

Tax Amendments Gazetted

Keeping you in the know



The 2015 Income Tax and Value Added Tax Amendment Acts that we discussed in our Tax Alerts 3/2015 and 4/2015 (dated 24 September 2015) have been Gazetted on 30 December 2015 and 29 December 2015, respectively. The gazetted acts have been circulated earlier today.

This newsletter serves to confirm the effective date of the various amendments.

Income Tax

The **corporate tax rate** for companies other than mining and manufacturing will reduce from 33% to 32% for years commencing on or after 1 January 2015.

The following amendments are some of the amendments that became effective on 30 December 2015. For more detail on the amendments please refer to our Tax Alert 4/2015 by following the [link](#):

- Acquisition costs relating to mineral rights / licences may be deducted from the proceeds of the **sale of such rights and licences**. The indirect sale of shares in companies holding mineral rights and licences are now also subject to tax.
- The **sale of petroleum licences or rights** will become subject to corporate tax.
- All payments made to a person or a company as compensation for a **restraint of trade** will become taxable and the person making the restraint of trade payment will be allowed a deduction of the amount paid.
- The **definition of Namibia** for income tax purposes, has been extended to include the territorial sea and exclusive economic zone.
- The **withholding tax rate on royalties** will be a flat 10%. The due date for remittance to Inland Revenue will be the 20th of the subsequent month during which the royalties was incurred or payment was made.
- Payments made to non-residents for the **right to use industrial, commercial or scientific equipment** will be subject to withholding tax of 10%. The due date for remittance to Inland Revenue will be the 20th of the subsequent month during which the royalties was incurred or payment was made.

- A final **withholding tax on interest** of 10% will apply to all interest payments made to a non-resident person with the exception of interest payments made by the State or any Namibian bank to a foreign bank. The withholding tax will be due by the 20th of the subsequent month.
- **The withholding tax rate on certain services** (e.g. management, consulting, technical, and administration services) will reduce from 25% to 10%.
- The due date for remittance of **withholding tax on dividends** will change to the 20th of the month after the tax was withheld from the dividend.
- PAYE will have to be withheld from payments made to a director of a private company and from **director's fees** paid to a director of a public company that is ordinarily resident in Namibia.
- Various provisions empowering **Inland Revenue to recover taxes** from third parties.

Value Added Tax

The following VAT amendments will be applicable from 1 January 2016: For more detail on the amendments please refer to our Tax Alert 3/2015 by following the [link](#):

- The **VAT registration threshold** will increase from N\$ 200 000 to N\$ 500 000.
- The **voluntary VAT registration threshold** will be N\$ 200 000. A person that applies for voluntary VAT registration will now have the option to choose a VAT period of two months or six months.
- Inland Revenue may require an importer to make a security payment prior to the **importation of goods**.
- Inland Revenue will have the authority to **cancel an import VAT account** where it appears that the taxable activities of the registered person has changed or where the registered person has not complied with the conditions prescribed at the time the import VAT account was granted.
- All **financial services rendered to a non-resident person** who are outside Namibia at the time the services are supplied will now become exempt from VAT.
- **Owners, shareholders and members of a close corporation** will in future be jointly and severally liable for any tax debt.

Contact us

For more information on the topic covered in this newsletter please do not hesitate to contact our Deloitte Namibia Tax team:

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