

*Namibia  
Tax  
Reference  
& Rate  
Card  
March 2015*



## Source basis of Income Tax

Normal tax is levied on taxable income of companies, trusts and individuals from sources within or deemed to be within or from Namibia.

## Individual Income Tax

All individuals (incl. deceased estates and trusts) other than companies.

Taxable Income N\$	Rates of tax from years of assessment ending 28 February 2015 (N\$)
0 - 50 000	Not taxable
50 001 - 100 000	18% for each N\$ above 50 001
100 001 - 300 000	9 000 + 25% for each N\$ above 100 001
300 001 - 500 000	59 000 + 28% for each N\$ above 300 001
500 001 - 799 999	115 000 + 30% for each N\$ above 500 001
800 000 - 1 500 001	205 000 + 32% for each N\$ above 800 000
Above 1 500 001	429 000 + 37% for each N\$ above 1 500 001

## Employees' fringe benefits

Fringe benefits are taxable. The taxable value of fringe benefits is determined in terms of a schedule to the income tax tables.

## Housing loans and mortgage subsidies

Housing loans provided to employees at a subsidised rate are taxable to the extent that the interest rate payable by the employee is less than 12% per annum (p.a.). The taxable value of housing benefits comprising free or subsidised housing is determined with reference to the location and size of the housing, as indicated in the following table:

	1 room	2 room	3 room	4 room	5 room	6 room	7 room	8 room	8+ room
Windhoek	500	750	1,000	1,400	1,800	2,200	2,800	3,400	4,000
Walvis Bay	350	550	750	1,000	1,300	1,700	2,100	2,550	3,000
Large Towns	250	375	500	700	900	1,100	1,400	1,700	2,000
Small Towns	125	175	250	300	450	550	700	850	1,000

The taxable value of housing benefits granted, in terms of housing schemes approved by Inland Revenue, is reduced by one-third thereof (the reduction increases based on a formula for remuneration below N\$30 000 p.a.).

## Meals

Meals	Taxable Portion
Meals supplied at employee residence	N\$100 per family member older than 6 years
Meals supplied at business premises	Not taxable

## Loans (other than housing loans)

The taxable value of interest-free or subsidised loans that are not utilised for further study by the employee or exceed N\$3 000 p.a., is 12% p.a. of the loan amount less interest actually paid on the loan.

## Motor Vehicles

Taxable amount for the right of private use of employer provided vehicles	
All costs borne by the employer	1.5% p.m. of the cost price of the vehicle
Employee bears all the fuel costs and the employer all other costs	1.4% p.m. of the cost price of the vehicle

## Interest income

Exempt interest income earned by individuals and trusts from	
Deposits with Nampost Savings Bank	
Stock or securities (including Treasury Bills) issued by the Government of Namibia, or any regional council or local authority in Namibia (also available to companies not carrying on business in Namibia)	

Withholding tax	
10% on interest received from Namibian banks and unit trusts	

## Retirement, death and withdrawal

Contribution to approved pension, provident, retirement annuity (RA) and educational policies	2013/2014 N\$	2014/2015 N\$
Deduction allowed	40 000	40 000

## Medical Aid

Contributions to medical aid funds and actual medical costs are not deductible by employees for income tax purposes.

### **Withdrawal benefits**

**Pension and Provident** - Lump sums not transferred to another approved pension, provident, RA or preservation fund, will be taxable at the greater of 18% or the average tax rate.

**Retirement annuity** - No withdrawal benefits may be taken from RA funds before retirement age of 55 years.

**Educational policy** - The total amount must be utilised for post-school educational training purposes. The amount not so used is taxed at the marginal rate of the policyholder.

### **Retirement benefits**

**Pension and RA funds** - The total lump sum is tax-free, but annuities or pensions paid are taxable at the marginal rate of the member.

**Provident funds** - One-third of the total benefit is exempt and the remainder is taxed at the marginal rate of the member.

### **Death benefits**

**Pension and RA funds** - The total lump sum is tax-free, but the annuities /pensions paid to dependants are taxable at the marginal rate. The lump sum must however be less than 50% of the entire death benefit. The difference being paid as annuities, will be taxable. Should the lump sum be 50% or more, the entire lump sum will be taxable at the marginal rate.

**Provident funds** - One-third of the total benefit is exempt and the remainder is taxed at the marginal rate of the beneficiary.

