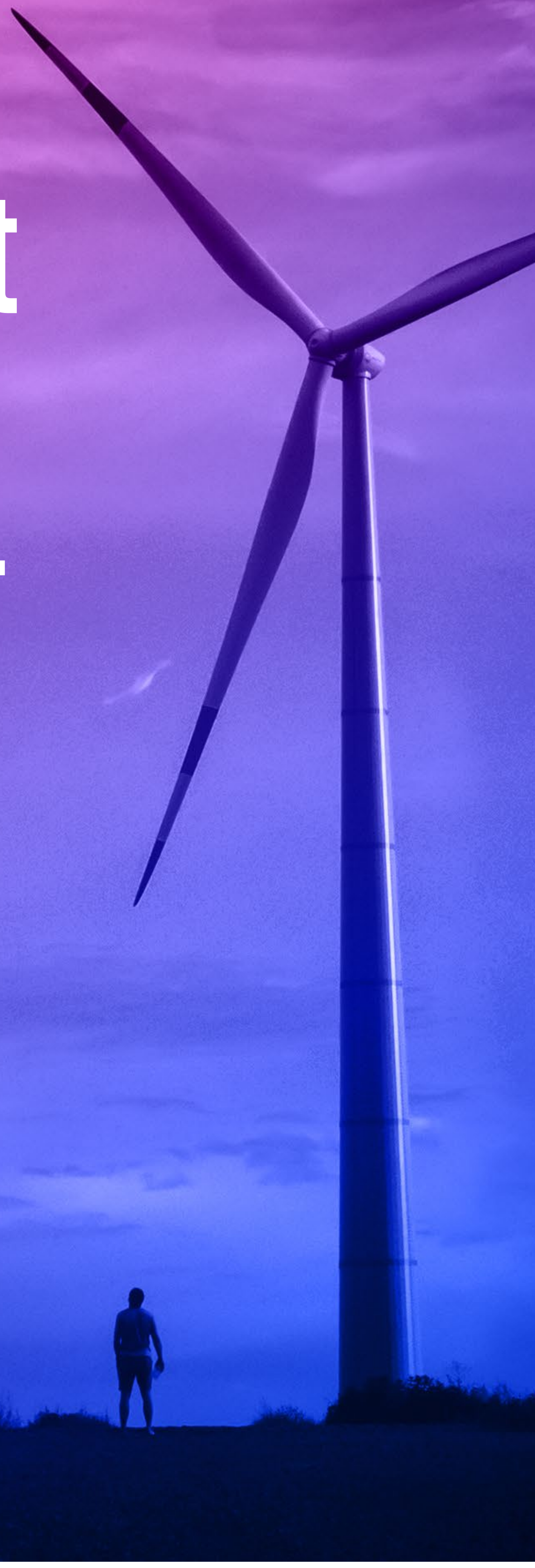
KPMG

Tax Budget Guide 2023/2024

Growth and sustainability during a time of recovery

KPMG Namibia
2023



Individuals Tax

Individual and trust income tax (excluding Unit Trusts registered as a management company)

Tax Rates

Taxable Income (N$)	Base Rate	%
0 - 50 000	N$0	Exempt
50 001 - 100 000	N$0	18% of the amount exceeding N$50 000
100 001 - 300 000	N$9 000 +	25% of the amount exceeding N$100 000
300 001 - 500 000	N$59 000 +	28% of the amount exceeding N$300 000
500 001 - 800 000	N$115 000 +	30% of the amount exceeding N$500 000
800 001-1 500 000	N$205 000 +	32% of the amount exceeding N$800 000
Exceeding N$1 500 000	N$429 000 +	37% of the amount exceeding N$1 500 000

Fringe Benefits

Allowances and fringe benefits

Any fringe benefits received by an employee in respect of services rendered, in cash or otherwise, are taxable. This does not include allowances paid to an employee in defrayal of costs incurred on behalf of the employer where the Income Tax legislation provides for it.

Entertainment and subsistence allowances

Any portion of an entertainment and subsistence allowance or advance paid to a director, employee or other person in respect of travelling or entertainment or any other expenses incurred as part of performing employment duties, not expended for this purpose to the satisfaction of the Minister should be included in the taxpayer's taxable income.

Travel Allowance

Travel allowances are taxable except to the extent that the Minister is satisfied that the allowance was expended for business travel. Accurate records must be kept of the travel costs (fuel and oil, maintenance, license fees, insurance, lease costs) and actual business mileage travelled. Taxpayers need to keep a logbook to register every kilometer travelled.

Employer owned vehicles

The monthly taxable value of a company vehicle is 1.5% of the purchase price of the vehicle, where all running, maintenance and fuel costs are carried by the employer.

The monthly taxable value of a company vehicle is 1.4% of the purchase price of the vehicle where the fuel cost is carried by the employee.

The monthly taxable value is N$100, where the use of the vehicle is restricted to trips only between the employee's private residence and the place of employment.

Housing Allowances

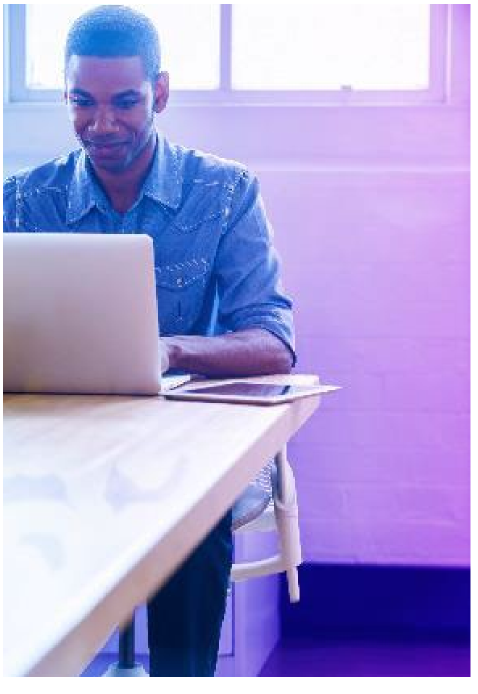
The taxable value of a housing loan to an employee is determined in relation to the official rate of interest, similar to where a loan, other than a housing loan, is granted to an employee. Any interest payable by the employee is deducted from the taxable benefit.

