



Namibian TAX Alert

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TAXATION OF FRINGE BENEFITS - LOANS

Practice Note 6 of 2003 issued by Inland Revenue stipulates that the fringe benefit interest rate shall be 1% per month as long as the prime rate charged by financial institutions, remains below 15%. The prime rate is currently 15.25%. Discussions with Inland Revenue on 24 October 2007 confirmed that the fringe benefit interest rate should now be 1.25% per month, i.e. 15% per annum. The current rate of 15% will be effective as from 15 October 2007. Please also note that it does not appear as if Inland Revenue will issue an updated practice note in this regard, as they believe Practice Note 6 of 2003 caters for the change.

This newsletter is designed to keep readers abreast of developments and is not intended to be a comprehensive statement of the law. It should not be relied upon as a substitute for specific advice in considering the tax effects of particular transactions. No liability is accepted for errors or opinions contained herein.

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