxes>

In 2018 the study renamed the 'Total Tax Rate' to the 'Total Tax & Contribution Rate' in underlining the fact that this includes not only taxes, but also compulsory social contributions borne by the case study company. However, the calculation remains the same, as in prior years.

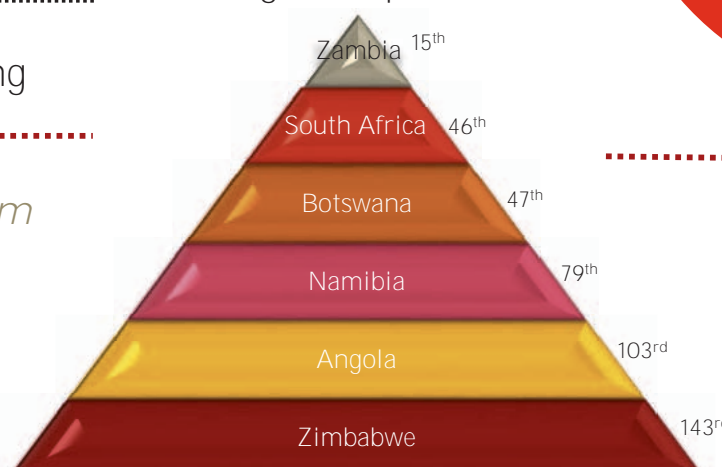
Based on the post filing index, Namibia ranked 4<sup>th</sup> against our neighbouring countries:



This is how we compare with the number of tax payments to our neighbouring countries.

In Southern Africa, Namibia ranks last for the amount of hours in a year it takes to comply with taxes.

Global rankings - post filing time/processes



Namibia ranked 16<sup>th</sup> for the ***ease of paying taxes*** in Africa. Eritrea ranked #1 in Africa.

# Namibia Tax Rate and Reference Card 2018



• **Source basis of Income Tax**

Normal tax is levied on taxable income of companies, trusts and individuals from sources within or deemed to be within Namibia.

• **Individual Income Tax**

All individuals (incl. deceased estates and trusts) other than companies.

<b>Taxable Income N\$</b>	<b>Rates of tax from years of assessment ending 28 February 2018/19 (N\$)</b>
0-50 000	Not taxable
50 001-100 000	18% for each N\$ above 50 001
100 001-300 000	9 000 + 25% for each N\$ above 100 001
300 001-500 000	59 000 + 28% for each N\$ above 300 001
500 001-799 999	115 000 + 30% for each N\$ above 500 001
800 000-1 500 001	205 000 + 32% for each N\$ above 800 000
Above 1 500 001	429 000 + 37% for each N\$ above 1 500 001

\* proposed to change lower tax bracket rate to 17% along with adding two new tax brackets.

> 1 500 000 = 39%

> 2 500 000 = 40%

• **Employees’ fringe benefits**

Fringe benefits are taxable. The taxable value of fringe benefits is determined in terms of a schedule to the income tax Act.

• **Housing loans and mortgage subsidies**

The taxable value of housing benefits granted, in terms of housing schemes approved by Inland Revenue, is reduced by one-third thereof (the reduction increases based on a formula for remuneration below N\$30 000 p.a.). Please see the detailed tax card on the PwC website for more details.

• **Loans (other than housing loans)**

The taxable value of interest-free or subsidised loans that are not utilised for further study by the employee or exceed N\$3 000 p.a., is 12% p.a. of the loan amount less interest actually paid on the loan.

• **Motor vehicles**

<b>Taxable amount for the right of private use of employer provided vehicles</b>	
All costs borne by the employer	1.5% p.m. of the cost price of the vehicle
Employee bears all the fuel costs and the employer all other costs	1.4% p.m. of the cost price of the vehicle

• **Interest income**

<b>Exempt interest income earned by individuals and trusts from</b>
Deposits with Nampost Savings Bank
Stock or securities (including Treasury Bills) issued by the Government of Namibia, or any regional council or local authority in Namibia (also available to companies not carrying on business in Namibia)

**Withholding tax**

10% on interest received from *Namibian* banks and unit trusts paid to any person other than a Namibian company.