Where the employee resides in employer-owned accommodation free of charge or at a nominal rental, the taxable value is determined according to a specified table less any nominal rental paid by the employee.

Where the employee resides in accommodation leased by the employer, at no cost or at a nominal rental, the taxable value is equivalent to the rental charge less any nominal rental paid by the employee.

Any subsidy granted by an employer is taxable and must be included in taxable income.

The taxable value of a housing benefit can be reduced where an employer has an approved housing scheme, which is a housing scheme registered with the Minister of Finance.



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 value
Less than N$30 000	((housing benefit -15 000)/150000)% x housing benefit x 2/3
More than N$30 000	Housing benefit x 2/3

Loans (other than housing loans)

The taxable value in respect of a loan granted by an employer is determined in relation to the official rate of interest - which is currently 12%.

The taxable benefit will be:

- Where no interest is payable, 1% per month on the outstanding balance of the loan
- Where interest is payable, 1% per month less nominal monthly interest paid by the employee on the outstanding balance of the loan.

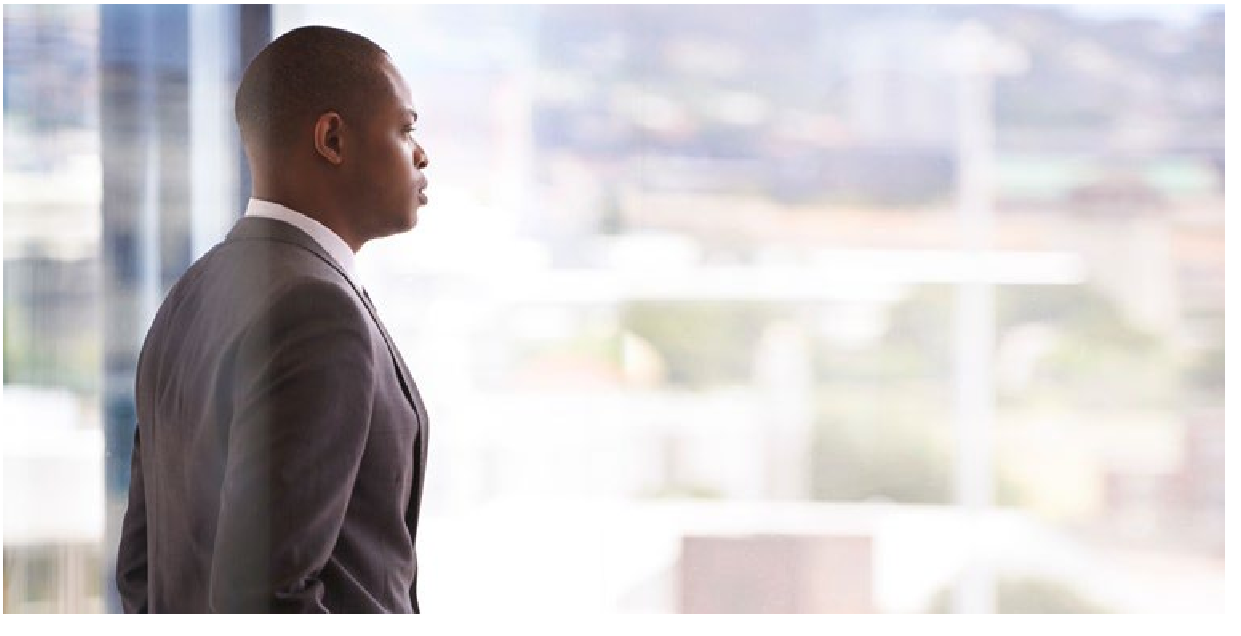
Restraint of trade payments

Restraint of trade payments received by a company or person are taxable.

A deduction is allowed over the longer of three years or the length of time to which the restraint applies, for the person making the payment, provided certain conditions are met.

Remuneration earned by directors

The remuneration earned by directors of private and public companies is subject to employees' tax.



Income exempt from tax

Lump sum payments from loss or variation of office

Where a lump sum payment is received as a result of the relinquishment, termination, loss, repudiation, cancellation or variation of any office or employment as a result of an employee attaining the age of 55; due to ill health, superannuation or other infirmity; or because the person was considered redundant, an exemption of up to N$300 000 is available on the lump sum received. The N$300 000 is available over the lifetime of the individual.

Lump sum from a fund

Lump sum payments from a retirement fund, are payments received as a result of resignation from a fund, retirement or death of a member.

Lump sum benefits (not annuities) received as a result of a withdrawal from a pension fund or pension preservation fund is included in gross income. Lump sum benefits from a pension fund as a result of the death, superannuation, ill-health or other infirmity or retirement of the employee is not taxed. Generally, any amount received from a provident fund or preservation fund is included in gross income.

