

Tax First Namibia Newsletter

June 2018



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

To subscribe to this newsletter, click on the below link:
<https://www.pwc.com/na/en/about-us/subscriptions.html>

This newsletter and previous issues are available on our website:
<https://www.pwc.com/na/en/publications/tax-first.html>

Also in this issue:

2	Allowances for individuals
2	PwC Business School Training Calendar
3	New Legislation Tracker
3	Tax Calendar - June 2018

Venue hire

For more information, contact our Business School Managers.

WHK | Lorraine Holland-Muter

busschool@na.pwc.com

WVB | Audrey van Antwerpen
busschool.walvisbay@na.pwc.com

Or visit our website at: <https://www.pwc.com/na/en/about-us/business-school.html>

CUSTOMS PROCEDURES FOR TEMPORARY IMPORTATION OF GOODS INTO NAMIBIA (PART 1 of 2)

Introduction

It is a requirement that goods imported into or exported from Namibia, whether temporarily or not, must be declared to Customs and Excise Namibia ("Customs Namibia").

Customs Namibia makes use of a sophisticated, modern system, called Asycuda-World. Customs declarations must be lodged electronically on this system. This means that the importer or exporter must make use of a clearing agent to declare the goods at Customs Namibia before the goods can be released for the purpose it was imported / exported.

In the case of a temporary import, the Customs Model of Declaration is known as IM5. There are also the following classifications to keep accurate statistics about each Customs border entry:

- Imports for home consumption (IM4), or
- Re-importation (IM6) following temporary exportation (EX2).

Certain conditions should be noted to avoid unnecessary delays at the Customs point of entry into Namibia. These procedures can be summarized as follows:

Security for temporary importation

Unless exempted in terms of legislation, security for 100% of customs duties or import VAT must be provided to the Customs office when entering Namibia. This is to ensure that the duties and import VAT are covered should the goods not be re-exported from Namibia.

Security in the form of a cash payment can be made, but in practice security is mostly provided through a bank guarantee or guarantee by an approved insurance company.

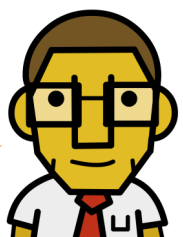
The guarantee must be registered on the AsycudaWorld system prior to importation to ensure the clearing process at the point of entry goes smoothly.

Once the goods are re-exported from Namibia, an export entry must be lodged by the clearing agent and application can then be made for cancellation of the guarantee since the potential liability for duties and import VAT has been acquitted.

TIM's TIP:

Individual tax returns are due on **30 June 2018**. Sign up today and do your tax return, quick & easy!

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



ALLOWANCES FOR INDIVIDUALS

Allowances are generally taxable unless granted in defrayal of costs incurred on behalf of the employer. General allowances in the market include:

a) **Housing allowances**

In order to qualify for the 1/3 tax benefit (limited to the lower of the allowance or the actual expense), the following conditions should be met:

- the house must be occupied by the employee personally,
- the employer must have a registered Housing Scheme with Inland Revenue.

In the case where the employee owns the residence, the expense amount is linked to the bond payments over 20 years, or in the case where the employee is a tenant in the residence, the latest rental agreement. The allowance only applies to the house the employee resides in.

b) **Vehicle allowances**

A vehicle allowance is granted to an employee where the employee uses his/her own vehicle for business purposes. To qualify for a deduction for a vehicle allowance:

- the use of the vehicle for business purposes should be stipulated in the employment contract as a condition of employment;
- expenses deducted against the allowance should not exceed the allowance;
- a log book should be maintained; and
- proof of expenses claimed against the allowance should be kept as Inland Revenue might request the original documents on assessing the income tax return.

