

Tax First Namibia Newsletter Special Edition

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Proposed Skills Levy Ministry requests feedback

According to the Government Gazette published 11 April 2013, the Ministry of Education wishes to inform all future affected employers of their proposal for the imposition of the long awaited skills levy, effective 1 September 2013.

All companies with an annual payroll over N\$350,000.00 a year will be liable to pay a 1.5% VET (skill) levy to the Namibia Training Authority (NTA) before or on the 20th of each month. The NTA will act as a collecting agent and will be responsible for the administration of the VET fund in Namibia.

For the purposes of the VET levy, **payroll** is defined as, “the total annual remuneration paid or payable by an employer to its employees during any financial year, but does not include any amount paid or payable to any person by way of a pension, pension contributions or retiring allowance;”

Institutions proposed to be exempted from the NTA levy:

- The State
- Regional Councils
- Charitable organisations
- Public and educational institutions not for gain
- Faith based organisations (whether or not supported wholly or partly by government grants)

Exemption from payment of levy:

- Employers may apply to the Minister for consideration for exemption from the above-mentioned levy.

Penalties for non-compliance:

- Failure to pay the Levy or submit monthly submissions will result in the NTA making an estimate of the amount of levy due and issue the employer with an assessment thereof, including penalties and interest.

Refer to the attached copy of Government Gazette no 5171 for more detail.

The Ministry of Education invites all affected employers to make representations to the Minister should they have any concerns or objections to the above-mentioned levy, within **30 days**, i.e by 11 May 2013.

Representation can be submitted at the Minister's office, Ministry of Education, Government Office Park, Luther Street, Windhoek during office hours.



Definitions

“financial year” means the financial year referred to in section 30 of the Act;

“payroll” means the total remuneration paid or payable by an employer to its employees during any financial year, but does not include any amount paid or payable to any person by way of a pension, superannuation allowance or retiring allowance;

"remuneration" means the total value of all payments in money or in kind made or owing to an employee arising from the employment of that employee; and

"the Act" means the Vocational Education and Training Act, 2008 (Act No. 1 of 2008).

Imposition of levy

2. Subject to regulation 3, a vocational education and training levy is payable by every employer, excluding the employers exempted by item 4.

Description of employers who must pay levy

3. Every employer with an annual payroll of N\$ 350 000-00 or more must pay the levy.

Exemption of employers from payment of levy

4. The following employers are exempted from payment of the levy, namely -

- (a) the State;
- (b) regional councils as defined in section 1 of the Regional Councils Act, 1992 (Act No. 22 of 1992); and
- (c) all ecclesiastical, charitable and public and not for gain educational institutions, whether or not supported wholly or partly by grants from the public revenue; and
- (d) employers may apply to the Minister for consideration for exemption from paying the levy

Rate and manner of calculating levy

5. The rate of the levy is 1,5% of the total amount of the annual payroll of the employer concerned.

Date and periods on which levy is payable

6. (1) Payment of the levy will commence on the 01st September 2013 and is payable on a monthly basis on or before the 20th day of the following month and each consecutive month thereafter.

(2) Every payment of the levy referred to in subregulation (1) must be accompanied by a completed monthly return form.

(3) Where-

- (a) any employer who is required to pay the levy fails to submit a monthly return form;
- (b) the NTA is not satisfied with the monthly return form; or
- (c) an employer has failed to pay the levy in accordance with the Act,
- (d) an employer has failed to register in accordance with NTA requirements

the NTA may make a reasonable estimate of the amount of any levy payable and issue to the employer a notice of assessment in respect of the unpaid amount.

Body to which levy must be paid and required manner of payment

7. (1) The levy must be paid to the NTA.

(2) The levy must be paid into the National Training Fund Account either by electronic funds transfer, by cheque or in cash.

Furnishing of information by employers

8. (1) Every employer who must pay the levy as contemplated in regulations 2 and 3 must within 30 days from the date of publication of this notice furnish in writing to the NTA the -

- (a) name of the business of the employer;
- (b) type of entity (sole proprietor, private company, public company, subsidiary or holding company, close corporation, other) of the business;
- (c) number of branches or subsidiaries of the employer;
- (d) business sector, subsector or nature of the business of the employer;
- (e) registration number, if any, social security and income tax number of the business;
- (f) name of a contact person at the business and the contact particulars of the contact person;
- (g) physical and postal address of the business;
- (h) contact particulars of the business, such as telephone, fax, e-mail, cell numbers;
- (i) number of employees;
- (j) gender of the employees;
- (k) banking details of the business;
- (l) preferred method of communication with the NTA;
- (m) estimated annual payroll amount for the current full financial year;
- (n) a completed levy registration form which is available on line at www.nta.com.na or can be obtained from the NTA.

(2) A separate completed levy registration form must be furnished in respect of each branch or subsidiary of the employer.

Reasons for proposed imposition of levy

9. The reasons for the proposed imposition of the levy are to utilise the Funds obtained by the payment of the levy -

- (a) to provide financial and technical assistance to employers, vocational education and training providers, employees, learners and other persons or bodies to promote vocational education and training;
- (b) to fund vocational education and training programmes and projects -
 - (i) identified in the national policy on vocational education and training or the NTA's strategic plan for vocational education and training; or
 - (ii) that the NTA considers necessary to achieve the objects of this Act;
- (c) to facilitate and encourage vocational education and training;
- (d) to defray expenditure incurred by the NTA in the performance of its functions in terms of or under this Act, including its core administration costs as contemplated in sections 5 and 7 of the act;
- (e) to defray any other expenditure incurred by the NTA or the Board in or in connection with the performance of their functions in terms of this Act; and
- (f) to defray any other expenditure authorised by the Act.