Lump-sum benefits received from pension funds, provident funds or preservation funds transferred for the benefit of the taxpayer to another pension fund, provident fund, retirement annuity fund or preservation fund within three months after the end of such year of assessment is exempt from tax. This is so if the taxpayer did not claim a deduction in respect of one of the following:

- Contributions made to a pension fund or provident fund; where the contributions is a condition of employment or holding of an office
- Contributions made to a retirement annuity fund as a member of the fund

One third of lump sums payable from a provident fund are exempt from tax provided that the lump sum was not paid as a result of the taxpayer's employment having been terminated due to dismissal or resignation or upon the dissolution of the provident fund or provident preservation fund. The exemption applies provided that the lump sum was paid as a result of the retirement or death of the taxpayer.

Uniform Allowance

The value or allowance given to an employee by the employer, as the Minister considers reasonable, for a special uniform which the employee is required to wear while on duty as a condition of employment. The uniform must be distinguishable.

Dividends

Any dividends (local or foreign) received by or accrued to a Namibian resident, other than dividends payable by a Namibian person to a foreign person. (Please refer to Non-Resident Shareholder's Tax (NRST)).

Interest Received

Interest received by any person, other than a company, from any deposit in the Post Office Savings Bank and interest received by any person, other than a company and any external company not carrying on business in Namibia, from stock or securities, including Treasury Bills, issued by the Namibian government, or any regional council or local authority. This also includes interest in respect of a subscription share in any building society in Namibia.

Casual and study loans

Casual loans received from the employer not exceeding N$3 000 and any loan granted to an employee for study purposes.

Deductions from Income

Fund contributions

Contributions to any pension fund, provident fund or retirement annuity fund, long-term insurance policies and to any education policy for the tertiary education of the taxpayer’s child are deductible to a maximum of N$150 000 per annum (N$40 000 in 2022 tax year) in total.

Donations

Any donation to a welfare organisation or an educational institution approved by the Minister may be deducted if:

- No individual is nominated as a beneficiary, or
- The deduction does not create or increase a tax loss, and
- A certificate is obtained from the welfare organisation or the educational institution.

Farming Operations

We highlight certain specific provisions relating to farming operations:

- In determining taxable income, 100% of certain capital development expenditure is allowed which does not exceed taxable income. Any excess of the capital development expenditure is carried over and deducted in the following year
- Expenditure incurred in erecting buildings or acquiring a structure for domestic purposes for employees of the farmer is allowed to a maximum of N$50 000
- Expenditure incurred in respect of machinery, vehicles, implements, utensils and articles used for farming purposes is allowed over three years

Ring-fencing of assessed losses of certain trades

Assessed losses realised on certain trades carried on by natural persons are ring-fenced under certain conditions. These include sports practiced, dealing in collectibles, and the rental of residential accommodation, vehicles, aircrafts and boats if 80% of such residential accommodation, vehicles, aircrafts and boats are used by relatives of the taxpayer. Farming or breeding, if not carried on a full-time basis, is also ring-fenced. Other trades that are ring-fenced include animal showing, performing, creative arts, gambling and betting.

Corporate Tax

Corporate Tax Rates

Rates of normal company tax	
Corporate income tax	
Standard rate	32%
Registered manufacturing companies	18%*(for up to 10 years)
Long term insurance companies (40% of gross investment income taxed at 32%)	12.8%
Diamond mining, oil & gas, and long-term insurance companies are subject to special rules and tax rates. The 2021 Budget proposes that the corporate tax rate will be reduced in future, as part of the broadening of the corporate income tax base.	
Mining companies	
Diamond mining	55% (50% + 10% surcharge)
Other mining	37.5%
Oil and gas	35% (plus Additional Profits Tax determined according to a formula)
Capital gains tax	None **

* Applicable for existing registered manufacturers until phased out.

** We note that profits on the sale of a mineral licence or right to mine minerals, or a petroleum licence or right to mine petroleum; or the direct or indirect sale of shares in a company holding such licences or rights is subject to income tax under the special inclusions to the gross income definition.

Capital Allowances

The following capital allowances are deducted to determine a taxpayer’s taxable income where the assets are used for purposes of the taxpayer’s trade:

Machinery, vehicles, sea-going craft, aircraft, implements, utensils and articles (excluding mining capital expenditure):

- A third of the acquisition expenditure in the year of purchase
- A third for each of the two ensuing years of assessment
- No deduction is allowed in the year of assessment in which the asset is sold

Buildings (excluding manufacturing buildings):

- 20% of erection cost (not purchase price) in the tax year during which the building is brought into use
- 4% of erection cost for the next 20 years following the year of erection

Manufacturing buildings used by registered manufacturer:

- 20% of erection cost (not purchase price) in the tax year during which the building is brought into use
- 8% of the erection cost for the next 10 years

The above building allowances (manufacturing and other) are not allowed in respect of:

- Costs which have been allowed under an allowance for leasehold improvements to a building or land
- Housing or housing facilities made available to employees or directors
- The Income Tax Act was amended to repeal the accelerated building allowance of 8% available to registered manufacturers, for buildings used for the sole purpose of manufacturing. The current provisions will continue to apply until the end of the 2025 tax year in respect of each registered manufacturer.

Withholding Taxes

Non Resident Shareholders Tax (NRST

NRST is a final tax levied at a rate of 20% except where the owner of the company holds directly or indirectly at least 25% of the capital of the company paying the dividends. In that case the rate is 10%.

The NRST is determined on any dividends declared by a company to a shareholder not ordinarily resident, doing business or managed or controlled in Namibia; or to an entity where more than 50% of the shares of that entity is directly or indirectly held for the direct or indirect benefit of a company not managed or controlled in Namibia.

The rate may be reduced in terms of a double tax agreement.

Withholding tax on foreign interest

Withholding tax on foreign interest is a final tax and is levied at a rate of 10% on interest paid to non-residents. The rate may be reduced in terms of a double tax agreement.

