

Tax First

Namibia Newsletter

October 2013



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EFT payments to Inland Revenue - getting it right

Taxpayers should ensure that they use the correct reference number for electronic fund transfers (EFTs) to Inland Revenue. Incorrect reference numbers may lead to misallocation of payments to incorrect periods or incorrect tax accounts.

EFT reference numbers are made up of 19 characters. The components of this number are as follows:

1. The first three characters represent the ***type of tax payment***:

TA	-	Income Tax (ITX) Account payment
ITP	-	Income Tax (ITX) Provisional Payment
ETA	-	Employee Tax (ETX) Account Payment
ETP	-	Employee Tax (ETX) Period Payment
VTA	-	Value Added Tax (VAT) Account Payment
VTP	-	Value Added Tax (VAT) Period Payment
VIA	-	VAT Import (VIA) Account Payment
VIP	-	VAT Import (VIA) Period Payment
WTA	-	Withholding Tax (WTX) Account Payment
WTP	-	Withholding Tax (WTX) Period Payment

In these codes, “account payments” refer to payments for remaining balances of arrear taxes, penalties or interest. “Period payments” should be used for the normal monthly/bi-monthly filing payments.

2. The next 10 characters is your tax number (i.e. the file identification number). The last character of this 10 digit sequence depends on the type of tax account and may only be one of the following:

1 for Income Tax (ITX)	;	i.e. 157 8975 01 1
4 for Employee Tax (ETX)	;	i.e. 157 8975 01 4
5 for Value Added Tax (VAT)	;	i.e. 157 8975 01 5
6 for VAT import Tax (VIA)	;	i.e. 157 8975 01 6
8 for Withholding Tax (WTX)	;	i.e. 157 8975 01 8

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This newsletter and previous issues are available on
<http://www.pwc.com/na/en/publications/tax->

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EFT payments to Inland Revenue - getting it right (continued)

3. The last 6 characters relate to the *tax period*.

The tax period consists of the Tax Year (YYYY) and Month (MM) for which the payment is made.

For **account payments** the Tax Period can be left blank or entered as 999999 or 000000.

Full Example for **account payments**:

ITA1234567011999999

Full Example for **period payments**:

ITP1234567011201303

It is advisable that electronic payments are made two or three days before the due date and not on the due date to ensure that the payments reach Inland Revenue in sufficient time to avoid penalties and interest. Currently penalties are levied based on the date that payment reaches Inland Revenue's account at the Bank of Namibia.



What will happen if the VAT threshold were to increase?

One of the proposed amendments to the Value-Added Tax Act is the increase of the current VAT threshold of N\$200,000. Provided voluntary VAT registration is allowed, entities may opt to remain registered even if they do not exceed the new threshold. If voluntary VAT registration is abolished then VAT registered businesses/persons below the new threshold will have to deregister for VAT.

What impact will this legislative change have on smaller/medium enterprise Namibian businesses, which may be required to deregister?

In the case where a taxpayer will be required to deregister or, in case of voluntary deregistration, the looming cash flow implications should be considered. With deregistration a deemed output tax for assets on which Input VAT was previously claimed must be declared and paid when the last VAT return is submitted.

This may result in a substantial tax liability due to Inland Revenue. If no relief is provided by Inland Revenue to deregistering businesses (no grace period provided for settling any VAT liability due), the cash flow impact may be significant.

Therefore, careful consideration and planning on the side of the taxpayer will be necessary to decide whether to remain registered or deregister as a VAT registered entity. Where deregistration will be compulsory, up front planning for cash outflows will be crucial.

Being registered for VAT registration has the following benefits, as well as drawbacks:

- Input tax may be claimed on expenditure, as allowed per the VAT Act, having positive cash flow benefits for the business;
- Accurate accounting records are essential to adhere to the VAT compliance requirements;
- Input tax on significant capital investments may be claimed back, with exception of certain purchases, i.e. passenger vehicles;
- Import VAT paid may be claimed back as input tax;
- Prices will effectively increase with 15% for goods sold/services rendered;
- Cash flow management is critical;
- Returns have to be filed every second month, creating an administrative burden.

Once deregistered, the following may be beneficial for some:

- No longer need to submit VAT returns, thereby easing the administration burden;
- No longer exposed to penalties and interest on VAT for non-compliance;
- No longer required to charge VAT on sales, thereby decreasing the prices of goods sold or services rendered;
- The Import VAT and VAT charges on expenses/capital goods purchased for business purposes will now be an added cost, as a result of not being able to claim the costs back. These may be claimed as part of expenses for income tax purposes.

