

Tax First

Namibia Newsletter | May 2020



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

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TIM's TIP:

Individual tax returns are due on 30 June 2020. Sign up today and do your tax return, quick & easy!

TaxTim is your friendly online tax assistant, that helps you correctly complete your tax return.

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



Understanding Income Tax Administration

Procedures and rules are set in place to ensure that things are simply done in the right way. This is applied throughout various organisations and is a vital aspect in ensuring order and consistency in today's world. As the former British soldier, Harry Day said "*rules are for the obedience of fools and the guidance of wise men*".

The above can also be applied to the administrative responsibilities of taxpayers. It is of vital importance for a taxpayer to acquaint themselves with tax administration filing requirements, assessment procedures, objection processes and steps to appeal.

Filing of your income tax return

If you are liable for tax you need to submit an income tax return. The due dates for filing income tax returns are usually (1) *the 30th of June each year for individual employees*, (2) *within 7 months after the financial year end of companies and/or* (3) *by the 30th of September for taxpayers other than companies or salaried employees (individuals registered for provisional tax)*.

When filing your income tax return, the following is important to note:

- Upon completion of the income tax return, you or your duly authorised agent must sign the return. By signing the return you acknowledge that you are cognizant of all matters contained therein;
- Taxpayers should ensure that the contact details provided on the cover page of the tax return are correct and that the banking details of the taxpayer is accurately included;
- With the filing of your income tax return, the due amount of tax has to be paid as per the dates prescribed in the Income Tax Act of Namibia (No. 24 of 1981); and
- The income tax return usually includes a list of additional schedules and supporting documents that Inland Revenue required to be submitted with your income tax return.

Providing information required by Inland Revenue to understand your taxpayers affairs

For the purpose of obtaining full information in respect of any income of any taxpayer the Honorable Minister of Finance ('Minister') may require any person to produce information for examination by the Minister (or any person appointed by the Minister for that purpose).

The requested documents may include any deeds, plans, instruments, books, accounts, trade lists, stock lists or other documents which the Minister may deem necessary. If the above documents are not in English, the taxpayer will need to produce translated documents in English at his or her own cost.

Receiving assessments

The Minister shall issue a notice of assessment under Section 67 (of the Income Tax Act) to the taxpayer, once he or she has examined the taxpayer's return and computation of taxable income.

Understanding Income Tax Administration (continued)

The assessment will state the particulars of the assessment and the amount of tax payable thereon. If a taxpayer disagrees with the assessment, an objection to the assessment must be lodged in writing within a period of 90 days from the date of issue of the notice of assessment.

Lastly, if a taxpayer does not furnish a return or certain information or if the Minister is not satisfied with the return or information provided, the Minister may make an estimate of the taxable income.

Objecting towards an assessment

When a taxpayer objects against an assessment issued by Inland Revenue, the burden of proof that any amount is exempt from or not liable to any tax chargeable or is subject to any deduction or rebate or set off shall be upon the taxpayer. This is often referred to as “the onus of proof”.

Any taxpayer who wishes to object, has to do so in writing within 90 days from the date of issue of the assessment notice. The objection should specify the detailed grounds on which it is made. Furthermore, it should be submitted to the office of the Minister. Should no objection be lodged, Inland Revenue will consider the assessment as final and conclusive.

The Minister may reduce or alter the assessment, upon receiving the taxpayer's objection and issue a notice of such revised assessment to the taxpayer. The Minister will also issue a notice to the taxpayer of such alteration, reduction or disallowance thereof.

Appealing to the special court

If a taxpayer is still not satisfied with the notice received, the taxpayer may make an appeal to the special court for hearing income tax appeals. This has to be done within 30 days from the date of the notice received and must be submitted to the Minister in writing. The appeal is limited to the grounds, which were stated in the initial objection and the sitting of the special court will not be open to the public.

The special court has the ability to: (1) in the case of any assessment under appeal, order such assessment to be amended, reduced or confirmed (2) or in the case of any appeal against the amount of additional taxes imposed under Section 66(1) of the Income Tax Act reduce, confirm or increase the amount of additional charge imposed; and (3) in the case of any other decision of the Minister which is subject to appeal confirm or amend such decision.