Royalty withholding tax

Withholding tax on royalties is a final tax and is levied at a rate of 10% of the royalty amount.

The ambit was expanded to include the right to use industrial, commercial or scientific equipment. The rate may be reduced in terms of a double tax agreement.

Withholding tax on services

The withholding tax on services rendered by non-residents to residents is a final tax and is levied at a rate of 10%.

A tax at a rate of 25% must be withheld on directors and entertainment fees paid by residents to non-residents.

For purposes of withholding tax on services, a branch of a foreign entity is regarded as a resident.

Transfer pricing and thin capitalisation

According to transfer pricing provisions, to determine the taxable income of an acquirer or supplier in an international transaction, who are connected persons, the Minister of Finance may adjust the consideration to reflect an arm's length price where the goods or services are supplied or acquired at a price less or more than the arm's length price.

The Minister of Finance has the power to adjust the liability of a taxpayer where he considers that a transaction, scheme or operation has been entered into which has the effect of avoiding or postponing liability for the payment of any tax imposed by the Income Tax Act, if it was entered into in an abnormal manner or has created rights not normally created in arm's length transactions.

In addition, Namibia has thin capitalisation rules in terms of which the deduction of any interest expense paid to a non-resident investor and any realized currency exchange loss in respect to financial assistance granted to a resident company that exceeds the prescribed 3:1. The introduction of this section makes room for taxpayers to approach the Minister to exceed the 3:1 ratio where the circumstances and the associated business risks warrant the company to exceed the prescribed ratio.

Double tax agreements

Namibia has certain withholding taxes, the rates of which may be reduced in terms of a double tax agreement.

Country	Dividends (%)	Interest (%)	Royalties (%)	Service fees (Management, administrative, technical and consulting fees)(%)
Botswana	10	10	10	0/10 (6)/(7)
France	5/15(1)	10	10	0(6)
Germany	10/15(1)	0	10	0(6)
India	10	10	10	0/10(6)
Malaysia	5/10(2)	10	5	0/5(6)
Mauritius	5/10(2)	10	5	0(6)
Romania	15	10	5	0(6)
Russia	5/10(3)	10	5	0(6)
South Africa	5/15(2)	10	10	0(6)
Sweden	5/15(1)	10	5/10(5)/(7)	0/10(7)
United Kingdom	5/15(4)	10(7)	5	0(6)

(1) The lower rate applies where the beneficial owner/recipient is a company which holds directly or in some cases indirectly at least 10% of the (share) capital of the company paying the dividends. The higher rate applies in all other cases.

(2) The lower rate applies where the beneficial owner is a company which holds indirectly or directly, or in some cases only directly, at least 25% of the share capital of the company paying the dividends. The higher rate applies in all other cases.

(3) The lower rate applies where the beneficial owner is a company which holds directly at least 25% of the share capital of the company paying the dividends and has directly invested in the equity share capital of that company not less than US$100 000. The higher rate applies in all other cases.

(4) The lower rate applies where the recipient is a company which controls at least 50% of the entire voting power in the company paying the dividend. The higher rate applies in all other cases.

(5) The lower rate applies where the royalties are paid in terms of any patent, secret formula or process, or for information concerning industrial or scientific experience. The higher rate applies in all other cases where the recipient is the beneficial owner of the royalties.

(6) In certain circumstances the withholding tax on services may be reduced to 0% under the business profits article.

(7) Local rates lower than the 15% rate per the treaty.

