



Namibian TAX Alert

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INLAND REVENUE ISSUES VAT PRACTICE NOTE 1-2010 CLAIM OF INPUT TAX PAID ON GOODS IMPORTED

As mentioned in our Namibian Tax Alert Issue No 8/2010 “Timing of import VAT claims”, Inland Revenue has changed their interpretation of when import VAT can be claimed.

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Inland Revenue has accordingly issued a practice note in this regard, providing guidelines on when the import VAT paid should be claimed as input tax.

According to the practice note, the date of import of goods by registered persons does not trigger the entitlement to claim input tax on the importation of such goods but the date when the import VAT on the importation of goods has been paid. This means that a registered person can only claim input tax incurred during a tax period on the importation of goods, which has been duly paid during such tax period.

Effective date

The practice note is effective as from 1 November 2010. This means that a VAT registered entity that is registered for import VAT, may claim input tax on the importation of goods, to be used in the furtherance of a taxable activity, as follows as from 1 November 2010:

Category A (VAT periods ending on uneven months)

The import VAT for October 2010 which is paid by 20 November 2010 can be claimed in the November 2010 VAT return, but not the import VAT for November 2010 which is paid by 20 December 2010 because this is only paid after the November 2010 tax period. The import VAT for November 2010 and December 2010 can be claimed in the January 2011 VAT return.

Category B (VAT period ending on even months)

The import VAT for September 2010 which is paid by 20 October 2010 can be claimed in the October 2010 VAT return, but not the import VAT for October 2010 which is paid by 20 November 2010, because this is only paid after the October 2010 tax period. The import VAT for October 2010 and November 2010 can be claimed in the December 2010 VAT return.

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