### **Retrenchment benefits**

**Pension and RA funds** - So much of the lump sum that is not funds transferred to another approved pension, provident, RA or preservation fund, will be taxable at the average tax rate of the member.

### **Gratuities and special payments**

The first N\$300 000 received due to superannuation, ill health or other infirmity or if the recipient is over the age of 55 years is exempt from tax. Any balance received over N\$300 000 may be taxed in three equal instalments, commencing in the year of receipt.

## **Social Security**

Social security is payable on a 50:50 contributions from employers and employees. The contributions are calculated at 0.9% of earnings, with a minimum monthly contribution of N\$2.70 and a maximum monthly contribution of N\$81.00 by each.

## **Estate Duty & Donations Tax**

There is no estate duty or donations tax in Namibia.

## **Transfer Duty**

### **Natural Persons: Fixed property**

Value of property N\$

0 - 600 000

Nil

600 001 - 1 000 000

1% of value exceeding N\$ 600 000

1 000 001 - 2 000 000

N\$4 000 plus 5% of value exceeding N\$1 000 000

2 000 000 and above

N\$54 000 plus 8% of value exceeding N\$2 000 000

### **Other Persons**

Any value

12%

Special rates are applicable to natural persons who acquire commercial farmland through the Affirmative Action Loan Scheme.

## **Stamp Duty**

### **Natural Persons:**

Value of property N\$

0 - 600 000

Exempt

600 001 - 1 000 000

N\$10 for every N\$1 000 or part thereof

### **Other Persons**

Any value

1,2%

## **Value-Added Tax**

Value-added tax is payable on the taxable value of all goods sold or imported. The standard rate is 15%. Direct exports of goods and services are zero-rated. A number of other zero-ratings and exemptions are also provided for. A person (company, individual, trust and partnership) carrying on a taxable activity with a turnover for the past or future 12 month period in excess of N\$200,000, must register for VAT.

## Companies

Company Tax rates	2014/ 2015
Corporate tax rate	33%
Branch income tax	33%
Diamond mining companies	55%
Mining Companies (other than diamond mining companies)	37.5%
Long term insurance companies (40% of gross investment income taxed at 32%)	12.8%
Petroleum Companies (exploration -, development - or production operations)	35%

## Capital Gains taxes

### Sale of Mining Licenses

Any sale/donation/ expropriation cession, grant or other alienation or transfer of ownership of a licence or right to mine minerals shall be included in gross income. The sale of shares in a company for a licence or right to mine minerals in Namibia is included in gross income and taxed accordingly.

## Movable assets and buildings

### Machinery and movable assets

Wear and tear claims are deductible in equal instalments over three consecutive tax years for the acquisition of vehicles, aircraft, seagoing craft, machinery, implements, utensils and articles used for purposes of trade.

### Buildings

An initial allowance of 20% of the cost of erection may be claimed in the year that the building is brought into use, and a wear-and-tear allowance of 4% for each of the ensuing 20 years, following on the year of that the building was brought into use.

## Payments to non-residents

Withholding Tax	
Dividends paid to non-residents (NRST) < 25% shareholding	20%
Dividends paid to non-residents (NRST) > 25% shareholding	10%
Interest from Namibian banking institutions or unit trusts	10%
Royalties paid to non-residents	9.6%
Management, technical, admin, consulting, entertainment and directors' fees	25%

## Dividends

Dividends received are exempt in the hands of corporates, individuals and trusts. Dividends declared to foreign shareholders are however subject to NRST.

## Farmers

Farmers are taxed in the same manner as other individuals or companies. Farming is a ring-fenced trade.

### Farmers—Deduction of capital expenditure

Expenditure on motor vehicles and other movable assets used for farming purposes is deductible in equal instalments over three consecutive years. Expenditure incurred on capital development is deductible in full but limited to the amount of taxable farming income. Any remaining capital development expenditure is carried forward to the next year. Deductions for the erection of domestic houses for a farmer's employees may not exceed N\$50 000 per employee.

## Registered manufacturers

Special tax incentives are available to manufacturers approved by the Minister of Trade and Industry and registered as such with the Ministry of Finance.

## Export Processing Zone (EPZ)

New enterprises that export produce to countries outside the Southern African Customs Union (SACU) can qualify for EPZ status. The benefits of an EPZ enterprise are:

- Relief from corporate income tax, import duties, VAT and stamp duties but excluding tax on employees' income and withholding tax on dividends;
- Training grants of 75% of training costs;
- Foreign currency bank accounts, free of exchange control.