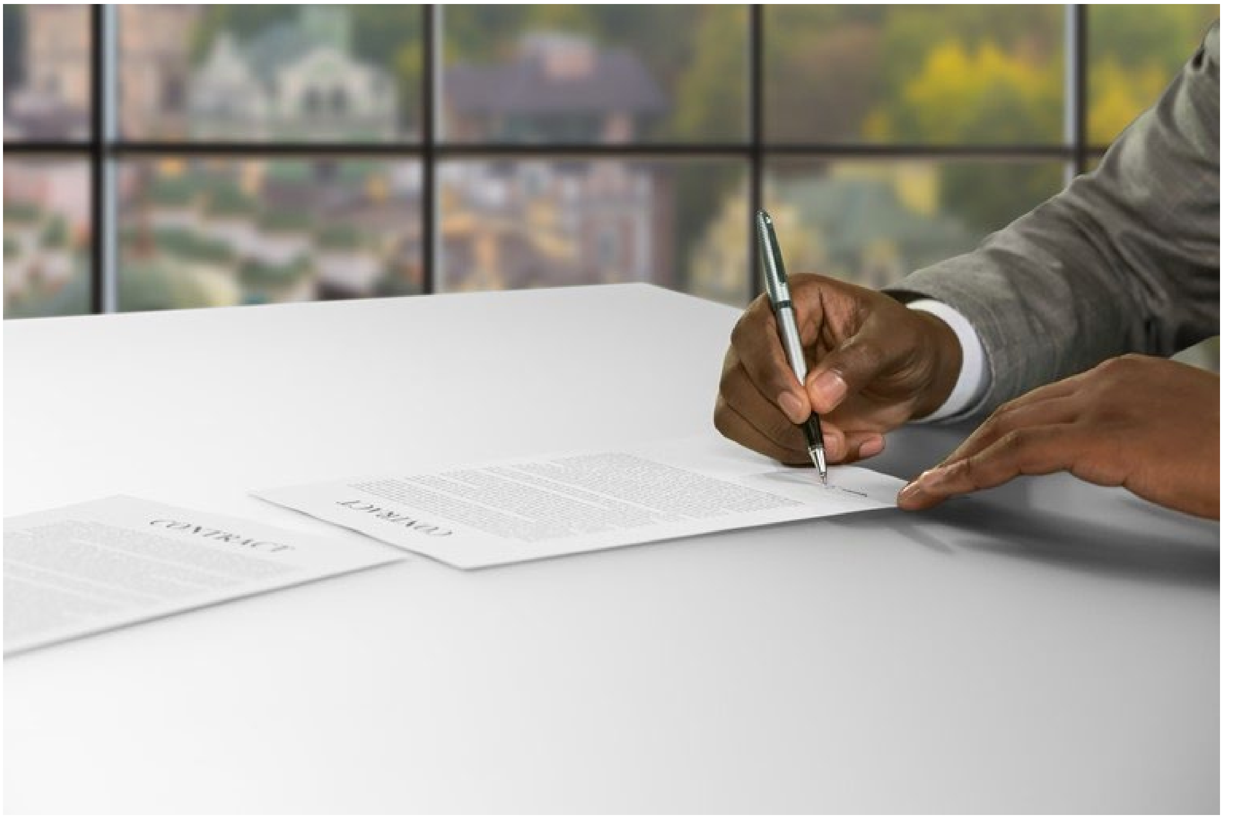
Operators of ships and aircrafts

The income tax on operators of ships and aircraft is determined by applying the tax rate applicable to the taxpayer to 10% of the gross transport charges. The operator of the ship or aircraft may not be subject to this tax where accurate records of taxable income derived by him from the embarking of passengers or the loading of livestock, mails and goods are provided to the satisfaction of the Minister. This is a final tax.

Financial Services

We highlight certain specific provisions relating to financial services companies:

- Long-term insurance companies: The taxable income is determined at 40% of the sum of gross amounts derived from investments (including rentals) in and outside Namibia in respect of any long-term insurance business as well as managerial and secretarial fees received. The determination of amounts derived from long-term insurance business excludes certain amounts attributable to businesses carried on with pension funds, provident funds or retirement annuity funds, individual annuity contracts and interest on loans.
- Short-term insurance companies: The Income Tax Act prescribes only certain types of expenditure that may be deducted including the amount of liability incurred in terms of premiums on reinsurance, the amount of liability incurred in terms of claims, expenditure incurred in the business of insurance and allowances in terms of unexpired risks and claims which have been intimated.



Mining activities (other than petroleum mining operations)

Receipts on sale of mining licence or right to mine minerals

An amount received or accrued, or the open market value in respect of the sale, donation, expropriation, cession, grant or other alienation or transfer of ownership of a mineral licence or right to mine minerals in Namibia is specifically included in the gross income definition. Specifically included is the direct or indirect sale of any share or member's interest in a company that holds a mineral licence or right to mine minerals in Namibia. The specific inclusion provides for either the consideration received or the open market value to be included in gross income. It is however possible to deduct the cost of the mineral licence or mineral right, which may not create a loss. The amount received in respect of the above transaction is deemed to accrue from a Namibian source irrespective of where the transaction was concluded, the payment was made or where the funds from which the payment is made are kept.

Deductions

All expenditure, actually incurred, whether directly or indirectly in connection with carrying out exploration operations in any area of Namibia is deemed to have been incurred only once the mine starts production.

The expenditure can only be deducted in the first year of assessment in which the mine starts production.

Any development expenditure actually incurred directly or indirectly in connection with carrying out development operations in any area of Namibia, will only be deducted in the year of assessment in which the mine starts production.

Development expenditure will be deducted as follows:

- A third in the year of assessment in which such expenditure incurred,
- A third for each of the two ensuing years of assessment.

All development expenditure incurred before a mine starts production is deemed to have been incurred in the year the mine starts production.

Rehabilitation expenditure

No deduction for rehabilitation expenditure.

Past provisions deducted will be recouped if not expended for rehabilitation purposes, when the mine ceases operations, or when the funds are used for a purpose other than rehabilitation.

Recoupment

When a mining asset is disposed of and an exploration or development expenditure allowance was claimed in respect of such asset, the total proceeds, less any portion of the cost of the asset not yet deducted for tax purposes, is subject to tax in the taxpayer’s hands.

Where any mining asset is withdrawn for use in non-mining activities or removed from Namibia, a recoupment of exploration and development deductions previously claimed is determined based on the market value of the asset at that time. This recoupment is, however, reduced by any portion of the original expenditure not yet deducted.

If a mine is disposed of as a whole, the purchaser may treat the value of preliminary surveys, shafts and boreholes as development expenditure. This means that the purchaser may claim a deduction in respect of these costs over a period of three years. For the seller, this value is then a recoupment of deductions previously claimed.

The value is determined by the Inspector of Mines. If the value exceeds the purchase price, the amount allowable as deductible development expenditure would be apportioned accordingly.

Royalties

A royalty levy is payable by the licence holder on the market value of any mineral or group of minerals won or found in the course of any prospecting or mining operations carried on. The levy is determined as a percentage of the market value of the mineral.

Group of mineral	Royalty %
Precious metals as well as base and rare metals	3%
Semi-precious stones, non-nuclear fuel minerals and industrial minerals	2%
Nuclear fuel minerals	3%

Petroleum mining activities

Receipts on sale of petroleum licence or right to mine petroleum

The gross income definition includes the sale, donation, expropriation, cession, grant or other alienation or transfer of ownership of a petroleum licence, or right to mine petroleum in Namibia. This includes the direct or indirect sale, donation, expropriation, cession, grant or other alienation or transfer of ownership of any share or member's interest in a company holding a petroleum licence or right to mine petroleum in Namibia. The acquisition costs and exploration expenditure as well as the cost of improving the petroleum licence or right may be deducted. The deduction may however not result in a loss.

