During the 2017 individuals tax season, we received numerous queries on the tax deductibility of retirement savings.

The Income Tax Act (section 17) allows an employee to deduct his/her annual contributions made to any of the below funds from their annual taxable income:

- Namibian approved pension fund,
- Provident Fund,
- Retirement annuity fund,
- Educational policy fund.

Pension fund contributions made either as part of group fund or independently may therefore be claimed as a tax deduction in your individual annual income tax return.

You are also allowed to deduct contributions that you make to a retirement annuity fund that you belong to.

Where you make contributions to an educational policy that will be used in future for the education of your child/step child, such contributions are also deductible for tax purposes under this section.

Please note, however, that the annual deduction is limited to N$40,000 per annum in total for all your pension, provident, retirement annuity and educational policies (i.e. not N$40,000 per annum for each fund, but rather N$40,000 for all funds in aggregate).

Therefore to enjoy the full tax benefit available it is advisable to structure your contributions in such a way to make use of the full N$40,000 every tax year.

On the other hand, it is also important to ensure that in your monthly PAYE calculations the limit is applied (i.e. deductions not to exceed N$40,000), to avoid additional tax surprises on your year-end tax return.

mari-nelia.hough@pwc.com
PwC’s REMchannel® Namibia Stats

With every month's publications, we analyse data from our subscriber database. Here are some interesting statistics from the survey as published in July 2017 specifically for the Financial Services Sector.

All this information and more is available at your fingertips if you subscribe to REMchannel® the largest online salary survey in Namibia.

Gender Distribution in the Financial Services Sector workforce

37.8%

62.2%

Age Distribution in the Financial Services Sector Workforce

For more info contact mari-nelia.hough@pwc.com or click here to visit our website and please join us for the Remuneration Market Trends for the Financial Services Industry. More info on page 5.
Linking Job titles, descriptions and grades with Salary Structuring

Human Capital professionals should understand the basic principles of designing a new job and how to design the remuneration package to accompany this new job. Here are some basic steps to follow to create the link between a job title and salary:

**Step 1: Job Analysis**
Conduct a job analysis exercise; which is the breakdown of a job into its constituent tasks and processes.

**Step 2: Job Documentation**
Document the outcome of the job analysis into a job profile. This is the written result of the job analysis in step 1.

**Step 3: Job Evaluation**
Evaluate the positions using an objective and reliable rating system. This is necessary to establish a job-worth hierarchy in terms of where jobs should be placed within the organization’s structure.

**Step 4: Grading Structure**
Establish a grading structure, also known as a job-worth hierarchy.

**Step 5: Remuneration Philosophy**
Ensure that your organisation has a remuneration philosophy that is aligned to your company’s strategic objectives. This philosophy is a set of beliefs which underpin the reward strategy of an organisation.

**Step 6: Market Positioning**
Establish the position of the organisation through grade and job specific benchmarks based on the remuneration philosophy.

**Step 7: Base Pay Structure**
Assign monetary values (pay) to the hierarchy of jobs consequent upon grading and market positioning.

For information about job profiling and job evaluations and how PwC can assist you, please contact (click to email):

**Graham van Staden**
The Reality of Retrenchment
Calculating employee costs correctly?

What consultation processes must be followed if our organisation wants to retrench staff?

The employer must report the planned retrenchment to the Labour Commissioner of Namibia and the organisation’s bargaining unit (or alternatively the employee representative body) 4 weeks before of the planned dismissal. The organisation must state the intention of dismissal, the reason for staff size reduction, the number and category of employees that will be affected as well as the planned date of termination. The employer must engage with the bargaining union representatives on alternatives to the dismissal, the conditions and selection criteria to be used to select employees for dismissal, ways to minimize the number of dismissals and ways to minimize the adverse effect of the dismissals.

Should the employer and trade union be unable to reach an agreement regarding the dismissals, the matter must be reported to the Labour Commissioner within a week. A conciliator will be appointed by the Labour Commissioner to assist in dispute resolution. No employees may be dismissed during this period. Employees may in good faith refer any unfair terminations to the Labour Commissioner during the retrenchment process. Employers should be cautioned that if this process is not conducted accordingly they may be liable to a fine of N$10,000, 2 years imprisonment or both.

What components of income should be paid out to employees on retrenchment?

In terms of the current Labour Act, the employer must pay its employees for:

- All work done, including Sundays and public holidays;
- Accrued leave days
- Notice pay and severance pay, if applicable
- Transport allowance (if employee is dismissed at a place other than where recruited)

Is the employer obligated to pay severance pay on retrenchment?

If an employee who has completed 12 months of continuous service is dismissed (which includes retrenchment), dies while being employed or resigns or retires at the age of 65, severance pay becomes due at one week’s pay for every year of service completed. The employer must obtain a tax directive from Inland Revenue indicating the amount of PAYE to be withheld on the payment to the employee prior to payout.

For guidance on the tax implications of severance pay please refer to the link below:

imogan.waterboer@pwc.com
The following remuneration trend trainings will be presented during the winter months. Should you wish attend or if you require additional information, please contact us:

**REMchannel® Market Trends - Financial Services Sector**

03 August 2017

**Windhoek**, PwC Windhoek office, 344 Independence Avenue

**Time:** 07h30 - 10h00

The following topics will be discussed, based on our REMchannel data:

- Findings on remuneration package composition for the financial sector
- Reported pay adjustment for the past 12 months and expected pay adjustment
- Remuneration trends for the financial sector and how the sector compares to other industries and our neighboring countries.

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**Excel Skills for Remuneration Practitioners**

14 & 15 August - Windhoek

**Venue:** PwC Windhoek office, 344 Independence Avenue

17 & 18 August - Walvisbay

**Venue:** PwC Walvisbay Office

**Time:** 08h00 - 16h00 (both days)

This is a hands on practical two-day workshop covering the following aspects to improve on your Excel skills:

- Formatting Data
- LOOKUP, IF and SUM formulas
- Subtotaling Remuneration Data
- Comparative Formulas and Conditional Formatting
- Statistics for Remuneration data
- Charts and Graphs
- Goal seek and Pivot tables
- Scattergrams and Trend Lines

**Click here** to register

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**REMchannel® User Training**

07 September 2017

**Windhoek**, PwC Windhoek office, 344 Independence Avenue

**Time:** 07h30 - 14h00

Scope of the training:

- Navigating on the REMchannel website and functionalities of system reports
- Understanding the data submission process
- Report terminology and definitions
- Extracting REMchannel reports

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