



## Namibian TAX Alert

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### CHANGE IN INLAND REVENUE'S INTERPRETATION OF THE TIMING OF IMPORT VAT CLAIMS

During recent discussions with Inland Revenue we learnt that their interpretation of the timing of import VAT claims has changed, as we explain in more detail below.

Since the implementation of the VAT Act in November 2000, Inland Revenue's interpretation of the relevant section (s18(1)(a)(ii)) has been that import VAT can be claimed based on when the import was made as opposed to when the import VAT was paid. Their interpretation has now changed and their view is that import VAT can only be claimed if it is paid before the end of the corresponding normal VAT period.

#### Import VAT account

The following example illustrates the change in interpretation. The example is based on the assumption that the registered person is registered as a Category A taxpayer, all imports were done via an Import VAT account, that payment was deferred to 20 days after the end of the month of import and that the taxpayer is entitled to the claim.

#### Previous treatment

In the June/July 2010 VAT return (to be submitted 25 August 2010), imports made during **June** 2010 (paid 20 July 2010) and imports made during **July** 2010 (paid 20 August 2010) were to be claimed as an input tax deduction.

#### New treatment

In the June/July 2010 VAT return (to be submitted 25 August 2010), imports made during **May** 2010 (paid 20 June 2010) and imports made during **June** 2010 (paid 20 July 2010) are now to be claimed as an input tax deduction. This means that imports made during July 2010 would only be claimed in the August/September 2010 VAT return (to be submitted 25 October 2010).

#### Import VAT paid at the border post

With the emphasis now being on payment date, it will mean that if an import was made during July and the import VAT was paid at the border, the import VAT can still be claimed in the June/July 2010 VAT period, because **payment** was made on/before 31 July.

#### Effective date

Inland Revenue has not mentioned an official effective date; however it would appear that they have already implemented the new interpretation at VAT refund verification audits.

#### Contacts

Gerda Brand  
gbrand@deloitte.co.za

Nikia Bauernschmitt  
nbauernschmitt@deloitte.co.za

Daniela van Vuuren  
dvanvuuren@deloitte.co.za

Aron Haifene  
ahaifene@deloitte.co.za

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**Deloitte Touche Tohmatsu**

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