

NAMIBIA

TAX CARD

from 2022



INCOME TAX RATES

INDIVIDUALS AND TRUSTS

Taxable Income	Rate of tax
N\$	N\$
0 - 50 000	0
50 001 – 100 000	18% of the amount above 50 000
100 001 – 300 000	9 000 + 25% of the amount above 100 000
300 001 – 500 000	59 000 + 28% of the amount above 300 000
500 001 – 800 000	115 000 + 30% of the amount above 500 000
800 001 – 1 500 000	205 000 + 32% of the amount above 800 000
Over 1 500 000	429 000 + 37% of the amount above 1 500 000

Year of assessment ending 29 February 2020.

COMPANIES AND CLOSE CORPORATIONS

Year of assessment commencing on or after 1 January 2020.

On taxable income of corporates (other than long-term insurers and crude oil extractors) derived from:

- » Non-mining operations;
 - 2015 – 32%
- » Diamond mining operations 55%; and
- » Other mining operations 37.5%.

MORE IMPORTANT EXEMPT INCOME

- » Interest received by any individual or trust on NamPost Savings Bank deposit accounts.
- » Interest received by any natural person or external company not carrying on business in Namibia, from stock or securities, including Treasury Bills issued by the Government of Namibia, any local authority or any regional council.
- » The first N\$ 300 000 of lump sum gratuity payments received due to the relinquishment of any office by a person aged 55 years or older, or due to superannuation, or earlier retirement due to ill health or termination of services due to redundancy.
- » Where termination of services is due to superannuation or ill health or where the authorities are satisfied that the circumstances warrant this, any balance of the lump sum above N\$300 000 may be spread over 3 years commencing in the year of receipt.
- » Lump sum payments (withdrawal or retrenchment) from a pension or provident fund, to the extent that it is transferred into any other pension, provident or retirement annuity fund during the year of assessment or within a period of three months after such a year. Amounts not transferred are taxed at the average rate.
- » Lump sum payments from a retirement annuity fund (no withdrawal benefits may be taken before the age of 55).
- » Lump sum payments from a pension fund due to death, superannuation (retirement), ill health or other infirmity.
- » One third of any amount received from a provident fund on retirement (excluding dismissal, resignation or dissolution of the fund).
- » Proceeds from an educational policy to the extent that it is utilised for post-school education of a child of the taxpayer concerned.

RING-FENCING

- » Losses incurred by a natural person from certain trades may be ring-fenced in specific circumstances.

DIVIDENDS RECEIVED

- » Dividends received are exempt from income tax (for non-resident shareholders' tax, see below).

INTEREST RECEIVED

- » Interest received by a Namibian resident and a domestic company from whichever source, is deemed to be from a source within Namibia, hence such interest will be taxable in Namibia (under certain special circumstances, for example if the investment has been made for the purpose of any business carried on outside Namibia, foreign interest could be exempt from tax in Namibia).
- » Interest earned from a financial institution and Unit Trust by any person other than a Namibian company is subject to a final withholding tax of 10%.

DONATIONS

Donations to approved welfare and educational organisations are tax deductible. This must not give rise to a loss nor can an individual be nominated as a beneficiary. Welfare and educational organisations must issue prescribed certificates.

FUND CONTRIBUTIONS

Contributions by individuals to approved pension funds, provident funds and/or retirement annuity funds and contributions to an insurance policy to provide for the education of a child, are deductible to a maximum aggregate of N\$40 000 per annum per taxpayer.

FRINGE BENEFITS

Any benefit or advantage granted in respect of employment, whether in cash or otherwise, is taxable.

HOUSING BENEFITS

The benefit value of a loan to an employee is calculated at 1% per month, on the outstanding loan balance less any interest payable by the employee.

The benefit value of free housing or housing at a nominal rent is determined according to a specific table less any nominal rent paid by the employee.

The taxable value of housing schemes not approved by the minister of finance, is equal to the benefit value.

The taxable value of an approved housing scheme is calculated as follows:

Remuneration per annum (excluding housing benefit value)	Taxable value
Less than N\$15 000:	No taxable benefit
Less than N\$30 000:	$[(\text{salary} - \text{N}\$15\,000) / \text{N}\$15\,000] \times \text{benefit value} \times 2/3$
More than N\$30 000:	Benefit value $\times 2/3$

The housing benefit in terms of an approved housing scheme is limited to actual rent or installment on a housing loan.

