

# Tax First Namibia Newsletter

## June 2014



A monthly newsletter published by PwC Namibia providing informed commentary on current developments in the local tax arena. Though analysis and comments on new law and administrative changes assists business executives to identify developments and trends in tax law and revenue practice that might impact their business.

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

### Annual Namibian Tax Symposium 2014

11, 12 & 13 June 2014  
Hilton Hotel Windhoek

~ Employee pay and Taxes,  
VAT and Income Tax

See page 3 or  
[Click here to register](#)



## VAT on Property Transactions

*VAT and its relationship with property (be it residential or commercial) is a complicated issue which creates quite a stir and confusion in the construction and related services industry in Namibia.*

With the enactment of VAT in November 2000 the supply of immovable property was not deemed a taxable supply. Thus no VAT was levied on any property transactions like the sale of property or the services of building new property.

In Oct 2002, the main amendment made to the VAT Act was to delete the particular section on property transactions, making it a supply for VAT purposes. In addition the following zero rating provisions were introduced:

- i) the erection or extension of, or improvement to a building; or
- ii) the sale of land or buildings used or to be used for residential purposes.

With regards to rental proceeds on residential property, this was added as exempt revenue. These amendments made it important to differentiate between commercial and residential property.

Further to the above, the October 2004 VAT Amendment Act removed the zero rating of "improvements" to residential property. The VAT Practice Note 5 of 2002 provides distinct guidance on what constitutes "improvements". This guidance became more important with the removal of "improvements" on the zero rating schedules.

One of the main uncertainties around VAT on property relates to the work performed by sub-contractors or related service providers directly to home owners. A popular example is kitchen cupboard fittings and the supply thereof - whether it is directly to the home owner or a developer, 15% must be charged. The reason being that the supply of kitchen cupboards are regarded as an improvement to the residential property, and thus is no longer a zero rated supply since October 2004.

In conclusion, VAT on property experienced a lot of legislation changes, suppliers should pay careful attention when dealing with transactions of this nature. When in doubt, do consult.

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## Why is it important to have a Will?

*A will is important to you, since it is the only legal document that you may use to direct how your estate should be distributed at your death.*

By setting up a will and doing proper estate planning, your wishes will be clear and your family will not have to struggle with your finances during a difficult and stressful time after your death.

A person who dies without leaving a valid will is said to have died intestate. In terms of the laws of intestate succession, your estate might not be distributed in accordance with your own wishes. It involves significantly more administrative work if you die without leaving a valid will.

Any person 16 years or older who is able to understand the nature and effect of his or her actions may make a will.

There are many formal requirements to be met for a will to be valid. You might consider therefore that it is important to have your will drafted by a professional, since professionals have a responsibility to ensure that the formalities and other legal requirements regulating the content of the will are adhered to.

The following are some of the important requirements that should be considered when drafting a will:

- Was the will correctly signed by the testator and the witnesses?;
- Is the content of the will or the testator's distributions in terms of the will allowable under other relevant legislation?; and
- Are the witnesses legally allowed to sign as witnesses?

If any of the above requirements are not correctly considered and adhered to when drafting your will, your will might be considered invalid or some of the witnesses might not be allowed to inherit from your estate.

Therefore consider speaking to a professional about your estate regularly if you want your family to have peace of mind when you are gone. This is also important if you want to effectively plan your estate in a manner that will minimize the administration costs of your deceased estate.

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Currently the **Asycuda World** system has only been implemented at Eros and Hosea Kutako Airports. The other Customs points of entry still make use of **Asycuda ++**. Asycuda reports on import VAT liability can be downloaded from the **Asycuda World** website as from **May 2014**, provided you have been registered with Customs Namibia as an Asycuda World user.

To apply you can visit the website: [www.asycudaworld.mof.na:8080/asyw](http://www.asycudaworld.mof.na:8080/asyw) and download the application form or you can contact the **Asycuda IT Department** at (061) 2092636 / 2092626.

## Common pitfalls - Employee Taxes: S&T allowances

*Subsistence and travel allowances (S&T) is an allowance provided to employees who are required to travel and spent time away from their usual place of residence, normally for more than one day.*

### **Tax treatment of S&T allowances**

Although the allowance itself is not subject to PAYE, it remains taxable in the hands of the individual.

Even though the allowance is not subject to PAYE, in terms of Practice Note 3 of 2001, the gross amount received by the individual must be reflected on the employee's PAYE 5 form. The employee is entitled to deduct his actual business expenses paid from the allowance in his/her income tax return. The employee will thus only be taxable on the unexpended portion of the allowance.



# Tax Calendar - June 2014

Mon	Tue	Wed	Thu	Fri
16	17	18	19	20 <ul style="list-style-type: none"> <li>• PAYE Returns</li> <li>• Import VAT return</li> <li>• Withholding Tax on Services return</li> <li>• VET Levy</li> </ul>
23	24	25 <ul style="list-style-type: none"> <li>• VAT return (Category B)</li> </ul>	26	27
30 <ul style="list-style-type: none"> <li>• Social Security payment</li> <li>• Tax return - companies with 30 November 2013 Year-End;</li> <li>• 1st provisional returns - companies with Dec year-ends</li> <li>• 2nd provisional returns - companies with June Year-ends</li> <li>• Salaried individuals and non-business trusts annual income tax returns</li> </ul>				

## Upcoming PwC Tax Events:

**11 - 13 June 2014**

*2014 Annual Tax Symposium, Windhoek*

[Click here to register](#)

**11 - 13 August 2014**

*2014 Annual Tax Symposium, Walvis Bay*

*To obtain our registration form please contact*

***Liretha Jordaan** in Windhoek on or before **05/06/2014** at*

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