Appealing to the Supreme Court

Should a taxpayer still not be satisfied with the judgment issued by the special court, he or she can appeal to the Supreme Court of Namibia. This has to be done within 21 days after the notice issued by the special court.

Depending on the scenario, before the matter reaches the supreme court, it might have to be heard by the tax tribunal first. Should the taxpayer still disagree with the outcome of the tax tribunal, he or she will need to refer the matter back to the Special court for further consideration. This must be done within 30 days after the outcome was given by the tax tribunal.

In Conclusion

Good knowledge surrounding income tax administration will always be beneficial for a taxpayer. Especially in instances where disputes may arise. A taxpayer must be aware of the procedures to follow and the timing of thereof. Should a taxpayer be unsure, reach out to a tax professional or expert for assistance.

“If one remains as careful at the end as he was at the beginning, there will be no failure.” - Lao Tzu



Reminder: Tax Incentive Programme coming to an end

Background

The Integrated Tax Administration System (ITAS) became operational in January 2019. The Ministry of Finance aims to reach a target of 90% of the taxpayer population to register as e-filers by June 2020.

The overall objective of ITAS is to improve the service delivery to taxpayers, with an envisaged shift from manual interaction between Inland Revenue department and taxpayers, to a continuous online platform.

Reminder: Tax Incentive Programme coming to an end (continued)

Outcome

In promoting the above, the Ministry of Finance introduced an incentive programme in encouraging taxpayers to register as e-filers on ITAS and become frequent users of the platform. The incentive programme entails the waiving of penalties charged on tax accounts, covering the period since the launch of ITAS and ending on **30 June 2020**.

Should a taxpayer meet the requirements (as disclosed below) and qualify for the incentive programme, penalties charged on any of the tax accounts will automatically be waived.

Important to note

In order to qualify for this incentive programme, a taxpayer must meet the following requirements:

- Register on the ITAS portal as an e-filer; and
- Update through online submission all tax accounts, for all tax types, in respect of tax returns that might be outstanding.

New Legislation Tracker

This diagram tracks the progress of proposed tax legislation. The following is a status of proposed legislative changes up to 30 April 2020. No effective date has been set for any of the proposed legislation.

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

Introduce VAT on income of **listed asset managers**

Abolish conduit principle in taxation of **trusts**

Establishment of **Revenue Authority** - planned implementation for 2020

Remove zero-rating of VAT on **sugar**

Introduce a 10% **dividend tax** for dividends paid to residents.

Phasing out current tax incentive for **manufacturers** and exporters of manufactured goods.



Increase tax deductibility of **retirement fund contributions** to the lower of 27,5% of income or N\$150,000 per annum

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

Navigate tax measures in response to COVID-19

COVID-19 presents significant challenges to people and organisations around the globe and the disruption continues to evolve. We know that your business is facing several potentially significant tax challenges to which you need to respond rapidly. To help you cut through the complexity, PwC's team of specialists collaborated to create a resource for you to stay abreast of the changes that impact your business

Explore our latest COVID-19 tax response by territory, by clicking on this link:

<https://www.pwc.com/gx/en/services/tax/navigate-the-tax-measures-in-response-to-Covid-19.html>

This tool will provide you with the latest COVID-19 tax response information by territory. This is updated as changes develop. For professional advice & assistance, please contact your local PwC contact.



Tax Calendar | May 2020



Important Submission dates for May 2020

Wednesday, 20th of May

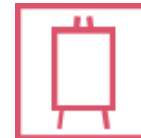
- VET Levy return;
- Import VAT return;
- PAYE return;
- Withholding Tax returns: Services, Royalties, Interest; NRST

Monday, 25th of May

- VAT Return

Monday, 1st of June

- 1st provisional for taxpayers with a November 2020 year-end;
- 2nd provisional for taxpayers with a May 2020 year-end;
- Tax return for companies with a October 2019 year-end;
- Social Security return



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A seamless service, wherever we operate...

At PwC our purpose is to build trust in society and solve important problems. For now, most of us are doing this remotely, but your regular PwC contact person is a phone call away or reachable via email.