MOTOR VEHICLE

- » If all costs are borne by employer: 1.5% per month of cost price of vehicle.
- » If employee is responsible for fuel cost: 1.4% per month of cost price of vehicle.
- » If vehicle may only be used between home and place of employment: N\$100 per month.

LOANS (other than housing loans or mortgage subsidies)

1% per month on the outstanding loan balance less any interest payable by the employee.

ITEMS SPECIFICALLY INCLUDED IN TAXABLE INCOME

- » Payments received into restraint of trade is taxable; and
- » Proceeds on sale of shares in a company which holds mineral or petroleum licenses or rights is taxable.

CAPITAL EXPENDITURE ALLOWANCES

BUILDINGS

- » 20% of the cost for newly built or newly extended buildings in the first year utilised if used by the taxpayer for the purpose of his trade.
- » 4% for every subsequent year on original building cost for a period of 20 years.
- » No allowance shall be made in respect of buildings utilised as housing facilities by employees or directors and officials.

EQUIPMENT AND VEHICLES

- » One third of the cost in the year in which it was acquired.
- » One third of the cost for each of the two subsequent years.

MINING OPERATIONS

- » 100% of exploration expenditure.
- » Development expenditure:
 - One third of the cost in the year in which it was incurred; and
 - One third of the cost for each of the two subsequent years.

FARMING OPERATIONS

- » 100% of specified capital development expenditure (deductible from farming income only, excess may be carried forward to following year of assessment).
- » Housing for employees may be deducted at a maximum of N\$50 000 per employee (deductible from farming income only, excess may be carried forward to the following year of assessment).

RECOUPMENT OF CAPITAL ALLOWANCE

Any amount, which has previously been allowed as a capital deduction from taxable income is subject to tax on recoupment.

Recoupment takes place at market value on the disposal, withdrawal from trade, removal from Namibia or donation of assets.

WITHHOLDING TAXES ON NON-RESIDENTS

Reduced rates may apply to countries, which have Double Taxation Agreements with Namibia.

INTEREST

- » A final withholding tax on interest of 10% will apply to interest received by non-residents. Payable within 20 days after the end of the month during which the amount was deducted or withheld.

DIVIDENDS

- » 10% if the beneficial owner is a company with a shareholding of at least 25%. In all other cases a rate of 20% applies. Payable within 20 days after the end of the month during which the amount was deducted or withheld.
- » The rate is reduced to 5% in the instance of a South African non-resident company, which holds at least 25% of the capital of the Namibian company paying the dividends. In all other cases a rate of 15% applies.

SERVICES

- » The payment of fees by a Namibian Resident to a non-resident is subject to withholding tax at a rate of 10%, payable within 20 days after the end of the month during which the amount was deducted or withheld.
- » The rate is limited to 0% on services rendered by a South African non-resident, but director's fees are taxed at 25%.

ROYALTIES AND SIMILAR INCOME

- » 10% of the gross amount (previously 30% of corporate tax rate) of the royalties, payable within 20 days after the end of the month during which liability is incurred or payment is received.

TRANSFER PRICING AND THIN CAPITALISATION

Transfer pricing and thin capitalisation provisions apply to international transactions.

ROYALTIES ON MINERALS

On market values:

Precious metals	3%
Base and rare metals	3%
Semi-precious stones	2%
Nuclear fuel minerals	3%
Industrial minerals	2%
Non-nuclear fuel minerals	2%

VALUE ADDED TAX

The standard VAT rate is 15%. Exported goods and services are zero-rated. Import VAT is levied at 16.5% on goods imported. The Act also provides for other zero-ratings and exemptions. VAT registration threshold: combined turnover from all taxable activities of more than N\$500 000 at the end of any twelve month period. Voluntary VAT registration will only be allowed in certain circumstances.

ESTATE DUTY, DONATIONS TAX AND CAPITAL GAINS TAX

None of the above taxes are applicable in Namibia, which serves as an incentive to build up the capital base of the country.

TRANSFER DUTY

FIXED PROPERTY

(Improved and unimproved land acquired by a natural person)

Amount	Rate of tax
N\$	N\$
0 – 600 000	0 (exempt)
600 000 – 1 000 000	1% of the amount above 600 000
1 000 001 – 2 000 000	4 000 + 5% of the amount above 1 000 000
Over 2 000 000	54 000 + 8% of the amount above 2 000 000

- » Transfer duties payable by persons other than natural persons in respect of property acquired, are levied at a flat rate of 12%.
- » Where agricultural land is acquired under the Agricultural Bank Scheme, different rates to the above will apply.

