



Tax First Alert

Goodstanding Certificates

August 2016

Mandatory certificate of good standing for all payments to be made to contractors and service providers

The Commissioner of Inland Revenue, Justus Mwafongwe, released a directive, dated 14 August 2016, to be implemented with immediate effect and can be summarized as follows:

1. The Government of Namibia only conducts business with persons who are **tax compliant** in terms of **statutory tax returns and payment of taxes**, hence the introduction of a Certificate of Good Standing as a prerequisite for contracting any person to provide goods or services.
2. The Ministry of Finance has been noticing that certain tenderers are in good standing at the time of bidding, but thereafter **fail to fulfil their tax obligations** once the tender has been awarded.
3. In order to promote tax compliance, the Commissioner has issued a directive requesting that all **invoices** raised by tenderers to the Government of Namibia be **accompanied by a valid Certificate of Good Standing** issued by Inland Revenue Department (“IRD”) stating **“payment purposes”**.
4. **Payments should not be made** by the Government if the payment claim from the tenderer is not accompanied by a valid Certificate of Good Standing.
5. Tenderers who **fail to provide a valid Certificate of Good Standing** must be referred to IRD in order to obtain a letter indicating the amount of tax arrears.
6. Such tax arrears will be **withheld from the payment** due to the tendered and **transferred into the State account** to settle such outstanding tax arrears.

For more information or assistance to obtain a Certificate of Good Standing please contact:

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Our Ref.:

Your ref.:

15 August 2016

TO: ALL ACCOUNTING OFFICERS
OFFICES, MINISTRIES AND AGENCIES

ALL CHIEF REGIONAL OFFICERS
REGIONAL COUNCILS

ALL CHIEF EXECUTIVE OFFICERS
TOWN COUNCILS

ALL CHIEF EXECUTIVE OFFICERS/MANAGING DIRECTORS STATE
OWNED ENTERPRISES

**MANDATORY CERTIFICATE OF GOOD STANDING FOR ALL PAYMENTS TO
BE MADE TO CONTRACTORS AND SERVICE PROVIDERS**

The government of Namibia only conducts business with persons who are tax compliant in terms of submission of statutory tax returns and payment of taxes, hence the introduction of a Certificate of Good Standing as a prerequisite for contracting any person to provide goods or services.

The Ministry of Finance has observed that most tenderers are usually in good standing with Inland Revenue Department (IRD) at the time of bidding and thereafter fail to fulfil their tax obligations once the tender is awarded. In order to curb this behaviour and promote tax compliance, I hereby wish to issue this directive requesting your office to demand that any

invoice issued to your office for payment be accompanied by a valid Certificate of Good Standing issued by IRD stating “payment purposes”.

If any contractor or service provider does not provide a valid Certificate of Good Standing at the time of claiming any payment for work done or service rendered for your institution such payment should not be made.

Any contractor or service provider who fails to provide a valid Certificate of Good Standing must be referred to IRD in order to get a letter indicating how much tax arrears to be withhold and transfer into the State account.

Please ensure that this directive is adhered to and implemented with immediate effect.

For any enquiry regarding this notification, kindly contact the under signed at 061 209 2466 or 061 209 2398.

Yours Faithfully


Justus Mwafongwe
Commissioner
Inland Revenue Department