Any income generated by a petroleum mining operation is taxed in terms of the Petroleum Taxation Act, No 3 of 1991. The tax is assessed on a License Area (in other words contract area) basis.

Gross income

Includes all amounts received/accrued in favour of a person from a licence area in connection with the exploration, development or production operations in that area.

Excludes capital amounts.

Is deemed to accrue in the year of (first) production. Any amounts received/accrued in the year before petroleum is first sold or commercially dealt with are carried forward.

Revenue expenditure

Subject to certain exclusions, includes all expenditure actually incurred in respect of a licence area, in the production of income, not of a capital nature.

Capital expenditure

Exploration and development expenditure, actually incurred, in connection with carrying out exploration and development operations in any area of Namibia is deemed to have been incurred only once the mine commences with production.

For exploration expenditure, a 100% deduction is allowed in the first year of assessment in which the mine starts with production.

For development expenditure, a third is deducted in the first year of assessment in which the mine starts with production and one third in each of following two years.

Additional Profits Tax (APT)

In addition to the normal tax liability of 35%, the after tax net cash flow generated from petroleum mining activities of each license area is further taxed at three additional levels.

APT will only be paid if the petroleum operations in a license area earns an after-tax real (inflation-adjusted) rate of return of 15%. A tax levy of 25% determined through a formula will be charged

The second and third tiers of APT become payable once the profitability level exceeds 20% and 25% respectively. The rates of tax are bid-able by, and negotiable with, each prospective investor consortium, and the agreed rates will be set out in the respective Petroleum Agreement.

Royalties

The holder of a production license shall pay a levy of 5% of the market value of the petroleum produced.

Investment Incentives

Repeal of certain existing preferential treatment granted in respect of registered manufacturers

Namibia has recently repealed tax incentives provided to registered manufacturers and Export Processing Zone (EPZs) certificate holders.

The repeal of the registration of companies as registered manufacturers is effective from 31 December 2020, with existing registered manufacturers allowed to continue benefiting from incentives until 31 December 2025.

The repeal of the tax exemptions for EPZ companies, goods manufactured in EPZs, and the movement of goods in and out of EPZs is effective from 31 December 2025 for companies issued an EPZ enterprise certificate on or before 31 December 2020, with no exemptions granted for companies issued an EPZ enterprise certificate after that date.

Registered manufacturer status

Existing registered manufacturer status holders may apply a tax rate of 18% for a 10-year period, whereafter it will revert to the general rate of 32%. They may also deduct the following:

- Land-based transportation costs (by road or rail) – 125% deduction
- Training costs – 125% deduction in respect of employees directly involved in a manufacturing process
- Remuneration of employees – 125% deduction in respect of employees directly involved in a manufacturing process
- Building allowances - 20% of the cost of erection in the year of assessment the building is brought into use and 8% of such cost for the following 10 years
- Export promotion allowance – 125% deduction

An exemption from VAT on the purchase and import of manufacturing machinery and equipment is also available to registered manufacturers.

In addition cash grants of up to 50% of direct cost of approved export promotion activities is available.

Export Processing Zone (EPZ)

The Export Processing Zones Act 1995 provides for the establishment, development and management of EPZs. A certificate must be obtained from the relevant EPZ managing entity before an EPZ enterprise may be set up.

Benefits accruing to EPZ enterprises are as follows:

- No VAT will be payable
- No customs and excise duty will be payable on imports or goods manufactured in an EPZ
- No income tax will be payable in respect of income derived in an EPZ
- No transfer duty will be payable in respect of the acquisition of immovable property nor any stamp duty on deeds relating to activities in an EPZ
- The provisions of the Foreign Investment Act, 1990 and Labour Act, 2007 (subject to certain conditions) do not apply in an EPZ

Exporters of manufactured goods

An allowance equal to 80% of the taxable income derived from exporting manufactured goods from Namibia was also repealed. The effective date of the repeal is 31 December 2025.

Indirect tax

Value-Added Tax

Compulsory VAT registration threshold is N$500 000 for every person who carries on a taxable activity. A threshold for voluntary registration was set at N$200 000.

Standard rate: 15% on the consideration.

Consideration – Price including any duties, levies, fees and charges, other than tax, and includes deposits other than deposits on returnable containers.

VAT on imported services

- Paid at the rate in force (15%) on the consideration paid.
- Imported services that would have been either exempt or zero rated if rendered in Namibia are not subject to VAT.

Rules relating to the claiming of input VAT

Input VAT not previously claimed during the VAT period in which it was incurred may be claimed within a period of 3 years after the tax period in which the taxpayer first became entitled to such claim.

Where a taxpayer makes both exempt and taxable supplies – input VAT may be claimed in full provided that it was used for the making of taxable supplies which constitutes at least 90% of the business of the taxpayer.

Input VAT claims not allowed

- Passenger vehicles subject to certain exclusions
- Entertainment – unless taxpayer is involved in the business of providing entertainment services
- Supply of petroleum products including the importing thereof
- Subscription fees for sporting and social clubs

Zero-rated Supplies include

- Direct exports
- Sale of a going concern
- International transport services including the transport of goods
- Supply of electricity, water, refuse removal and sewerage to a residential account
- Petrol, diesel and paraffin
- Mahangu and maize meal
- Supplies of goods or services to an EPZ company or EPZ management company
- Services rendered outside of Namibia
- Erection or sale of residential buildings
- Postage stamps and telecommunication services
- Supplies made by charitable organisations including associations not for gain
- Supply to a non-resident who is outside Namibia at the time the services are rendered other than services in connection with:
- Tour operators
- Immovable property situated in Namibia
- Movable property situated in Namibia unless the movable property is subsequently exported

Exempt Supplies include

- Financial services. These include financial services rendered to non-residents who are outside Namibia at the time the service is supplied
- Medical or paramedical services and accommodation in hospitals, nursing homes etc.
- Public transport services
- Long-term insurance contracts
- Fringe benefits to employees
- Supplies to foreign heads of states
- Letting of residential accommodation
- Intercompany loans

Indirect tax (cont.)

