**Mining Royalties**

Royalties are levied in terms of the Prospecting and Mining Act as a percentage of the market value of the minerals extracted by licence holders in the course of finding or mining any mineral or group of minerals. The rates are determined as follows:

<table>
<thead>
<tr>
<th>Group of Minerals</th>
<th>Royalty %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Precious metals/ Base and rare metals</td>
<td>3%</td>
</tr>
<tr>
<td>Semi-precious stones/Industrial metals/Non-Nuclear fuel minerals</td>
<td>2%</td>
</tr>
<tr>
<td>Nuclear fuel minerals</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Tax compliance**

### Income tax returns and tax payments due

<table>
<thead>
<tr>
<th>Tax Area</th>
<th>Reason</th>
<th>Penalty</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons/Companies</td>
<td>1st Provisional tax</td>
<td>Late submission</td>
<td>N$100 per day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under-estimation penalty</td>
<td>Up to 100%</td>
</tr>
<tr>
<td></td>
<td>2nd Provisional tax</td>
<td>Late submission</td>
<td>N$100 per day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under-estimation penalty</td>
<td>Up to 100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Late payment</td>
<td>10% per month</td>
</tr>
<tr>
<td></td>
<td>Income tax Return</td>
<td>Late submission</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Late payment</td>
<td>10%</td>
</tr>
<tr>
<td>Companies</td>
<td></td>
<td>Omission/incorrect statement</td>
<td>Up to 200%</td>
</tr>
</tbody>
</table>

### Income tax returns

**Individuals**

- 1st Provisional: Within 6 months from commencement of the respective tax year (on/before 30 August each year) (Not applicable to farmers)
- 2nd Provisional: On/before the last day of the respective tax year (28 February each year)

**Companies**

- 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.
- 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.

**Employers: PAYE Returns**

- 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 date of accrual or payment of dividend to 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 accrued or was paid
- Services: Within 20 days following the month during which management, technical, administrative or entertainment fees accrued or was paid to non-residents

**Value Added Tax**

- VAT return: 25th of month following end of 2 month tax period
- Import VAT return: 20th of month following end of previous month
- Import VAT on services: 30 days from date of import of services
- Customs & Excise: Payment at time of clearing or customs assessment notice (excl fuel import levy payment)

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**Source Basis of Taxation**

Normal tax is levied on taxable income of companies, trusts and individuals from sources within or deemed to be within or from Namibia. The Income Tax Act allows exploration and initial development expenditure to be deducted in full during the year in which the mine commences with production. All exploration expenses incurred before the commencement of mining is therefore deferred until such time that the mine commences production.

**Individual Income Tax**

<table>
<thead>
<tr>
<th>Taxable Income N$</th>
<th>Rates of tax from years of assessment ending 28 February 2016 (N$)</th>
</tr>
</thead>
</table>

| 0 - 50 000 | Not taxable |
| 50 001 - 100 000 | 18% for each N$ above 50 001 |
| 100 001 - 200 000 | 9% + 25% for each N$ above 100 001 |
| 200 001 - 500 000 | 69 000 + 28% for each N$ above 200 001 |
| 500 001 - 799 999 | 115 000 + 30% for each N$ above 500 001 |
| 800 001 - 1,500 000 | 205 000 + 32% for each N$ above 800 000 |
| Above 1,500 001 | 429 000 + 37% for each N$ above 1,500 001 |

**Medical Aid**

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

**Expatriate employees**

Services rendered by expatriates may be deemed to be rendered from a Namibian source. Employees rendering services within 200 nautical miles off the coast of Namibia will be taxable in Namibia. Employees and employers will be required to register for PAYE. Employers will be required to withhold employee taxes.

**Social Security**

Social security is payable on a 9:50 contributions from employers and employees. The contributions are calculated at 9% of earnings, with a minimum monthly contribution of N$4,70 and a maximum monthly contribution of N$81,00 by each.

**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 loans, 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 advised by an authorised dealer should be consulted prior to effecting any forex movements.