c) **Subsistence & Travel allowances (S&T)**

- Subsistence allowance - This allowance is paid to an employee when he/she is obliged to spend time away from his/her usual place of residence. The amount should reflect separately on the PAYE 5 certificate. Proof of actual expenditure incurred must be maintained and expenses deducted against the allowance should not exceed the allowance.
- Travel allowance - Travel allowances can be in the form of a rate per kilometre or as a reimbursement of actual expenditure incurred. In the case of a reimbursement of actual expenses incurred, the amount does not need to reflect on the PAYE 5 certificate and will not be subject to PAYE. If it is a rate per kilometre, the amount should reflect separately on the PAYE 5 certificate and proof of actual expenditure incurred and a logbook as proof of business kilometres travelled should be maintained. Expenses deducted against the allowance should not exceed the allowance.

d) **Entertainment allowances:**

An entertainment allowance linked to actual business expenses incurred by the individual could form part of remuneration. If the actual expenses incurred for business purposes are claimed against the allowance, the allowance will not attract tax. The expenses deducted against the allowance should not exceed the allowance and proof of expenses claimed should be kept.

bettie.burger@pwc.com

PwC Business School Training Calendar



Upcoming training dates:

Windhoek

12 Jun	Transfer Pricing Seminar
12-13 Jun	Basic VAT Training
14 Jun	Employee Taxes Training
14 Jun	IFRS 17—Insurance Contracts Training
15 Jun	Introduction to Income Tax
26 Jun	Conflict Handling Workshop
6 Jul	Sales Compensation Training

Walvis Bay

25-26 Jun	Microsoft Word Training (Level 1 and Level 2)
27-29 Jun	Microsoft Excel Training (Level 1, Level 2 and Level 3)
13 Jul	King IV Seminar—with Professor Mervyn King
17-19 Jul	Finance Training for Non-Financial Managers

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

Lorraine Holland-Muter (Windhoek)

busschool@na.pwc.com
+264 (61) 284 1034

Audrey van Antwerpen (Walvis Bay)

busschool.walvisbay@na.pwc.com
+264 (64) 217 730

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 May 2018. No effective date has been set for any of the proposed legislation.

Repeal the **EPZ Act** and introduction of **Special Economic Zones** (with sunset clause).

Individual tax rate lower bracket to decrease from 18% to 17% and introduction of higher brackets:
> N\$1.5 mil 39%
> N\$2.5 mil 40%

Abolish current practice of the **conduit pipe** (flow-through) principle in the taxation of trusts.

Establishment of **Revenue Authority** - planned implementation for July 2018.

Explore a profit tax of 37% on **betting and gaming** entities.

VAT on income earned by listed **asset managers**.

Subject income derived from **commercial activities** by charitable, religious, educational and other types of institutions under Section 16 of the Income Tax Act to normal corporate tax.

Expand coverage of current **Export Levy Act** to include other products not covered.

Introduction of 10% **dividend tax** on dividends paid to local residents.

Deepen the current hybrid tax system by taxing all income earned from **foreign sources**.

VAT on proceeds on sale of shares or membership in a company owning **commercial immovable property**.

Tax Calendar - June 2018

Mon	Tue	Wed	Thu	Fri
18	19	20	21	22
		<ul style="list-style-type: none"> Import VAT return; VET Levy return; PAYE return; Withholding Tax returns: Services, Royalties, Interest; NRST. 		
25	26	27	28	29
<ul style="list-style-type: none"> VAT return 				<ul style="list-style-type: none"> Social Security payment
July 2 <ul style="list-style-type: none"> 1st provisional for taxpayers with December 2018 year-end; 2nd provisional for taxpayers with June 2018 year-end; Tax return for companies with 30 November 2017 year-end. 				

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

Windhoek

344 Independence Ave
Telephone Number: +264 (61) 284 1000

Walvis Bay

1st Floor, PwC Building, 122 Theo Ben Gurirab Str
Telephone Number: +264 (64) 217 700

Chantell Husselmann

chantell.husselmann@pwc.com

Johan Nel

johan.nel@pwc.com

Nelson Lucas

nelson.lucas@pwc.com

Riana Esterhuyse (Walvis Bay)

riana.esterhuyse@pwc.com