• **Retirement, death and withdrawal**

<b>Contribution to approved pension, provident, retirement annuity (RA) and educational policies</b>	<b>2016/2017 N\$</b>	<b>2017/2018 N\$</b>
Deduction allowed (in total)	40 000	40 000

• **Medical Aid**

Contributions to medical aid funds and actual medical costs are not deductible by employees for income tax purposes.

• **Social Security**

Social security is payable on a 50:50 contributions from employers and employees. The contributions are calculated at 0.9% of earnings, with a minimum monthly contribution of N\$2,70 and a maximum monthly contribution of N\$81-00 by each.

• **Estate Duty & Donations Tax**

There is no estate duty or donations tax in Namibia.

• **Transfer Duty: Property**

<b>Natural Persons: Property</b>	
Value of property N\$	
0-600 000	Nil
600 001 - 1000 000	1% of value exceeding N\$600 000
1000 001-2 000 000	N\$4 000 + 5% of value exceeding N\$1 000 000
2 000 000 and above	N\$54 000 + 8% of value exceeding N\$2 000 000
<b>Other Persons</b>	
Any value	12%
Special rates are applicable on natural persons who acquired commercial farmland through the Affirmative Action Loan Scheme	

• **Stamp Duty on Property transactions**

<b>Natural Persons:</b>	
Value of property N\$	
0 - 600 000	Exempt
600 001 - 1 000 000	N\$10 for every N\$1 000 or part thereof
<b>Other Persons:</b>	
Any value	1,2%

• **Value-Added Tax**

Value-added tax is payable on the taxable value of all goods sold or imported. The standard rate is 15%. Direct exports of goods and services are zero-rated. A number of other zero-ratings and exemptions are also provided for. A company, individual, trust or partnership carrying on a taxable activity with a turnover for the past or future 12 month period in excess of **N\$500 000**, must register for VAT.

• **Companies**

<b>Company Tax rates</b>	<b>2017</b>
Corporate tax rate	32%
Branch income tax	32%
Diamond mining companies	55%
Mining Companies (other than diamond mining companies)	37.5%
Long term Insurers (40% of gross investment income taxed at 32%)	12.8%
Petroleum Companies (exploration -, development - or production operations)	35%

• **Movable assets and buildings**

- **Machinery and movable assets**

Wear and tear claims are deductible in equal instalments over three consecutive tax years for the acquisition of vehicles, aircraft, seagoing craft, machinery, implements, utensils and articles used for purposes of trade.

- **Buildings**

An initial allowance of 20% of the cost of erection may be claimed in the year that the building is brought into use, and a subsequent allowance of 4% for each of the ensuing 20 years, following on the year that the building was brought into use.

• **Payments to non-residents**

<b>Withholding Tax</b>	
Dividends paid to non-resident companies > 25% shareholding	10%
Dividends paid to non-residents in all other cases	20%
Interest paid to non-residents	10%
Royalties paid to non-residents	10%
Management, technical, admin, consulting fees paid to non-residents	10%
Non-resident directors’ fees and fees paid to foreign entertainers	25%

• **Farmers**

Farmers are taxed in the same manner as other individuals or companies. Farming is a ring-fenced trade, unless carried on, on a full time basis.

**Farmers—Deduction of capital expenditure**

Expenditure on motor vehicles and other movable assets used for farming purposes is deductible in equal instalments over three

consecutive years. Expenditure incurred on capital development is deductible in full but limited to the amount of taxable farming income. Any remaining capital development expenditure is carried forward to the next year. Deductions for the erection of domestic houses for a farmer’s employees may not exceed N\$50 000 per employee.