Bulletin:



Tax Compliance and Arrear Taxes

Press release by Ministry of Finance to all taxpayers



The Commissioner of Inland Revenue issued a press release in last week, 20 September 2013, whereby all taxpayers are warned to become tax compliant **within in one month** to avoid suspension of their Import VAT accounts. All taxpayers are urged to settle all outstanding debt (VAT, Income Tax, Withholding Tax on Services and PAYE accounts) on their accounts, and where settlement within a month is not possible, payment arrangement should be made directly with Inland Revenue.



Over **3,000 Import VAT accounts** were **suspended** since the initial notification in April. Those taxpayers accounts' which are suspended, will no longer be allowed to defer the Import VAT payments, and will be required to pay at the point of entry for their goods to be released into Namibia.

Government Gazettes

Government Gazettes for the period for September 2013 is included in this edition. This is not an exhaustive list of Acts/Notices/Proclamations published.

No. 30 - 2013 Announcement of appointment of **Justice Maphios Cheda** as judge of High Court of Namibia

No. 244 - 2013 Prohibition pertaining to export of raw and pickled sheep and goat skins.

No. 245 - 2013 Prohibition on importation of prescribed limit of dairy products into Namibia.

Upcoming PwC Events - Business Bitesize

Namibian Remuneration Trends

10 October 2013

Details attached or visit the website: <http://www.pwc.com/na/en/events/namibian-remuneration-trends.jhtml>

Tax Calendar - October 2013

Monday	Tuesday	Wednesday	Thursday	Friday
<ul style="list-style-type: none">• Import VAT return• PAYE return• Withholding Tax on Services return	21	22	23	24
	28	29	30	<ul style="list-style-type: none">• VAT return (Category A) <ul style="list-style-type: none">• Social Security payment• Tax return - companies with 31 March 2013 YE;• 1st provisional return - companies with April 2014 year-ends• 2nd provisional returns - companies with 31 October year-end

For assistance or advice please contact one of our tax specialists.

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REPUBLIC OF NAMIBIA

MINISTRY OF FINANCE

PRESS RELEASE

NOTICE TO ALL TAXPAYERS

The Ministry of Finance hereby notifies all taxpayers who are not in good standing with the Receiver of Revenue to settle their accounts within a period of **one month**.

Taxpayers should further take notice that:

- Following the notification to all taxpayers on 04 April 2013 regarding the settlement of tax accounts with outstanding debts, about 3000 Vat Import Accounts were suspended. Consequently, taxpayers whose accounts were suspended will no longer be allowed to defer the VAT payable on imports but will be required to pay at the point of entry before their goods are released into the country.
- All taxpayers with outstanding debts on their tax accounts are hereby requested to settle their accounts within a period of one month from the date of publication of this Notice.
- Taxpayers who are genuinely unable to settle their accounts within one month are requested to make acceptable and legitimate payment arrangement plans. The payment arrangement plans will be subjected to scrutiny and approval by the Commissioner: Inland Revenue Department.
- Failure to comply with this Notice will leave Inland Revenue Department (MoF) with no other alternative but to strictly enforce the Namibian taxation laws in accordance with sections 83 (Civil judgment & Recovery of outstanding tax by debt collector) and 91 (Power to appoint agent and recover tax due to the State) of the Income Tax Act No. 24 of 1981 as amended; and sections 31 (civil judgment) , 34 (seizure of goods) and 36 (Recovery of Tax from third parties) of the VAT Act No. 10 of 2000 as amended.
- This Notice is directed to all taxpayers (natural and juristic persons) in all tax categories (Value Added Tax, Income Tax, Withholding Tax on Services and Employees Tax).
- For any enquiry regarding this notification, taxpayers are advised to contact their Receiver of Revenue where they are registered.

Shivute
Mr. Sam SHIVUTE

Commissioner: Inland Revenue Department



20.09.2013

Date

Namibian Remuneration Trends

Business Bitesize



PwC Business School offers a session to interact with our experts for a high level overview of how Namibians are remunerated and how this compares with South African trends.

Details of session:

Windhoek:

Date: 10 October 2013

Venue: PwC
344 Independence Avenue

RSVP: With Johné Louw at
(Tel) 061 284 1092,
(Fax) 061 284 1592 or
johne.louw@na.pwc.com

Space is limited so please book your seat now.

Agenda:

07H30 to 08H00
Registration & welcome

08H00 to 09H30
Namibian Remuneration Trend Session

09H30 to 10H00
Coffee and networking



Elria van der Merwe
Senior Manager
Human Resource
Services