

Tax First

Namibia Newsletter

August 2017



A monthly newsletter published by PwC Namibia providing informed commentary on current developments in the local tax arena.

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VAT implications of bad debts written off as irrecoverable

During times of financial difficulty, there is a tendency to provide customers with longer settlement periods. The ever present risk is always that some of the debtors will default on the settlement of their accounts. It is therefore very important that VAT registered persons understand the VAT implications pertaining to the writing off of debts as irrecoverable, especially because it carries a tax benefit that can assist with liquidity.

Section 18(1A)(a) of the Value Added Tax Act, Act 10 of 2000 ("the VAT Act") makes provision for the claiming of VAT on bad debts as an input tax deduction.

Section 18(1A)(a) further provides that where a registered person has written off in part or in whole the consideration receivable as irrecoverable, the deduction will only be available where the registered person -

- a) has made a taxable supply for consideration in money; and
- b) has furnished a return in respect of the tax period for which the output tax on that supply was payable and properly accounted for; and
- c) has written off so much of the said consideration as has become irrecoverable.

Furthermore, section 18(1A)(b) provides that the input tax in relation to any debt wholly or partly recovered which was once written off as irrecoverable under the provisions above is deemed to be output VAT in the VAT period the debt that has been written off as irrecoverable was recovered.

From the above we therefore see that, VAT on the amount written off as bad debts can be deducted as an input VAT claim. In the case where such bad debts are subsequently recovered, the VAT claimed when the bad debt was written off, should be declared as output VAT in the VAT period the bad debt was so recovered.

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The closing date for taxpayers to participate in the tax arrears recovery incentive program is 31 July 2017.

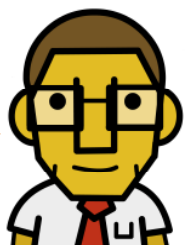
All taxpayers who suspect that they may have outstanding balances on any of their accounts with Inland Revenue is encouraged to contact us immediately in order to follow up on such matters before the closing date.

TIM's TIP:

31 August 2017: Deadline for second provisional returns of individual provisional taxpayers.

Use TaxTim to complete your provisional return—quick & easy!

For queries please mail us at taxtim@na.pwc.com or register for TaxTim today at www.taxtim.pwc.com.na



Claiming of tax credits

Times are tough... make sure you claim your tax credits!

If you have earned income from a foreign country (e.g. interest income) which has been taxed in that country, and you are required to include that income in calculating your tax liability in Namibia, there may be some good news.

If the foreign income has been earned from a country with which Namibia has a double tax agreement ("DTA"), a tax credit would be available in most cases.

The DTA would normally state that when a Namibian resident derives income from another DTA country, and tax has been paid on that income in the other DTA country, the resident may claim a credit against the Namibian tax imposed on that income. The amount of the credit may not exceed the Namibian tax amount which is computed in accordance with Namibian tax laws.

Example: Company X (Namibian company) receives interest on a South African investment. A 10% WHT on interest applies to interest payable from a South African source to non-residents on certain debt instruments. The South African resident payer of the interest is obligated to deduct the 10% WHT from the payment.

If Company X earned N\$100 gross interest income, the South African investor company will only pay over N\$90 to Company X. N\$10 was withheld and paid over to South African Revenue Services (SARS). Company X needs to include N\$100 of the interest income in calculating its taxable income in Namibia. As 32% of the income is taxable in Namibia, the full N\$10 may be claimed as a tax credit against the tax payable in Namibia.

Calculation:

Tax payable: $N\$100 \times 32\% = N\32 less N\$10 credit = N\$22 tax payable in Namibia

Another example will be when a long-term insurance company receives dividends from a foreign country, the long-term insurance company should also be able to claim a credit. This credit is however regulated under section 8 of the Namibian Income Tax Act which provides for the claiming of a tax credit on dividends taxed in a foreign country.

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Namibian Income Tax Handbook



Due to high demand, the PwC Namibian Income Tax Handbook is sold out and a second print run will commence soon. Order your copy today!