• **Tax Compliance**

Income tax returns and tax payments due dates			
Individuals			
Individuals (Employees)	30 June each year		
1st Provisional	On/before 30 August (n/a to farmers). 40% of the total actual taxable income to be declared and paid.		
2nd Provisional	On/before 28 February. At least 80% of the total actual taxable income should be declared and paid.		
Business individual and/or farmer (other than companies or salaried employees)	Within 7 months after the tax year end (30 September each year).		
Companies			
Companies	Within 7 months after financial year end.		
Income tax: 1st provisional	Within 6 months from commencement of the company’s financial year. 40% of the total actual taxable income to be declared and paid.		
Income Tax: 2nd Provisional	On/before the last day of the company’s financial year end. At least 80% of the total actual taxable income should be declared and paid.		
Employers: PAYE Returns	The employer should submit within 20 days following the month during which PAYE is required to be withheld.		
Employers: PAYE reconciliation return	Annual PAYE reconciliation should be submitted within 30 days from the tax year end (30 March each year).		
Withholding Tax			
Dividends	20 days from the date of accrual or payment of the dividend to the non-resident.		
Royalties	Within 20 days following the month during which the royalty accrued or was paid.		
Interest	Within 20 days following the month during which the interest becomes due and payable.		
Services	Within 20 days following the month during which the liability was incurred to pay management, technical, administrative or entertainment fees.		
Value Added Tax			
VAT return	25th of the month following the end of the two month tax period		
Import VAT return	20th of the month following the end of the previous month		
Import VAT on services	30 days from date of import of services		
Customs & Excise	Payment at time of clearing per customs assessment notice (excl fuel import levy payment)		
• Social Security			
Monthly contributions	30 days after the end of the month		
• Penalties			
Tax Area	Reason	Penalty	Interest (per annum)
Persons/Companies			
1st Provisional tax	Late submission	N\$100 per day	None
	Under-estimation penalty	Up to 100%	None
	Late payment	10% per month	20%
2nd Provisional tax	Late submission	N\$100 per day	None
	Under-estimation penalty	Up to 100%	None
	Late payment	10% per month	20%
Income tax Return	Late submission	None	None
	Late payment	10%	20%
	Omission/incorrect statement	Up to 200%	20%
• Companies			
Employees Tax	Late submission	None	None
	Late payment/ failure to withhold PAYE	10% per month	20%
Withholding Taxes	Late payment	10% per month	20%
VAT & Import VAT	Late submission	N\$100 per day	None
	Late payment	10%	20%

To view monthly updates visit our webpage:[www.pwc.com/na/namibia-tax-rate-card](http://www.pwc.com/na/namibia-tax-rate-card)



# Doing Business in Namibia

Doing Business 2018 is a unique study by the World Bank Group to establish the ease of doing business in 190 countries around the world.

This page summarizes some Doing Business 2018 data for Namibia and the Ease of Doing Business rank (out of 190 economies).

For the full report and further details on the data please visit the website:  
<http://www.doingbusiness.org/reports>

Namibia was ranked 106<sup>th</sup> in **setting up a business**. To set up a business 10 procedures need to be followed and it can take up to 66 days.



On the ease of the process to **obtain credit**, Namibia ranked 68<sup>th</sup>.

Comparing Namibia with other economies, we ranked 132<sup>nd</sup> for the ease of **trading across borders**.

It takes an average of **210 hours** and **U\$1,093** per container to export.



For importing goods it takes an average of **9 hours** and costs **U\$208** per container.

For **protecting minority investors** Namibia ranked 89<sup>th</sup>. These indicators measure minority shareholders' protection against directors' misuse of corporate assets for personal gain. Namibia having a lower average, it is indicative of having less securities regulations and capital markets.



Affecting Namibia's **doing business** ranking in 2018 :

- "Namibia has reduced its case backlog by implementing a case management system"; and
- "Introduced electronic filing".



From the economies evaluated, Namibia ranked 175<sup>th</sup> with the ease of **registering property**.

8 Procedures, 52 days and a cost of 13,8 % of the property value is required to register property



**Enforcing contracts** ranked at 59



Data in the 2018 report is as of 1 June 2017. This is an extract from the Doing Business 2018 report, a World Bank Group Flagship Report which can be downloaded from  
<http://www.doingbusiness.org/reports>

# PwC Tax Partners | Comments



**Chantell Husselmann**  
**Tax Leader**  
T: +264 61 284 1327  
chantell.husselmann@pwc.com

Chantell's commentary

The country has experienced slow economic growth over the last year and this may have caused increased pressure on the collections of tax revenue. The Minister has proposed that income derived from commercial activities by charitable, religious, educational and other types of institutions under Section 16 of the Income Tax Act become/ be subject to normal corporate tax. As proposed, such institutions will be required to register as taxpayers and file annual income tax returns in respect of commercial activities. Taxing of dividends paid to local residents will become subject to 10% tax. This will bring the effective tax rate for companies to 38.8%.



