

# Tax First

## Namibia Newsletter

June 2012



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June 2012

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[www.pwc.com/na/en/publications/tax-first.jhtml](http://www.pwc.com/na/en/publications/tax-first.jhtml)

## *Tax inspectors without borders - coming to Namibia?*

*Tax Inspectors without Borders was launched in Cape Town, South Africa by the Organization for Economic Co-operation and Development (OECD) Task Force on Tax and Development during May 2012.*

This new initiative aims to assist developing countries to increase state revenues by making tax systems more effective.

The OECD will establish an independent Secretariat to be fully operational towards the end of next year which will provide “international auditing expertise and advice to help developing countries better address tax base erosion, including tax evasion and avoidance”.

The aim is that the Tax Inspectors without Borders Secretariat will co-ordinate the demand from developing countries from a pool of international tax experts serving in other tax administrations to assist these countries to carry out complex international tax audits (for example Transfer Pricing assessments). This initiative will supplement efforts by other donor agencies, e.g. USAID, to mobilise tax experts for assistance to

developing countries.

This initiative is welcomed as it will target tax base erosion through tax evasion and avoidance and should lead to a more equitable and transparent tax system in countries like Namibia, easing the tax burden on individuals and corporations already in the tax net and striving to fully comply with tax laws.

Companies operating across borders will be well advised to get their tax affairs in order, especially policies on transfer pricing and thin capitalisation.

*Countries helping each other is the only way to effectively fight global tax evasion and avoidance*

*- OECD Secretary-General, Angel Gurría*

## *Provisional tax amendment reminder*

*For companies with 31 December 2012 year-ends, the first provisional payment is due 30 June 2012 and should be at least 40% of the total actual taxable income for the year. Estimations equal to the last assessed income will no longer be accepted.*

## *Withholding tax rates and DTA relief*

*The table below summarises Namibian withholding tax rates and DTA reduced rates. Note that the tax treaties contain certain requirements that should be met before the reduced tax rate may be applied. The definitions of dividends, royalties, technical fees and interest in the various treaties should also be considered.*

Recipient country	Dividends (%)	Interest (%)	Technical fees (%)	Royalties (%)	Directors fees (%)
Non-treaty	10	10*	25	10.2	25
Botswana	10	10	15	10	25
France	5	10	n/a	10	25
Germany	10	0	n/a	10	25
India	10	10	10	10	25
Malaysia	5	10	5	5	25
Mauritius	5	10	n/a	5	25
Romania	N/A	10	n/a	5	25
Russian Federation	5	10	n/a	5	25
South Africa	5	10	n/a	10	25
Sweden	5	10	15	5	25
United Kingdom	5	N/A	n/a	5	25

\* Namibian companies are taxed at the corporate tax rate on interest received.

'N/A' means that the provisions of the tax treaty limited the rate to a rate that is higher than the local Namibian rate. Take note that a treaty may only provide tax relief and cannot impose a higher tax rate.

## *Withholding Tax on Services update*

Inland Revenue has not yet responded to Ruling requests to clarify the application of Double Tax Agreements ("DTA's") in respect of WTS payments. Indications are that the Directorate is still in consultation with the Attorney General regarding DTA relief.

It is advised that Namibian residents who apply such relief when making payments to foreign suppliers should confirm and retain evidence that these suppliers qualify for DTA relief; and that relief claimed should be disclosed on WTS returns.



## Bills in progress\*

- B1-2010 Industrial Property Bill
- B1-2011 Unit trust control Amendment Bill
- B2-2011 Long-term Insurance Bill
- B3-2011 Pension Fund Amendment Bill
- B7-2011 Conferment of National Honours Bill

- B 8-2011 Earth Science Professions Bill
- B 14-2011 Stamp Duty Amendment Bill
- B15-2011 VAT Amendment Bill
- B 16-2011 Third Income Tax Amendment Bill

Source: Parliament of Namibia [www.parliament.gov.na/bills](http://www.parliament.gov.na/bills)

## Tax Calendar—June 2012

Monday	Tuesday	Wednesday	Thursday	Friday
	11	12	13	14
	18	19	20	21
• VAT return (Category A)	25	26	27	28

• Import VAT return  
• PAYE return  
• Withholding Tax on Services

• Social Security payment  
• Tax return - companies with 30 November year ends  
• 1st Provisional returns - companies with 31 December 2012 YE  
• 2nd provisional returns - companies with 30 June YE  
• Salaried individuals and non-business trusts annual income tax returns

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

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