Visit our website for more details: <http://www.pwc.com/na/en/publications/namibian-income-tax-handbook.html>

Or contact Venture Publications:
Elmarie van Rensburg | elmarievr2@icloud.com

PwC Business School Training Calendar



Training for August:

Windhoek

7-8 Aug	Cobit 5 foundation
9-11 Aug	ITIL Foundation
14-15 Aug	Excel Skills for Remuneration Practitioners
21-23 Aug	Finance Training for Non-Finance Managers, Entrepreneurs and Small Business Owners

For more information, contact one of our Business School Managers.

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Walvis Bay

17-18 Aug	Excel Skills for Remuneration Practitioners
TBC	Basic Accounting Training
TBC	Finance Training for Non-Finance Managers, Entrepreneurs and Small Business Owners

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Or follow the below link to our website:
<http://www.pwc.com/na/en/events.html>

New Legislation Tracker

This diagram tracks the progress of proposed tax legislation.

The following is the status of proposed legislative changes up to 31 July 2017. No effective date has been set.

Transfer Duty amendments – In drafting, expected date not yet set.

Expansion of Capital Gains Tax provisions to provide for wealth-based taxation on new categories of capital assets.

Simplified Presumptive Tax on small businesses to be developed.

Establishment of Revenue Authority – In drafting, expected date not yet set. Planned implementation for 2018/2019.

Tax proposals on wealth tax will be developed to embody principles of Solidarity Tax.

Proposals to remove base-eroding Income Tax and VAT exemptions in future.

Develop the Double Taxation Agreement Policy and increase collaboration with international tax authorities to counter transfer pricing.

Legislation on Environmental Duties to be revised and amended during 2017.

Tax Calendar - August 2017

Mon	Tue	Wed	Thu	Fri
14	15	16	17	18 • VET Levy return
21 • PAYE return • Import VAT return • Withholding Tax returns: Services, Royalties, Interest • NRST	22	23	24	25 • VAT return
28	29	30	31 • Social Security payment • 1st provisional for taxpayers with February 2018 year-end • 2nd provisional for taxpayers with August 2017 year-end • Tax return for companies with 31 January 2018 year-end	

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

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Excel Skills for Remuneration Practitioners

Presented by Dianne Auld

"Very useful for Human Resources Practitioners."

"Brilliant! Productive and helpful training."



Save Hours, Even Days – Every aspect of daily compensation work made easy!

Remuneration Practitioners depend on Excel daily to format and analyse large amounts of data. This is a hands on practical two-day workshop covering the following aspects:

- Customising Quick Access Toolbars
- Formatting Data
- LOOKUP, IF and SUM formulas
- Checking Data
- Subtotaling Remuneration Data
- Comparative Formulas and Conditional Formatting
- Statistics for Remuneration data
- Charts and Graphs
- Goal seek and Pivot tables
- Scattergrams and Trend Lines

17 & 18 August 2017

Target Audience: Remuneration, HR or Payroll Specialists, Assistants or Managers, who would like to improve their Excel skills, and dramatically increase their productivity levels when working with remuneration data in Excel.

Level of Workshop: A basic to intermediate knowledge of Excel is required before attending the workshop

Walvis Bay: PwC office - Walvis Bay

Time: 08h00 – 16h00 both days

Cost: N\$ 5,800 (All inclusive)



NOTE: Participants to bring along their own laptops.



Register with Liza Mollentze

liza.mollentze@pwc.com

Registrations close 15 August 2017





Excel Skills for Remuneration Practitioners

Presented by Dianne Auld

"Very good training indeed. Course content is very relevant."

"Great presenter with a lot of expertise."



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14 & 15 August 2017

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Windhoek: PwC Business School, 344 Independence Avenue

Time: 08h00 – 16h00 both days

Cost: N\$ 5,800 (All inclusive)



NOTE: Participants to bring along their own laptops.



Register via busschool@na.pwc.com
Registrations close 11 August 2017