Valid tax invoice checklist

- The words tax invoice appear prominently on the document
- Name and address of the supplier
- Name and address of the recipient
- VAT registration number of the supplier
- Date
- Document number
- Quantity and description of goods
- Consideration exclusive of VAT
- VAT amount
- Consideration inclusive of VAT

VAT periods

- Farming: Two, four or six calendar months as elected at the time of registration
- Compulsory registration: Two calendar months as per the VAT registration notification
- Voluntary registration: Six calendar months as elected at the time of registration

Security on import VAT accounts

Security may be required for the importation of goods on an import VAT account. Other conditions may also be prescribed by the Commissioner.

Stamp duty

Stamp duty is levied at various rates on instruments referred to in Schedule 1 of the Stamp Duties Act, 1993 and includes mortgage/notarial bonds, transfer deeds, lease agreements, partnership agreements, insurance policies, security or securityships, bills of exchange other than cheques and promissory notes. Stamp duty on the transfer of immovable property for individuals is set out below:

Stamp Duty brackets	Rates
N$ 0 to N$ 600 000	Exempt
Where the value or consideration exceeds N$ 600 000, for every N$ 1 000 or part thereof of the value or consideration that exceeds N$ 600 000	N$ 10

Persons, including trusts, other than natural persons pay stamp duty at a rate of N$12 for every N$1 000 or part thereof.

Transfer Duty

Transfer Duty

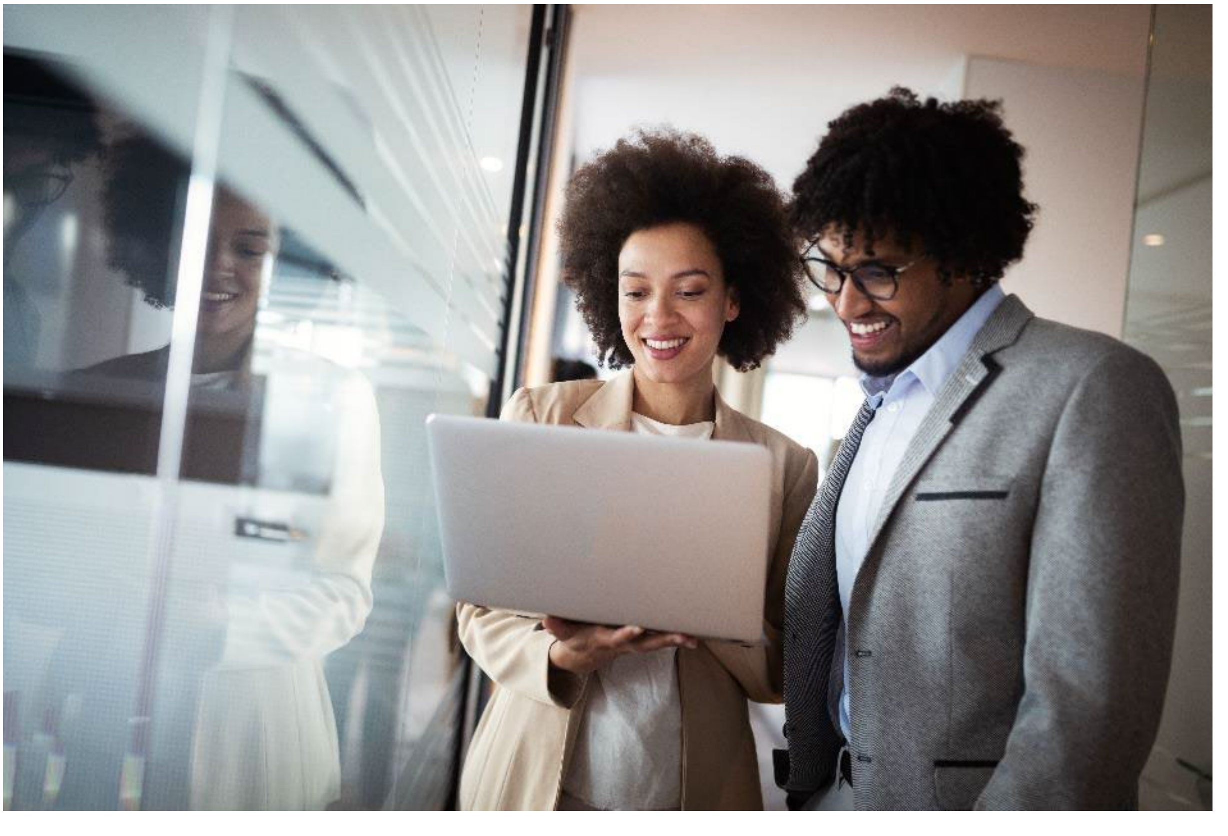
Persons other than natural persons pay transfer duty at a flat rate of 12% on the value of the property acquired.

Transfer duty is levied on the value of land and buildings or mining rights acquired by natural persons under the Transfer Duty Act, 1993 as set out below.

The below rates differ in respect of agricultural land.