**Johan Nel**  
**Corporate Tax Partner**  
T: +264 61 284 1122  
johan.nel@pwc.com

Johan's commentary

Honourable Minister Schletwein confirmed that the implementation of key tax administration reforms would entail the roll-out of the Integrated Tax System (ITAS), which is expected to be fully operational by July 2018. In addition, other focus areas relates to the establishment of the Namibia Revenue Agency (NAMRA) which is expected to be effective as of 1 March 2019. There has also been indication that small business that are currently not registered for tax will be captured by new guidelines and regulations that force registration.



**Nelson Lucas**  
**Indirect Tax Associate Director**  
T: +264 61 284 1203  
nelson.lucas@pwc.com

Nelson's commentary

The proposed introduction of VAT on income of listed asset managers may create an administrative burden for the asset management industry. This may entail that asset managers may have to register for VAT should they meet the threshold of generating taxable supplies of N\$500,000 or more for any 12 month period. Some of the compliance considerations would require completion and submission of VAT returns on a periodic basis. In addition, the Minister also proposed the introduction of VAT on proceeds on the sale of shares or membership in a company owning commercial immovable property.



**Riana Esterhuyse**  
**Tax Associate Director - Walvis Bay**  
T: +264 64 217 736  
riana.esterhuyse@pwc.com

Riana's commentary

In light of Namibia being blacklisted by the European Union for not implementing the basic tax erosion and profit shifting minimum standards, the Honourable Minister of Finance announced proposed tax policies to remove ineffective preferential tax rates and protecting the tax system from base erosion. Some of the proposed tax policies are the repealing of Export Processing Zone Act and introduce the Special Economic Zones, with a sunset clause for current operators with the EPZ status. In addition, another proposed tax policy is the phasing out of the preferential tax treatment that is only granted to manufacturers to achieve equity and equal treatment of all operators.

## PwC Business School | Training



### Tax Training 2018

The Business School presents Tax Training consisting of a four-day program, covering various tax related topics.

- Basic VAT
- Basic Income Tax
- Basic Employee Pay and Taxes
- Total Tax Refresher/update

Book your seat now!

#### Windhoek



**Date:** 13 - 16 March 2018



**Venue:** PwC offices, 344 Independence Avenue



**Cost:** Individual packages, please refer to website



**Website:** [www.pwc.com/na/en/events/tax-training.html](http://www.pwc.com/na/en/events/tax-training.html)

**Closing date:** 12 March 2018



Register via [busschool@na.pwc.com](mailto:busschool@na.pwc.com)

Earn CPD points!

With the busy professional in mind - PwC Business School offers a **Total Tax Refresher course** on 16 March 2018.

Topical tax matters will be discussed, specifically related to:

- Individual taxes
- Companies taxes
- VAT
- Customs
- 2018 anticipated Legislation changes



pwc





**We partner with employers to  
enhance the lives of their most  
valuable assets: *Their employees***



**LIBERTY**

Visit [www.liberty.co.na](http://www.liberty.co.na) or  
Call +264 61 294 2343.

*#AdvantageOfKnowing*

*Terms & Conditions Apply*

LIFE INVESTMENTS INSURANCE HEALTH PROPERTIES ADVICE



# Standard Bank

## Corporate and Investment Banking

Our Corporate & Investment Banking team combines an in-depth understanding of local market conditions and drivers. We develop client-focused solutions, customised to each client's unique requirements.

Our Corporate and Investment Banking team provides full banking services as well as excellent capabilities in debt capital markets, advisory and debt arranging. Moreover, we are able to leverage Standard Bank's extensive presence to create cross-border solutions, supported by our global network of experts, along with world-class risk and capital management systems.

Our portfolio includes most of the leading local entities as well multinationals across the country's key sectors such as power and infrastructure, oil and gas, mining and metals, property finance, financial services, retail as well as Government and Public Service clients; sectors in which we possess strong capabilities.

