Namibia tax in the mining industry

2025

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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

Taxable Income N$	Rates of tax from years of assessment ending 2026/27 (N$)
0 - 100 000	Not taxable
100 001 - 150 000	18% for each N$ above 100 000
150 001 - 350 000	9 000 + 25% for each N$ above 150 000
350 001 - 550 000	59 000 + 28% for each N$ above 350 000
550 001 - 850 000	115 000 + 30% for each N$ above 550 000
850 001 - 1 550 000	205 000 + 32% for each N$ above 850 000
Above 1 550 001	429 000 + 37% for each N$ above 1 550 000

Employees' fringe benefits

Fringe benefits are subject to income tax in terms of the definition of gross income. The taxable value of fringe benefits is determined in terms of a schedule to the income tax tables, periodically amended by NamRA.

Housing loans and mortgage subsidies

Housing loans provided to employees at a subsidised rate are taxable to the extent that the interest rate payable by the employee is less than 12% per annum (p.a.). The taxable value of housing benefits comprising free or subsidised housing is determined with reference to the location and size of the housing, as indicated in the following table:

	1 room	2 room	3 room	4 room	5 room	6 room	7 room	8 room	8+ room
Windhoek	500	750	1 000	1 400	1 800	2 200	2 800	3 400	4 000
Walvis Bay	350	550	750	1 000	1 300	1 700	2 100	2 550	3 000
Large Towns	250	375	500	700	900	1 100	1 400	1 700	2 000
Small Towns	125	175	250	300	450	550	700	850	1 000

Meals

Meals	Taxable portion
Meals supplied at employee residence	N$100 per family member older than 6 years
Meals supplied at business premises	Not taxable

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

Taxable amount for the right of private use of employer provided vehicles	
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

Exempt interest income earned by individuals and trusts from
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

Contribution to approved pension, provident, retirement annuity (RA) and educational policies	2025/26 N$	2026/27 N$
Deduction allowed (in total)	150 000	150 000

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 will be required to register for income tax 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 50:50 contributions from employers and employees. The contributions are calculated at 0.9% of earnings, with a minimum monthly contribution of N$4.50 and a maximum monthly contribution of N$99.00 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 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.

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.

IFRS 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 9 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

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 - and for every NAD1 000 or part thereof of the value or consideration in excess of NAD20 000	NAD100 NAD 12

Transfer duty

Juristic 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 future. No legislation has been issued to date.

Companies

Company tax rates	2025/26
Corporate tax rate	31%* / 30%**
Branch income tax	31%* / 30%**
Diamond mining companies	55%
Mining Companies (other than diamond mining companies)	37.5%
Long term insurance companies (40% of gross investment income taxed at 32%)	12.8%
Petroleum Companies (exploration -, development - or production operations)	35%

* The Corporate Income Tax ("CIT") rate for companies whose financial years commenced on or after 1 January 2024 is reduced to 31%. CIT rate for financial years commencing before 01 January 2024 is 32%.
** The Corporate Income Tax ("CIT") rate for companies whose financial years commenced on or after 1 January 2025 is reduced to 30%.

Capital Allowances

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.

Exploration and Development costs

Mining exploration and initial development expenditure incurred before commencement of mining production 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, donation, expropriation, 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. Recent 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 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%

Dividends

Dividends received are exempt in the hands of corporates, individuals and trusts. Dividends declared to foreign shareholders are however subject to NRST.

Exports

Any export of locally/domestically 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 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 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$1 000 000, must register for VAT.

Customs and Excise

Customs duties are levied on certain goods imported into Namibia. The rates are usually calculated on an ad volarem basis. Namibia applies the Harmonised System and is party to the WTO. Namibia is also a member of SACU. Common external tariffs are applied on imports from outside SACU. Specific excise duties and the corresponding specific customs duties are levied on the traditional excisable products such as fuel, jewellery, tobacco, and liquor.

Transfer pricing and thin capitalisation

Transfer pricing was introduced in May 2005. Cross-border transactions with connected persons must be entered into on an arm's-length basis. A taxpayer is required to be in possession of transfer pricing documentation. The 3:1 debt to equity ratio requirements in determining thin capitalisation is replaced with a fixed limitation on interest deductions to the extent that the net interest exceeds 30% of the connected person's tax EBITDA and the net interest expense exceeds N$3million. "Tax EBITDA" means taxable income before net interest expense, tax, tax depreciation and tax amortization. Interest deductions not allowed for a said year is allowed to be carried forward for 10 years for entities involved in mining, petroleum or green hydrogen industries.

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:

Group of minerals	Royalty %
Precious metals/Base and rare metals	3%
Semi-precious stones/Industrial metals/Non-Nuclear fuel minerals	2%
Nuclear fuel minerals	3%
Oil and Gas	5%

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). At least 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.
Withholding Tax	
Dividends	Within 20 days following the month during which accrual or payment took place.
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)

Penalties

Tax Area	Reason	Penalty	Interest
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 Tax	Late payment	10% per month	20%
VAT & Import VAT	Late submission	N$100 per day	None
	Late payment	10% per month	Prime Interest Rate by Bank of Namibia (BoN)**

**Amendment to Section 53 subsections (1) and (1A), registered taxpayers who fails to pay tax by the due date, the interest payable on the outstanding tax amount will be levied at the rate referred to in subsection 1B or 1C:

- (1B) The interest rate in subsection (1) shall be the prime lending rate, as announced by the Bank of Namibia and published in the Gazette, by the Minister upon commencement of this Act.
- (1C) If the Bank of Namibia adjusts the prime lending rate, the Minister must, by notice in the Gazette, publish the adjusted prime lending rate as the rate of interest applicable to an amount referred to in subsection (1) or (1A), within a period of 30 days from the date of announcement of the repo rate by the Bank of Namibia.
- (1D) Subsection (1B) comes into operation on the date of publication of that notice in the Gazette and subsection (1C) becomes effective on the first day of the second month following the date on which it is published in the Gazette.

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