Proposed Tax Amendments approved

The proposed tax amendment announced by the Minister of Finance during the 2013/14 Budget Speech was approved by National Assembly last week.

The Income Tax, Stamp Duty and Transfer Duty Amendment Bills include the proposed tax rates, duties payable and the effective dates. Once the Amendment Acts are published per the Government Gazette, the Acts will be officially promulgated. Below is a summary of the effective dates in the Bills. The proposed rates can are available at http://www.pwc.com/na/en/assets/pdf/tax_rate_changes_feb_2013.pdf

<table>
<thead>
<tr>
<th>Proposed tax Amendments</th>
<th>Effective date once Gazetted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual income tax rate adjustments</td>
<td>Year of assessment commencing 1 March 2013 (i.e. for the current tax year)</td>
</tr>
<tr>
<td>Corporate tax rate changes:</td>
<td></td>
</tr>
<tr>
<td>- Non-mining company (33%)</td>
<td>Year of assessment commencing 1 January 2013</td>
</tr>
<tr>
<td>- Long-term Insurance companies (13.2%)</td>
<td>Year of assessment commencing 1 January 2013</td>
</tr>
<tr>
<td>- Withholding taxes on Royalties (9.9%)</td>
<td>Year of assessment commencing 1 January 2013</td>
</tr>
<tr>
<td>Transfer Duty Amendments</td>
<td>First day of the month following the month in which the amend- ments will be published in the Gazette (i.e. 1 June if the Gazette is published in May 2013)</td>
</tr>
<tr>
<td>Stamp Duty Amendments</td>
<td>First day of the month following the month in which the amend- ments will be published in the Gazette (i.e. 1 June if the Gazette is published in May 2013)</td>
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</tbody>
</table>
Common pitfalls – Capital allowances on assets

When calculating company taxes a number of capital allowances are available to taxpayers. All the criteria for these allowances however need to be met to qualify for a deduction. In this monthly article we discuss one of the allowances taxpayers often apply incorrectly.

Small tools claimed in one year

In terms of their accounting policies, some entities account for minor tools, small assets, furniture and equipment (which are not deemed to be material enough to be capitalized), as an expense.

The general deduction formula Section 17(1)(a) of the Namibian Income Tax Act allows as a deduction, expenditure and losses actually incurred in the production of income, provided that they are not of a capital nature.

Small assets are considered to be capital in nature and not ordinarily deductible for tax purposes, unless it can be proved that the small assets are used in a manner similar to consumables (i.e. for example the assets do not have a useful life of more than one year and is generally “consumed/used-up” during the course of business).

A section 17(1)(e) capital allowance is claimable for “expenditure incurred for the acquisition of vehicles, aircraft, sea-going craft, machinery, implements, utensils and articles….”. Therefore a section 17(1)(e) capital allowance should be claimed on the purchase price of the minor tools, furniture and equipment.

Accordingly, the amount expensed in the income statement should be excluded from the calculation of taxable income and a capital allowance should be claimed over three years in accordance with Section 17(1)(e).
Government Gazettes

Government Gazettes for the period for April 2013 is included in this edition. This is not an exhaustive list of Acts/Notices/Proclamations published.

Government Notices

<table>
<thead>
<tr>
<th>No &amp; Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>No 81 - 2013</td>
<td>Restrictions on importation of poultry products into Namibia: Import and Export Control Act, 1994</td>
</tr>
</tbody>
</table>

Upcoming PwC Events:

**30 May 2013**
*Tax Bitesize session on Capital Allowances*

**13 & 14 June 2013**:
*2013 Annual Tax Symposium, Windhoek*
Invitation attached

**9 & 10 July 2013**
*2013 Annual Tax Symposium, Walvis Bay*

**30 September to 3 October 2013**
*African Tax and Business Symposium 2013, Le Meridien Hotel, Mauritius*
“Save the date” details attached

PwC Africa Tax App

Our Namibia Tax First Newsletters and Rate and Reference cards are now available in the PwC Africa TAX app.