STAMP DUTY

- » Increase in authorised share capital: N\$7.50 per N\$1000 or part thereof.
- » New share issue: N\$2,00 per N\$1 000 or part thereof.
- » Annual duty: N\$6.50 per N\$10 000 issued share capital.

On marketable securities purchased: calculated on purchase price or market value thereof, whichever the greater, at N\$2,00 per N\$1 000 or part thereof.

On a transfer deed relating to immovable property by a natural person: N\$10 for every N\$1 000 or part thereof of the value of consideration in excess of N\$600 000.

For non-natural persons, including trusts, N\$12 for every N\$ 1 000 or part thereof. Stamp duty is also imposed on a variety of documents and agreements. Significant stamp duties are levied on rental contracts for immovable property.

DUE DATES FOR RETURNS

INCOME TAX RETURNS

Individuals and Trusts

Annual Tax Returns	Date
Employees only	By 30 June each year
Business owners	By 30 September each year

Provisional Tax Returns	Date
1st Provisional	By 31 August each year
2nd Provisional	By 28 February each year

COMPANIES AND CLOSE CORPORATIONS

Annual Tax Returns: Within 7 months after the company's year-end

Provisional Tax Returns	Date
1st Provisional	6 months before year-end
2nd Provisional	At year-end

- » 1st Provisional payments must be within 50% of 100% of the final assessment. 2nd Provisional payment plus the 1st provisional payment must be within 80% of the final assessment.
- » Tax payers may apply for extension for the submission of annual income tax returns. Severe penalties and interests are levied on late submission of returns.

OTHER RETURNS

PAYE Returns	Date
Monthly returns	By 20th of subsequent month
Annual returns	By 31 March

VAT Returns	Date
Vat returns	By 25th of subsequent month
Import VAT returns	By 20th of subsequent month

Withholding tax on services rendered by non-resident	Date
Monthly returns	By 20th of subsequent month

Non-resident shareholder's tax	Date
Monthly returns	By 20th of subsequent month

Withholding tax on interest paid to non-residents	Date
Monthly returns	By 20th of subsequent month

PENALTIES AND INTEREST

(Based on legislation and current practice by Receiver of Revenue)

INCOME TAX RETURNS

On final return and payment:

Penalty

Penalty on late submission of return at 10% of amount not paid. Penalty on under-estimation of provisional tax of up to 100% of the difference between the estimated tax and 80% of the assessed tax.

Interest

Interest at 20% p.a., simple interest on any amount not paid or underpaid as from seven (7) months after year-end for businesses and 30 June for employees only. Interest is limited to the original tax amount.

On provisional tax:

Penalty

Penalty on late submission of provisional tax return at N\$100 per day and 10% penalty per month or part of month of the amount not paid, limited to the tax amount.

Interest

Interest at 20% p.a., simple interest on any amount not paid by the due date. Interest is limited to the original tax amount.

PAYE RETURNS

Penalty

Penalty at 10% of such tax for each month or part of a month that the amount remains unpaid. Penalty is limited to the original tax amount.

Interest

Interest at 20% p.a., simple interest on any amount not paid by the due date. Interest is limited to the original tax amount.

WITHHOLDING TAXES

Penalty

10% penalty on overdue tax.

Interest

Interest at 20% p.a., simple interest on any amount not paid by the due date. Interest is limited to the original tax amount.

VALUE ADDED TAX (applicable to both VAT and Import VAT returns)

Penalty

Penalty on late submission of VAT returns at N\$ 100 per day for each day the return remains outstanding. The maximum penalty is not limited.

Penalty at 10% of the unpaid tax for each month or part of a month an amount remains outstanding. The penalty is limited to the amount of unpaid tax.

Interest

Interest at 20% p.a., simple interest on all amounts owing, including penalties. Interest is limited to the amount of tax owing.

This brochure is based on current legislation. Although every care is taken to ensure the accuracy of the contents of this work, no responsibility can be accepted for any errors, whether caused by negligence or otherwise, or for any loss caused or sustained, by any person who relies on it. Any queries on detailed aspects and practical application of the applicable Acts should be addressed to any SGA partner.



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