## Exports

Any export of locally/domestically manufactured goods (excluding meat and fish products) qualifies for an abatement of 80% of taxable income directly related to such exports. Abatement does not apply to the export of imported manufactured goods.

## Customs and Excise

Customs duties are levied on certain goods imported into Namibia. The rates are usually calculated on an ad volarem basis. Namibia applies the Harmonised System and is party to the WTO. Namibia is also a member of SACU. Common external tariffs are applied on imports from outside SACU. Specific excise duties and the corresponding specific customs duties are levied on the traditional excisable products such as fuel, jewellery, tobacco, and liquor.

## Transfer Pricing and Thin Capitalisation

Transfer pricing was introduced in May 2005. Cross-border transactions with connected persons must be entered into on an arm's-length basis. A taxpayer is required to be in possession of transfer pricing documentation. Financial assistance by foreign investors to connected persons in Namibia should not be excessive in relation to the fixed capital of the recipient; else interest payable on loans will be disallowed.

## Mining Royalties

Royalties are levied in terms of the Prospecting and Mining Act as a percentage of the market value of the minerals extracted by licence holders in the course of finding or mining any mineral or group of minerals. The rates are determined as follows:

Group of Minerals	Royalty %
Precious metals/ Base and rare metals	3%
Semi-precious stones/Industrial metals/Non-Nuclear fuel minerals	2%
Nuclear fuel minerals	3%
Oil and Gas	5%

## Tax treaties

Double tax agreements may reduce withholding taxes. Namibia has double tax agreements with Botswana, France, Germany, India, Malaysia, Mauritius, Romania, Russia, South Africa, Sweden and the United Kingdom.

## Tax compliance

### Income tax returns and tax payments due dates

#### Individuals

Individuals (Employees)	30 June each year
1st Provisional	On/before 30 August (n/a to farmers). At least 40% of the total actual taxable income to be declared and paid.
2nd Provisional	On/before 28 February. At least 80% of the total actual taxable income should be declared and paid.
Business individual and/or farmer (other than companies or salaried employees)	Within 7 months after the tax year end (30 September each year)

#### Companies

Companies	Within 7 months after financial year end
Income tax: 1st provisional	Within 6 months from commencement of the company's financial year. 40% of the total actual taxable income to be declared and paid.
Income Tax: 2nd Provisional	On/before the last day of the company's financial year end. At least 80% of the total actual taxable income should be declared and paid.
Employers: PAYE Returns	The employer should submit within 20 days following the month during which PAYE is required to be withheld
Employers: PAYE reconciliation return	Annual PAYE reconciliation should be submitted within 30 days from the tax year end (30 March each year)

#### Withholding Tax

Dividends	30 days from date of accrual or payment of dividend to non-resident
Royalties	Within 14 days following the month during which the royalty accrued or was paid
Interest	Within 20 days following the month during which the interest accrued or was paid
Services	Within 20 days following the month during which management, technical, administrative or entertainment fees accrued or was paid to non-residents

#### Value-Added Tax

VAT return	25th of month following end of 2 month tax period
Import VAT return	20th of month following end of previous month
Import VAT on services	30 days from date of import of services
Customs & Excise	Payment at time of clearing per customs assessment notice (excl fuel import levy payment)

#### Social Security

Monthly contributions	30 days after the end of the month
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## Penalties

<i>Tax Area</i>	<i>Reason</i>	<i>Penalty</i>	<i>Interest</i>
<b>Persons/Companies</b>			
1st Provisional tax	Late submission	N\$100 per day	None
	Under-estimation penalty	Up to 100%	None
	Late payment	10% per month	20%
2nd Provisional tax	Late submission	N\$100 per day	None
	Under-estimation penalty	Up to 100%	None
	Late payment	10% per month	20%
Income tax Return	Late submission	None	20%
	Late payment	10%	20%
	Omission/incorrect statement	Up to 200%	20%
<b>Companies</b>			
Employees Tax	Late submission	None	None
	Late payment/ failure to withhold PAYE	10% per month	20%
Withholding Tax	Late payment	10% per month	20%
VAT & Import VAT	Late submission	N\$100 per day	20%
	Late payment	10%	20%

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