Tax First
Namibia Newsletter
September 2013

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

Skills Levy implementation on hold

The Chairperson of the Namibia Training Authority ("NTA") released a media statement on 15 August, announcing that the proposed Vocational Education and Training (VET) Levy will no longer be implemented on 1 September 2013.

Following the initial public notice in April 2013 on the intended VET Levy, employers were invited to provide feedback to the Minister of Education.

After considering the public's submissions the board made recommendations to the Minister and announced that implementation will be delayed until further notice.

The NTA Board of Directors emphasised that a final implementation date for the VET Levy can only be established and shared with the public after publication of the Ministers relevant notice.

VET levy framework

The final framework for the implementation of the VET Levy, is expected to include (but not limited to) the following:

- *"The description of the employer who is obliged to pay the VET Levy;*
- *The rate and manner of calculating or determining the VET Levy;*
- *The dates or periods within which the VET Levy is payable;*
- *A description of the body to which the VET Levy must be paid and the required manner of payment;*
- *Any other matter, which is in the opinion of the Minister, necessary for the effective imposition and collection of the VET Levy."*

Upcoming PwC Events - *African Tax and Business Symposium 2013*

30 September to 3 October 2013
Le Meridien Hotel, Mauritius
"*Save the date*" details attached or visit the website: ***https://atbs.pwc.co.za***

Seconding Staff - tax considerations

To Namibia from other countries

Namibian entities often host seconded staff from group entities situated in other countries. It is important to consider the tax implications for the employees seconded to Namibia.

Namibia has a source based tax system under which income that accrues or deems to accrue from sources within Namibia will form part of gross income. The liability for tax is generally dependent on the source or deemed source of the receipts. A person's place of residence is not taken into consideration.

In terms of section 15(1)(e) of the Income Tax Act, income derived from services rendered, or work done by any person in the carrying on, in Namibia of any '*trade*' is deemed to be from a Namibian source, irrespective of who pays for the services and where payments are made.

Based on the deemed source principle of taxation, employees seconded to Namibia will be taxed on remuneration earned whilst employed in Namibia as the definition of *"trade"* specifically includes employment.

Double taxation relief might be applicable should the secondee be a tax resident of a country with which Namibia has a Double taxation agreement ("DTA").

From Namibia to other countries

Should Namibian residents be seconded to other countries, a taxpayer's income received for work done outside Namibia may be taxable in Namibia under the deeming provisions of the Income Tax Act.

The deeming provisions will apply if the following 4 requirements are met:

1. The taxpayer is ordinarily resident in Namibia;
2. The taxpayer is employed by an employer in Namibia and the income is paid for services or work rendered for or on behalf of that employer;
3. The services are rendered outside Namibia;
4. The service is rendered or work done "*during any temporary absence of such person from Namibia*".

It is important to also consider employees tax obligations in the host country, to manage possible double taxation.

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Tax Pitfalls - Capital allowances on assets

When calculating company taxes a number of capital allowances are available to taxpayers. All the criteria for these allowances need to be met to qualify for a deduction. In this monthly article we discuss one of the allowances taxpayers often apply incorrectly:

Intangible Assets

Where a taxpayer has devised, developed or designed an invention, trade mark or patent, an allowance under section 17 (1)(i) may be claimed over the shorter of either the useful life of the intangible asset or 25 years.

It is however important to understand that various prerequisites should exist before taking the claim:

- the intangible asset should be *used* in the production of ordinary income;
- the expenses to devise, design or develop should be actually incurred;
- the intangible asset should meet the definition per the Patents and Designs Proclamation Act, 1923 or the Trade Marks Act or the Copyright Act
- the intangible asset should preferably be registered as such with the relative legal bodies, i.e. a trademark should be registered at the Registrar of Trademarks.

This allowance may prove a useful tool for effective tax planning and should be explored before considering acquisition or development of intangible assets.

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Tax Compliance and Arrears Taxes update

Following our April Special Edition regarding the awareness on arrears taxes and the suspension of Import VAT accounts, we would like to warn taxpayers that the risk of suspension is still imminent.

Numerous taxpayers' accounts have been suspended since July where their tax accounts were non-compliant and long outstanding.

It is crucial for importers to:
- ensure that payments per import VAT accounts to Inland Revenue agree with the Customs ASYCUDA reports;
- ensure all other tax accounts (PAYE and Income Tax) are up-to-date and no balances are outstanding;
- ensure refund procedures are well understood and outstanding refunds should be queried.

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Tax Calendar - September 2013

Monday	Tuesday	Wednesday	Thu	Friday
16	17	18	19	20 • PAYE Returns • Import VAT return • Withholding Tax on Services return
23	24	25 • VAT return (Category B)	26	27
30 • Social Security payment • Tax return - companies & business individuals with 28 February 2013 year-ends • 1st Provisional returns - companies with 31 March 2014 year-ends • 2nd provisional returns - companies with 30 September year-ends				

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