Transfer Duty brackets	Rates payable
N$ 0 – N$ 600 000	0% of the value
N$ 600 000 to N$ 1 000 000	1% of the amount exceeding N$ 600 000
N$ 1 000 001 – N$ 2 000 000	N$ 4 000 plus 5% of the amount exceeding N$ 1 000 000
Exceeds N$ 2 000 000	N$ 54 000 plus 8% of the amount exceeding N$ 2 000 000

The previously proposed amendments to the Transfer Duty Act which would impose transfer duty on the sale of shares in companies and membership interest in close corporations owning residential property, commercial property, land and mineral licences, has to date not been legislated.



Compliance dates and penalties

Description	Due Date	Penalties	Interest
Provisional Tax- Individuals/ Companies	• First Payment- within six months after the start of the tax year • Second payment- at the end of the tax year • Third payment- within seven months after tax year end	• Late submission: N$ 100 per day the return is outstanding • Underestimation penalty: Up to 100% of amount underestimated • Late payment: 10% per month on the amount outstanding or unpaid	• Late payment: 20% per annum
Income Tax return	• Companies must submit annual returns within 7 months after the end of the year of assessment • Individuals are required to file their returns no later than the last day of June each year. •	• Late submission: N$ 300 may be levied upon conviction. In practice, a penalty of 10% of the tax liability less any tax paid is levied upon assessment of the return • Incorrect statement which results in or would result in less than the correct tax: Up to 200% of amount short paid	• Late payment: 20% per annum
Withholding taxes: Dividends/ Royalties/ Interest/ Services	• 20th of the month following the month during which the accrual or payment of the amount took place.	• Late submission penalty: None • Late payment: 10% of the amount of withholding tax for each month or part thereof from the first day after the due to the date of payment of the amount	• Late payment: 20% per annum

Compliance dates and penalties (cont.)

Description	Due Date	Penalties	Interest
Employees tax	• 20 days after the end of the month to which the tax relates	• Late submission: None • Late payment: 10% per month on the amount outstanding or unpaid	• Late payment: 20% per annum
VAT	• 25 days after the end of the month to which the tax relates	• Late submission: N$ 100 per day for each day the return remains outstanding • Late payment: 10% of the tax payable for each month the tax remains outstanding	• Late payment: 20% per annum
Import VAT	• 20 days after the end of the month to which the tax relates	• Late submission: N$ 100 per day for each day the return remains outstanding • Late payment: 10% of the tax payable for each month the tax remains outstanding	• Late payment: 20% per annum

Administrative matters

Official rates of interest

Description	Rate
Fringe benefits – Interest free or low interest loan	12% per annum*
Late or underpayments of income tax (effective from 1 April 2009)	20% per annum**
Refund of overpayment of taxes	-
Late or underpayments of VAT	20% per annum**
Refund of VAT after prescribed period	11% per annum
Customs and excise	15% per annum

* Where the commercial overdraft rate is less than 15, the rate of 12% applies. Where the commercial overdraft rate is more than 15%, the rate of interest applicable is limited to a rate of 15%.
** Not compounded and may not in total exceed the amount of the original tax

Administrative matters (cont.)

Namibia Revenue Agency (NamRA)

Following the successful establishment of NamRA, which was officially launched on 7 April 2021, Ministry of Finance has commenced with the creation of the Tax Policy Unit.

Electronic Filing Tax Relief Programme

The Modified Electronic Filing Tax Programme which is meant to provide relief to taxpayers with outstanding tax debts commenced on 1 June 2022.

In order to qualify for the tax relief programme, the taxpayers must:

- Register as e-filers;
- File all outstanding tax returns electronically on all active tax accounts.
- In terms of the relief programme, taxpayers who settle the capital tax debt can obtain relief of 70% of the accrued interest and 100% penalty amounts if settled by 30 November 2022 (Instalment 1). Thereafter, 60% interest and 100% penalty amounts will be automatically reversed if the taxpayer settles the capital balance, up to 31 May 2023 (Instalment 2). NamRA will continue with the final instalment of the tax arrears relief program, whereby interest and penalties will be fully written off if outstanding capital is fully settled by 30 October 2024. This is the final extension of this program.
- The remaining 30% and 40% balances of the capital amounts are also required to be settled.

Special Incentives

With the repeal of the manufacturing incentives, the Government announced it will roll out a new suite of investment incentives through the finalization of the Special Economic Zone ("SEZ") policy framework in the near future.

Budget Proposal

Namibia 2023/24 Key highlights

Finance Minister Ipumbu Shiimi on 22 February 2023 presented the 2023/24 Namibia Budget Statement. The theme for the budget is “Economic Revival and Caring for the Poor”.

The budget comes amidst a moderately improved growth outlook combined with a still elevated public debt profile as well as increased financing needs to boost social safety nets in order to meet the prevailing social and economic climate in the country. On that note, maintaining a careful balancing act in pursuit of a people-centred but sustainable budgetary framework was the organising principle around the preparation of this budget.

The Minister also noted that the previously announced tax proposals will be considered once the economy has recovered sufficiently.

Tax Policy

In the area of tax policy and tax administration reforms during the Medium Term Economic Framework (“MTEF”), focus will be placed on the implementation of measures to provide some relief to taxpayers in the near to medium term. In that regard, the following resolutions have been passed:

- the non-mining company tax rate will be reduced by two percentage points over the two outer years of the MTEF. Accordingly, the tax rate will be reduced to 31 percent effective on 01 April 2024, with a further reduction to 30 percent on 01 April 2025 (2% overall)
- Introduction of tax relief for individuals in the N$50,000 to N$100,000 tax bracket, effectively reducing their tax rate to zero effective in FY2024/25

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