Standard Bank Namibia was bestowed the 'Best Investment Bank in Namibia Award', recently presented by EMEA Finance at its 10th African Banking Awards 2017. Winners exemplify the sound, sustainable management required to switch gears and temper strategies when their business environments change direction.

Our expertise, skills and footprint leverage speaks to our combined local knowledge with our global pool of specialist understanding across products, industry sectors and geographies. And lastly, our tailor made solutions play a pivotal role as we are well positioned to deliver bespoke and value enhancing solutions that are tailored to the Namibian operating environment. The Standard Bank brand is internationally well known and trusted for its capability to handle large and complex transactions in an efficient and innovative manner.

**Anne Juuko**

Head of Corporate and Investment Banking

"What are the most valuable commodities in Namibia?"

**"Experience and expertise."**



A unique combination of on-the-ground expertise, comprehensive cross-border capabilities and the sector and regulatory expertise of corporate finance specialists, makes us your ideal partner for growth in this country we call home.

[standardbank.com.na](http://standardbank.com.na)

Corporate and Investment Banking

Standard Bank Moving Forward™



# PwC Tax Partners | Comments

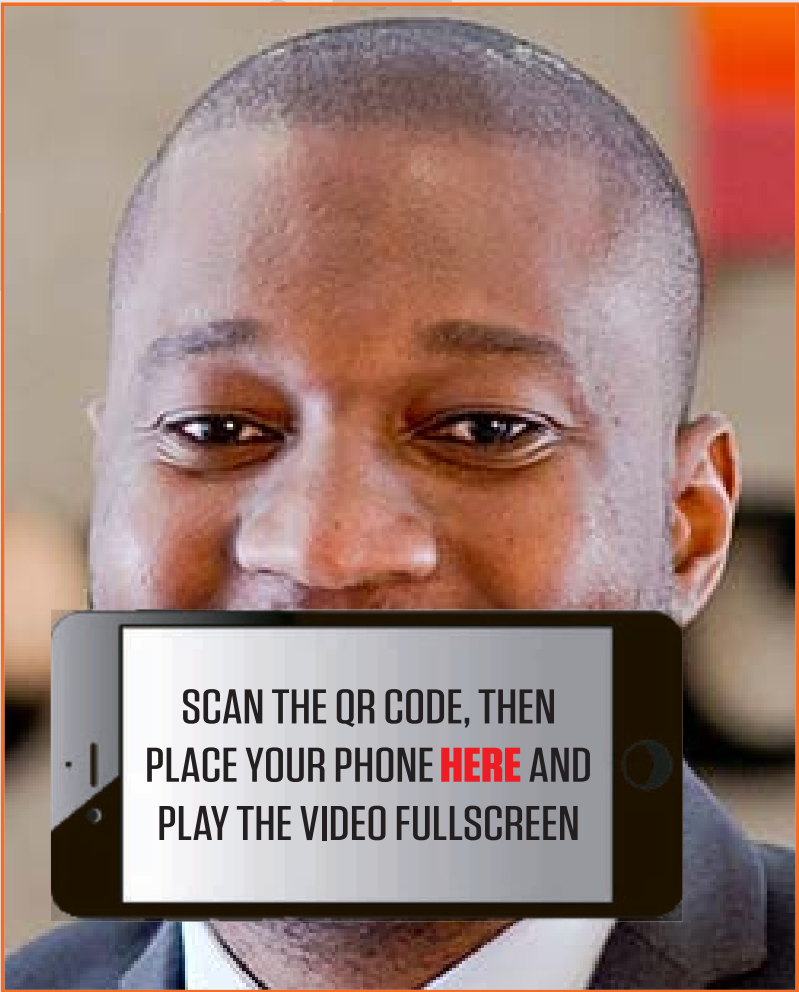
Scan the QR Code, then place your phone over the partner's mouth and hear their comments.



