



Tax First

Namibia Newsletter

July 2012

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Best practice on staying VAT compliant

The VAT Act contains several prescribed methods on treating VAT, accounting for VAT and declaring VAT. Considering the fast pace at which business is conducted daily, here are some useful tips on ensuring your business maintains momentum while being on the right side of the Act.

10 Important Principles

1. VAT registered entities collect VAT (output tax) on behalf of Government – please make sure that you pay it over on time, otherwise penalties and interest will be charged.
2. All prices charged, advertised or quoted by a registered person must include VAT at the applicable rate. (Presently 15% for standard rated supplies).
3. VAT charged on supplies made (output tax) less VAT paid to your suppliers (input tax) = the amount of VAT payable/refundable.
4. You need a valid tax invoice with your full name and VAT number indicated on it as proof of any input tax deductions which you want to make. You should also keep records of all your tax invoices and other records of transactions for at least five (5) years.
5. Goods exported to clients in an export country are charged with VAT at 0%. However, if delivery takes place in Namibia, you must charge VAT at 15% to your client. If your client is a registered person, the VAT charged may be deducted as input tax. If your client is not a registered person, and the goods are subsequently removed from the country, a claim for a refund of the VAT may be made at the offices of the VAT Refund Administrator (the VRA).
6. You may not register for VAT or deduct any input tax on goods or services acquired to make exempt supplies, for private use or other non-taxable purposes. Also, as a general rule, input tax may not be deducted where the expense incurred is for the acquisition or rental of a passenger vehicle or entertainment, even if utilised for making taxable supplies.
7. You are required to advise the Namibian Inland Revenue Department within 21 days of any changes in your registered particulars, including any change in your authorised representative, business address, banking details, trading name, or if you cease trading.
8. If you have underpaid VAT as a result of a mistake, report it to your Namibian Inland Revenue office as soon as possible, rather than leaving it for their auditors to detect.
9. You can pay your VAT by cheque if less than N\$500 000 or with electronic funds transfer (EFT).
10. It is important to submit returns on time. Penalty on late submission of a VAT or Import VAT return is N\$100 per day. Penalty on late payment of VAT or Import VAT is 10% per month on tax payable, limited to 100%.

Being compliant with the above will reduce the risk of VAT becoming a cost to your business.

Being prepared – Compliance with Namibian transfer pricing legislation

The Namibian Income Tax Act (Section 95A) empowers the Receiver of Revenue to adjust the consideration paid or received in respect of an international transaction between connected persons to reflect the arm's length price for goods or services in determining the taxable income of the Namibian taxpayer.

Practice Note 2/2006 requires a taxpayer to compile a Transfer Pricing policy document setting out the basis upon which prices are set for international transactions between connected persons. This will be the taxpayer's defense in showing that a price charged between connected persons is an arm's length price (i.e. what unconnected persons would have charged under the same circumstances).

The Practice Note is primarily based on the transfer pricing guidelines provided by the Organization for Economic Cooperation and Development (OECD). The OECD has recently launched a number of initiatives aimed at improving the current transfer pricing legislation.

Simplification and clarification of current transfer pricing guidelines seem to be the area of focus for the newly appointed head of the OECD, Ms Marlies de Ruiter. The following initiatives were launched during June 2012:

OECD TP initiatives

- OECD released a discussion draft on the transfer pricing aspects of intangibles;
- OECD released a discussion draft on the revision of the Safe Harbours section in Chapter IV of the OECD Transfer Pricing Guidelines;
- OECD invited comments on certain transfer pricing timing issues;
- OECD updated the Multi-Country analysis of Existing Transfer Pricing Simplification Measures.

For more information visit: www.oecd.org

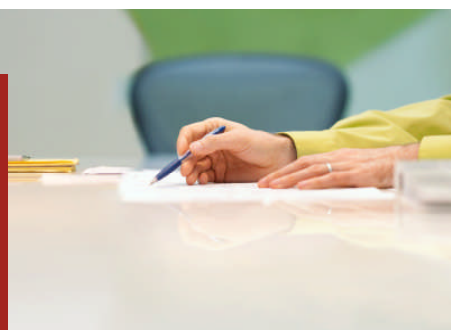
PwC Namibia together with our global alliance can ensure a seamless approach to satisfying your global transfer pricing requirements.

Complete your tax return

It is important to complete tax returns submitted to Inland Revenue in full, furnishing all required information .

Inland Revenue specifically highlighted the need for tax payers to complete:

- *bank account details (used for electronic refunds)*
- *contact details (can be used to reach taxpayers by phone to quickly resolve queries on assessment)*



Tax Calendar - July 2012

Monday	Tuesday	Wednesday	Thursday	Friday
16	17	18	19	20 <ul style="list-style-type: none"> • Import VAT return • PAYE return • Withholding Tax on Services
23	24	25 <ul style="list-style-type: none"> • June VAT return (Category B) 	26	27
30 <ul style="list-style-type: none"> • Social Security payment • Tax return - companies with 30 December 2011 YE; • 2nd provisional returns - companies with 31 July YE . 	31			

Government Gazettes

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

Government Notice

136 - 2012 Commencement of Labour Amendment Act, 2012 comes into operation on 1 August 2012.

142 - 2012 Promulgation of Flexible Land Tenure Act, 2012 (Act No. 4 of 2012);

144 - 2012 General valuation of Agricultural (Commercial) Land: Land Valuation and Taxation Regulations, 2007;

153 - 2012 Promulgation of Appropriation Act, 2012 (Act No. 5 of 2012);

Congratulations to our very own



Our staff and management join Nangula Uaandja, our Managing Director and Business Woman of the Year 2011, as well as the first woman president of ICAN, in congratulating *Chantell Husselmann* on her appointment as the President of the *Institute of Chartered Accountants of Namibia (ICAN)*.

As a Tax Partner at PwC, Chantell has demonstrated her ability to successfully plan and execute numerous substantial projects which is a testimony of her character and leadership.

We believe that you have rightfully become a respected leader and have demonstrated a remarkable commitment to the accounting profession.

Your term as *President of ICAN* will mark the beginning of a new era for this distinguished institution as it works to meet new challenges and prepare for tomorrow's opportunities.

Bills in progress*

- B1-2011 Unit trust control Amendment Bill
- B2-2011 Long-term Insurance Bill
- B3-2011 Pension Fund Amendment Bill
- B 4-2011 Inspection of Financial Institutions Bill
- B 14-2011 Stamp Duty Amendment Bill
- B 7-2011 Conferment of National Honours Bill

Source: Parliament of Namibia www.parliament.gov.na/bills

Should you need any help please feel free to contact one of our tax specialists.

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