**Provision for Rehabilitation and Closure costs**

Mines often have a provision on the balance sheet for rehabilitation costs and closure costs. These provisions are usually an estimate and have conditions attached to it. For tax purposes, the provision is not deductible for tax purposes as the expense was not actually incurred yet. The amount therefore has to be added back on the tax calculation.

**IFRIC adjustments**

IFRIC 20 determines that to the extent that the benefit from the stripping activity is improved access to ore, the entity shall recognise these costs as a non-current asset, if the criteria in paragraph 4 are met. This Interpretation refers to the non-current asset as the 'stripping activity asset'. Paragraph 9 determines that an entity shall recognise a stripping activity asset if, and only if, all of the following are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

Where the mine has incurred costs that related to a stripping activity that was capitalised, the corresponding entry is reflected in the income statement. This entry must be claimed as a deduction in the tax calculation due to the fact that the amount represents an accounting adjustment and does not reflect actual income.

**Stamp Duty**

Certain transactions attract stamp duty. Stamp duty payable differs and is based on the nature of every transaction. The basic transactions are summarised as follows:

1. **Transaction**
2. **Stamp Duty**
3. Agreements or contracts (other than those where duty is specifically provided for in the Act) NAD 5
4. Lease agreement or lease
5. The stamp duty will be based on lease payments
6. Transfer or issue of marketable securities and other share transactions NADs for every NAD 100,000 or part thereof of the value/consideration, depending on the specific transaction
7. Authorisation of share capital NADs for every NAD 100,000 or any part thereof of the nominal value of the shares.
8. Registration of a bond over movable property NADs for every NAD 100,000 of debt secured
9. Stamp Duty payable in respect of the transfer of immovable property: Where the value of the consideration exceeds NADs 200,000, and for every NADs 100,000 or part thereof of the value or consideration in excess of NADs 200,000 NADs 5
10. Transfer Duty 12%

**Transfer Duty**

Jurisdict Persons (other than individual)

Any value 12%

It was announced that transfer duty on the sale of shares/members’interest in property owning entities will be introduced in 2012. No legislation has been issued to date.

**Company Tax Rates**

<table>
<thead>
<tr>
<th>Year</th>
<th>Corporate tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>32%</td>
</tr>
<tr>
<td>2018/19</td>
<td>32%</td>
</tr>
<tr>
<td>2019/20</td>
<td>32%</td>
</tr>
</tbody>
</table>

**Capital Allocations**

**Machinery and moveable assets**

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

**Exploration and Development costs**

Mining exploration and initial development expenditure incurred before commencement of mining are deductible in full in the first year that income is generated from the mine. Subsequent developmental expenditures are written off in three equal annual allowances.

**Capital Gains Taxes**

**Sale of Mineral Licenses**

The sale of a mining, exploration, cession, grant or any other alienation or transfer of ownership of any share or member’s interest in a company that holds a mineral license or mineral right, whether directly or indirectly has been included in the definition of gross income. Related amendments include the introduction of a deduction against the income received of the acquisition costs of the mineral license or right. The deduction may not create a loss.

**Payments to non-residents**

**Withholding Tax**

Dividends paid to non-residents (NRST) < 25% shareholding 20%

Dividends paid to non-residents (NRST) > 25% shareholding 10%

Interest paid to non-residents 10%

Royalties paid to non-residents 10%

Transfers loss technical, non-cash, and consulting fees paid to non-residents 10%

Non-resident directors’ fees and fees paid to foreign entertainers 25%

**Dividends**

Dividends paid received are exempt in the hands of corporates, individuals and trusts. Dividends paid to foreign shareholders are however subject to Non-Residents Shareholders Tax.

**Exports**

Any export of locally/regionally manufactured goods (excluding meat and fish products) qualifies for an abatement of 80% of taxable income directly related to such exports. Abatement does not apply to the export of imported manufactured goods.

**Value-Added Tax**

Value-added tax is payable on all taxable supplies on a continuous and regular basis at a standard rate of 15% which is limited to 200 nautical miles off the coast of Namibia. Direct exports of goods and services are zero-rated. A number of other zero-rated exemptions are also provided for. A person (company, individual, trust and partnership) carrying on a taxable activity with a turnover for the past or future 12 month period in excess of N$800,000, must register for VAT.