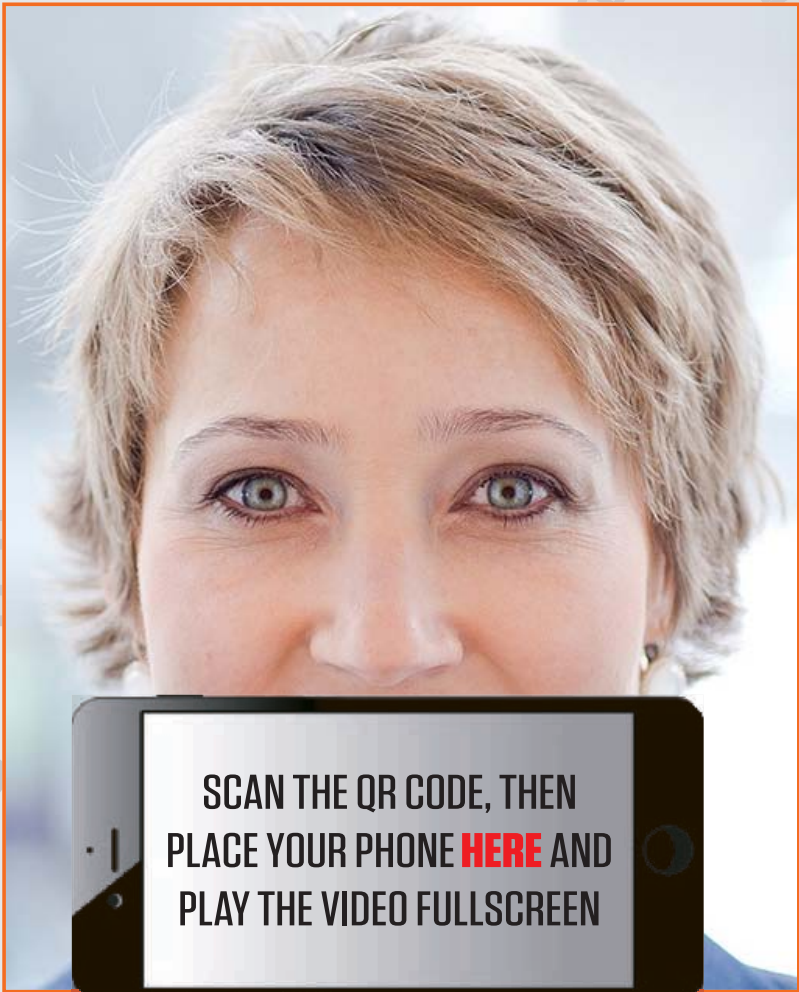
Chantelle Husselman  
Tax Leader  
T: +264 61 284 1327  
chantell.husselman@pwc.com



Johan Nel  
Corporate Tax Partner  
T: +264 61 284 1122  
johan.nel@pwc.com



Nelson Lucas  
Indirect Tax Associate Director  
T: +264 61 284 1203  
nelson.lucas@pwc.com



Riana Esterhuyse  
Tax Associate Director - Walvis Bay  
T: +264 64 217 736  
riana.esterhuyse@pwc.com

Download the MyInfo app and use the QR Scanner or alternatively download any QR Scanner here:





