



Tax First
Alert
May 2020

Herewith, an update on the Economic and Relief package announced by the Hon. Minister of Finance, covering the progress made to absorb the pressure on sectors directly affected by the lockdown, including households and the labour market that have been negatively impacted.

Tax Alert: Update on Economic Stimulus and Relief Measures to mitigate the impact of COVID-19

Background

On 1 April 2020 the Minister of Finance, Honourable Iipumbu Shiimi announced the first phase of the Economic Stimulus and Relief package aimed at alleviating the negative impact of the current COVID-19 pandemic.

Herewith, an update on the progress made to absorb the pressure on sectors directly affected by the lockdown, including households and the labour market that have been negatively impacted. We further highlight additional measures that the Government has proposed that are under consultation.

Business Sector

1. Wage subsidy for hardest hit sectors (the tourism, travel and aviation and construction sectors)

The Social Security Commission ("SSC") has pledged N\$ 250 million towards the wage bill subsidy for the hardest hit sectors that include construction, tourism, aviation, farming, transportation, entertainment, domestic workers, manufacturing, retail (non-food) and hospitality. With the added contribution by the SSC, the total subsidy stands at N\$ 650 million which includes the previous N\$ 400 million pledged by the Government, which will be rolled out upon finalisation of the implementation modalities.

A reminder that the subsidy is aimed at alleviating the financial pressures of employers so as to avoid further retrenchments for the period April to June 2020 and is driven by the following characteristics:

- Employers must be SSC registered members in good standing.
- Employers of affected industries will receive a subsidy based on their total wage bill, driven by an SSC contribution waiver and a cash injection from the state. The program will compensate staff relative to the actual wage bill.



© 2020 PricewaterhouseCoopers ("PwC"), the Namibian Firm. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Namibia, which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity and does not act as an agent of PwCIL.



Tax First
Alert
May 2020

Tax Alert: Update on Economic Stimulus and Relief Measures to mitigate the impact of COVID-19

Business Sector (cont'd)

Herewith, an update on the Economic and Relief package announced by the Hon. Minister of Finance, covering the progress made to absorb the pressure on sectors directly affected by the lock-down, including households and the labour market that have been negatively impacted.

- Prospective beneficiary employers should agree to not retrench staff for the 3 months in question (April, May and June) and should not be allowed to reduce staff salaries by more than 50%.
- Any benefits to be received will be netted against any claims the employer in question may have received from the state or other forms of compensation (FIDIC or insurance).
- Employers will be required to enter into agreements with the state to ensure compliance with conditions.

A further relief package is available to affected employees within the low income earners and employees in vulnerable employment. The program is designed to provide a safety net for those who have lost income as a result of COVID 19. The criteria for the package is as follows:

- Applicants should have been registered with the SSC as at 1 February 2020.
- Applicants should be able to prove loss of income related to COVID 19.
- Applicants should earn less than N\$ 50,000 per annum.
- The benefit will be limited to 50% of monthly salary subject to a minimum of N\$ 1,000 per month for the three months of April, May and June.
- Benefit will be net of other benefits received from the state.

Eligible taxpayers may access the application on the SSC website for both employer and employee. <https://www.ssc.org.na>



© 2020 PricewaterhouseCoopers ("PwC"), the Namibian Firm. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Namibia, which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity and does not act as an agent of PwCIL.



Tax First
Alert
May 2020

Herewith, an update on the Economic and Relief package announced by the Hon. Minister of Finance, covering the progress made to absorb the pressure on sectors directly affected by the lock-down, including households and the labour market that have been negatively impacted.

Tax Alert: Update on Economic Stimulus and Relief Measures to mitigate the impact of COVID-19

Business Sector (cont'd)

2. Accelerated payment of overdue and undisputed VAT refund to taxpayers

A total of N\$ 1.3 billion has been settled to date with efforts ongoing to continue the process on undisputed claims. We further understand that certain industries have made submissions to the Honourable Minister for pending refunds of their registered members that are under consultation.

3. Accelerated payment of overdue and undisputed invoices for goods and services provided to Government

A total of N\$ 2.5 billion has been settled to date with efforts ongoing.

4. Loan schemes totalling N\$700m to small business and agricultural businesses/farmers with guaranteed loans from DBN and Agribank

Government has provided the Development Bank of Namibia with a guarantee letter against existing lines of credit aimed at easing applicant considerations.

5. Granting relief on the repayment of loans by borrowers to DBN and Agri-Bank

Relief measures on principal debt and interest payments have been incorporated by DBN and Agribank. In addition, additional measures are being considered for installment relief of up to a year, ITC delisting, suspension of pending legal or pre-legal actions as well as additional loan options to assist farmers diversify their income streams.

Additional measures are being considered whereby NAMFISA will issue special dispensation for non-banking financial services industries to apply and issue categories of relief measures as well.

© 2020 PricewaterhouseCoopers ("PwC"), the Namibian Firm. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Namibia, which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity and does not act as an agent of PwCIL.



Tax First
Alert
May 2020

Herewith, an update on the Economic and Relief package announced by the Hon. Minister of Finance, covering the progress made to absorb the pressure on sectors directly affected by the lockdown, including households and the labour market that have been negatively impacted.

Tax Alert: Update on Economic Stimulus and Relief Measures to mitigate the impact of COVID-19

Business Sector (cont'd)

6. Tax-back loan scheme for non-mining corporates - borrowing up to 1/12th of the prior year tax payment at prime less 1% repayable over 1 year.

Consultations with commercial banks have been finalised and loan terms will reflect the benefit of the Government guarantee. Additional measures have been put in place to grant repayment holidays provided that loan terms do not exceed 15 months on loans at prime less 1%.

We further understand that a proposal was submitted to waive domestic consumption duties on Kerosene, as well as, not levying duties on gas for further consideration and implementation.

We look forward to feedback once the proposal has reached the implementation phase.

Households

1. An Emergency Income Grant, to support those employees who have lost their jobs due to the pandemic and its fallout – N\$750 once off.

Of an approximate 801 000 applications that were received, payments were processed for approximately 386 000 applications of which approximately 346 000 have received payment already.

We have further noted an influx at the Inland Revenue department in Windhoek for applicants who were denied payment as a result of having been previously registered taxpayers. These applicants are now in the process of deregistering their tax accounts to reapply for the emergency income grant.





Tax First
Alert
May 2020

Herewith, an update on the Economic and Relief package announced by the Hon. Minister of Finance, covering the progress made to absorb the pressure on sectors directly affected by the lockdown, including households and the labour market that have been negatively impacted.

Tax Alert: Update on Economic Stimulus and Relief Measures to mitigate the impact of COVID-19

Households (cont'd)

2. Water subsidies during lockdowns - ensure that water points are kept open without a need for water cards during lockdowns.

In addition to recognizing the efforts made by companies in the business sector and various parastatals who have donated water vouchers during the first phase of the lockdown, the Government has directed that water taps be opened to aid households during the state of emergency.

In Conclusion

From the above updates and proposed measures, it is evident that the Government's execution rate on the announced stimulus and relief programmes are well under way.

With the tabling of the annual budget speech fast approaching, we look forward to further feedback on current relief efforts, as well as, mention on the possible tax relief measures that were submitted for consideration.