*(PwC Africa TAX app by PricewaterhouseCoopers)*

Tax Calendar - May 2013

<table>
<thead>
<tr>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
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</thead>
<tbody>
<tr>
<td>• PAYE Returns</td>
<td>20</td>
<td>21</td>
<td>22</td>
<td>23</td>
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<tr>
<td>• Import VAT return</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Withholding Tax on Services return</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>• VAT return (Category B)</td>
<td>27</td>
<td>28</td>
<td>29</td>
<td>30</td>
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<tr>
<td></td>
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<td></td>
<td><strong>Business Bite size session:</strong> Capital Allowances</td>
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<td></td>
<td></td>
<td></td>
<td>• Social Security payment</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Tax return - companies with 31 October 2012 Year-End;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 2nd provisional returns - Individuals and companies with May Year-End</td>
<td></td>
</tr>
</tbody>
</table>

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

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

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PwC Business School - Business Bitesize

Capital allowances:
Repairs and maintenance, leasehold improvements, building allowances, wear and tear

PwC Business School offers a session to interact with our tax experts on the impact of capital allowances on your business' tax position.

Discussions will focus specifically on:
- Detailed requirements and specifications of the Income Tax Act;
- Common pitfalls of claiming capital allowances
- Recoupment
- Tax planning around capital allowances

Our presenters:

Stefan Hugo
Partner
Corporate Tax Services

Johan Nel
Senior Manager
Corporate Tax Services

Details of the session:

VENUE:
PwC, 344 Independence Ave, Windhoek

DATE:
30 May 2013

TIME:
07h30

RSVP:
with Edith Sinclair at (Tel) 061 284 1138, (Fax) 061 284 1638 or email: edith.sinclair@na.pwc.com

Please note that space is limited, please book your seat now to avoid disappointment.

Agenda:

07H30 to 08H00 | Registration & welcome
08H00 to 09H00 | Capital allowances presentation
09H00 to 09H30 | Coffee and networking
PwC, the largest professional services provider, is hosting a two-day Symposium on Namibian Income Tax and Value-Added Tax (VAT).

The training will provide the business community, accountants, payroll administrators and taxation officers with valuable understanding of the theory and the practical application of Namibian Income Tax, Value Added Tax and Customs Acts.

Select 1 session for the day.

**DAY 1: 13 June 2013**

**Session 1: VAT for beginners**
- Imposition of VAT
- Rules on supplies
- Rules on input tax, import VAT
- VAT and accounting system
- Customs declarations, duties

**Session 2: PAYE Session**
- Total-Cost-To-Company Structuring
- Employees Tax & Payroll Pitfalls

**WHERE:**
Windhoek

**DATE:**
13 & 14 June 2013

**VENUE:**
Safari Hotel & Conference Centre

**TIME:**
Thursday 07h30 to 17h00 (Lunch included) VAT Session
Thursday 14h00 to 17h00 (Lunch excluded) PAYE Session
Friday 07h30 to 13h00 (Lunch included)

**COST:**
- **VAT Session** - N$ 3,000 (excluding VAT) per delegate per day.
- **PAYE Session** - N$ 1,100 (excluding VAT) per delegate per day.
- **Income Tax and VAT Update Session** - N$ 1,800 (excluding VAT) per delegate per day.

To obtain our registration form please contact **Lizell Lawrence** in Windhoek on or before **05/06/2013** at Tel: **061 284 1114** or via email: **lizell.lawrence@na.pwc.com**

**Tax Team**

Chantell Husselmann
Director
Indirect Tax

Denis Hyman
Senior Manager
Indirect Tax

Johan Nel
Senior Manager
Corporate International Tax

Harold Mbuende
Assistant Manager
Corporate International Tax
Save the date!

African Tax and Business Symposium 2013

Le Meridien Hotel, Mauritius
30 September - 3 October 2013

According to McKinsey, Africa in 2020 will have a collective GDP of $2.6 trillion and consumer spending power of $1.4 trillion. The opportunity this represents for investors is immense. Africa is now increasingly becoming a preferred investment destination of choice.

At our 16th African Tax and Business Symposium PwC and other specialists on Africa (from more than 20 countries) will present topics covering the tax, regulatory and business aspects of doing business in Africa, in a range of plenary and workshop sessions. You will also be able to attend pre-arranged one-one-one client service meetings.

This is an unrivalled opportunity to interact with peers managing tax and other business challenges in Africa. If you are interested in, or are already doing business in Africa, you should not miss this prestigious event.

Registration information, a detailed agenda and additional information will be forwarded to you in the near future.

We look forward to seeing you in Mauritius!