



# *Tax First*

## Namibia Newsletter

### October 2012



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#### *In this issue:*

- 2 Deductibility of Pension fund, Provident Fund and Retirement Annuity Fund contributions
- 2 Update on the proposed Namibian export levy
- 3 Inland Revenue SMS System
- 3 Government Gazettes during September 2012
- 3 Tax Calendar - October 2012

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## *Possible abolishment of Import VAT accounts*

*The Ministry of Finance indicated that the current import VAT account facility may be abolished.*

The facility currently provides for a deferment of import VAT payments to the 20th of the month following the month of importation.

Import VAT on goods cleared for home consumption is payable at the time of importation unless an import VAT account is allocated to an importer.

All Customs entries for home consumption in Namibia must be recorded on the Namibian customs (ASYCUDA) system. ASYCUDA reports summarising the import VAT liability for an import VAT period are readily available from the Customs and Excise office.

Under- or over-declaration of import VAT when compared to ASYCUDA reports is monitored by Inland Revenue on return assessment through their direct access to the Customs system.

It was also found that some clearing agents used import VAT numbers without due care, with the result that goods were declared on the wrong import VAT account number. This made it very difficult for the importer whose import VAT account number was wrongly used to prove that the import VAT liability should have been deferred on the import VAT account of the actual importer who ordered and received the goods. In such situations an extensive exercise of investigations, reconciliations and Vouchers of Corrections is required to rectify the imports.

Bank guarantees to cover the amount of tax due under an import VAT account are further not required by Inland Revenue for the assessment and payment of Import VAT. Inland Revenue can therefore not call up any security for the Import VAT declaration and must enforce the payment of import VAT through normal administrative collection procedures.

Studies are currently underway to assess the impact should the current import VAT account be abolished. The studies include exploring possible alternative import VAT payment options.



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## *Deductibility of Pension fund, Provident Fund and Retirement Annuity Fund contributions*

We all wish to save as much as possible for the day we retire. The tax implications of an investment we use to do so is therefore important to understand, specifically whether the additional funds or annuities invested are deductible for tax purposes. This is often the selling point for brokers who market these products.

In terms of Section 17 (1)(n) of the Income Tax Act, contributions to any pension fund and/or provident fund are only deductible where making such a contribution is *a condition of the holding your office or employment*. It is therefore important that belonging to a pension or provident fund is a condition of employment stipulated in your employment agreement, to qualify for this deduction.

The requirement for retirement annuity fund ("RAF") contributions is different. In terms of Section 17 (1)(q) the contributions by any member of a retirement annuity fund are deductible where such person has carried on any trade.

*Trade* includes every;

- profession
- trade
- business
- employment
- calling
- occupation
- venture
- including the letting of any property

It is important to note that premiums paid for life insurance and products other than RAF are not deductible under 17(1)(q).

The total deduction for the above combined with deductions for educational policy premiums, is limited to **N\$40,000** per annum per taxpayer.

Therefore, no tax deduction may be claimed for additional contributions if the annual contributions exceed N\$40,000 per annum. φ

## *Update on the proposed Namibian export levy*

The Ministry of Finance indicated that legislation is being prepared for the introduction of an export levy as announced by the Minister of Finance in 2011.

Indications are that the levy will be introduced on all unprocessed mineral products mined in Namibia at a rate ranging from 0 % to 2%. We will provide further information on this once a Bill is available for comment.



## Inland Revenue's SMS System

Inland Revenue introduced a SMS system to keep taxpayers informed of the tax status on their respective tax accounts. Currently, text messages are being sent out during working hours and cover the following areas:

- *Outstanding returns*: 60 days after tax return(s) on any tax account became outstanding
- *Outstanding balance*: At the end of every month when tax is owing to Inland Revenue
- *Assessment*: When the assessment is finalised and there is an amount refundable
- *Refund*: When the refund is deposited into the bank account
- *Details*: request for banking and email details done when a refund is owing to a taxpayer

This service is offered free of charge. Taxpayers should not reply to the SMS but should contact the office at the telephone numbers provided at the bottom of each SMS.

## Government Gazettes

*Government Gazettes for the period for September 2012 is included in this edition. This is not an exhaustive list of Acts/Notices/Proclamations published.*

**No. 228 - 2012** Promulgation of Disaster Risk Management Act, 2012 (Act No. 10 of 2012), of the Parliament.

**No. 330 - 2012** The Long-term Insurance Act No. 5 of 1998 requires all participants in the local long-term insurance industry to be registered with NAMFISA. The public is advised to confirm the registration of any insurance company, broker or agent with NAMFISA before doing business with them.

**No. 331 - 2012** NAMFISA wishes to notify the non-banking financial industry and members of the public that effective 1 October 2012, only bank deposits and electronic transfers will be accepted as a mode of payment.

## Tax Calendar - October 2012

Monday	Tuesday	Wednesday	Thursday	Friday
22 • Import VAT return • PAYE return • Withholding Tax on Services return	23	24	25 • VAT return (Category A)	26
29	30	31 • Social Security payment • Tax return - companies with 30 March 2012 YE; • 2nd provisional returns - companies with 31 October YE		

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