# NAMIBIA MEDIA MAGAZINES

## FOCUS

### NAMIBIA BUDGET MAGAZINE

17 APRIL 2018

GET YOUR COPY OF THE  
FOCUS MAGAZINE AT THESE  
SELECTED OUTLETS FOR

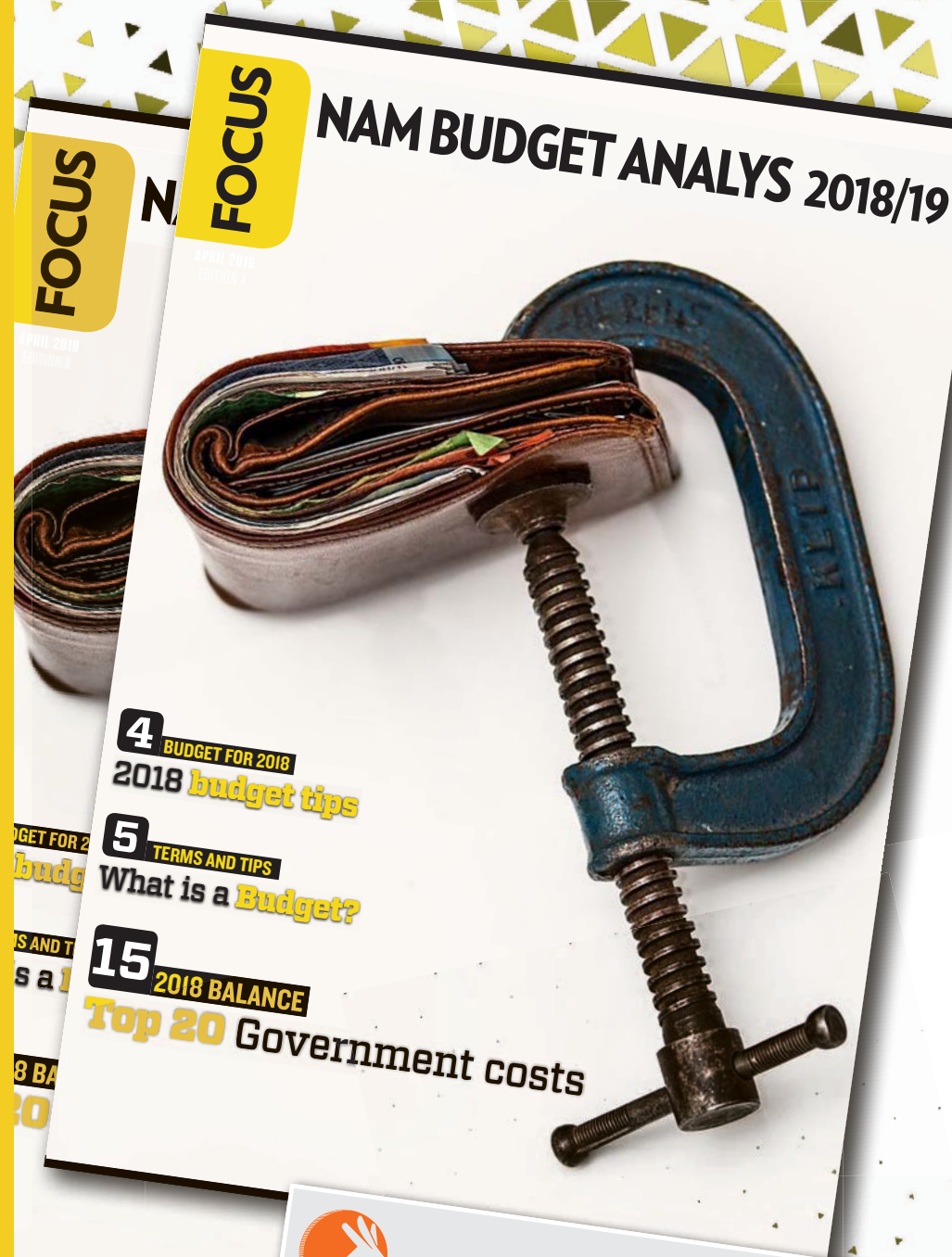
# N\$10.00

Available at selected Woerman  
Brock, Pick & Pay, Shoprite,  
Checkers and Spar stores  
country-wide.

# FOCUS

Don't miss our Budget  
Focus: A reference  
publication analysing  
expenditure and  
income trends. Issues  
in the spotlight include  
debt, the deficit, the  
wage bill, defence,  
education, health and  
SOEs.

For more information Contact  
Carmen Stenger 061 297 2102  
[Carmen@NMH.com.na](mailto:Carmen@NMH.com.na)





# YOUR DREAMS DON'T RETIRE

Why should your money?



**LIBERTY**

## Travelling the world need not be a dream.

The simple-to-understand Flexible Annuity from Liberty, aims to provide you with a sustainable income during your retirement. Your dreams don't retire, why should your money? Do your dreams a favour, and speak to your broker about the Flexible Annuity from Liberty.

Call us today on: 061 294 2343

Visit [www.liberty.co.na](http://www.liberty.co.na)

Liberty, the advantage of knowing.

**LIFE INVESTMENTS INSURANCE HEALTH**