

Deloitte.

Vocational Education & Training Levy

Gerda Brand
Director, Taxation Services
15 April 2014



Vocational Education and Training levy (“VET Levy”)

Vocation Education and Training Act

Objectives of Act:

- Achieve effective and sustainable system of skills aligned to demands
- Establish and maintain a sustainable partnership between GRN, private sector and civil society to resource provision of vocational education and training



VET Levy: introduction

Effective – 1 April 2014

1% of total annual payroll, payable monthly

- N\$ 1 000 000 p.a.

Registration Process

- Employers required to register
- On line, e-mail, by hand or by post
- Group registrations not possible
- ✓ Each subsidiary should register separate
- Closing date – 27 February 2014
- Exemptions e.g. GRN, ecclesiastical, charitable and public educational institutions

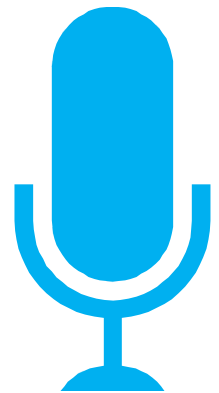
VET Levy: due date

Payment due by 20th of following month (due 20 May 2014)

Paid by EFT / cheque / cash on monthly levy submission form

10% penalties and interest on unpaid amount

Not a deduction from salary



VET levy: monthly remittance form/ information

| | | |
|---------------------------------|--|--|
| Financial Period: | | |
| Employer's Name: | | |
| NTA Registration Number: | | |
| LEVY FOR THE MONTH | | |
| A | Payroll | |
| B | Levy Payable (Payroll times 1 percent) | |
| C | Interest | |
| D | Penalties | |
| E | Total Amount Payable (B+C+D) | |
| | Previous Amounts Over / Underpaid | |
| | Total Amount Payable | |

VET levy: definitions

Employee means an individual, other than an independent contractor (not defined), who –

- (a) works for another person and who receives, or is entitled to receive, remuneration for that work; or
- (b) in any manner assists in carrying on or conducting the business of an employer.

Payroll means the total remuneration paid or payable by an employer to its employees during any financial year.

Remuneration means the total value of all payments in money or in kind made or owing to an employee arising from the employment of that employee;

VET levy: application

Collected funds allocated:

- ✓ 15% administration of NTA
- ✓ 50% for Company training
- ✓ 35% for Key Priority Funding (e.g. cater for Strategic Scarce Skills)



VET levy: grants/ claims

50% allocation grant to employers

- ✓ Incentive to train employees
- ✓ Meeting criteria to ensure training meets required quality standards

Employers eligible when:

- ✓ No outstanding levies, penalties and interest
- ✓ Submits evidence of the implementation of the training (related to vocational training provided by a private vocational training provider accredited by the Namibia Qualifications Authority or a state owned vocational training centre)
- ✓ Supporting information/ evidence [including training records, attendance sheets, certification, invoices/ receipts of payments made to service providers]

Grants assessed once a year

Claims to be submitted by 30 April (1st one due 30 April 2015)

Refund date?

FAQ

FAQ

Q: Government is exempt from the VET Levy – what about SOEs?

A: SOEs are not exempt from VET levy.

FAQ

Q: In the case of institutions that are exempt from the training levy, do they need to obtain approval from the NTA to be exempt?

A: If an institution is exempt in terms of the legislation no approval needs to be obtained.

FAQ

Q: Is there an exemption for VET levies where I pay training levies to the Petroleum Commission?

A: Exemption can only be granted by the Minister of Education. Employers can apply and the Minister will consider the exemption application

FAQ

Q: Do you register your employees for the training levy?

A: No, only applicable to employers

FAQ (cont.)

Q: If my annual payroll does not exceed N\$ 1million, but could exceed the threshold due to unexpected overtime/ additional bonus payments etc. should I register?

A: Yes, employers are encouraged to register and pay. A reconciliation will be done at the end of the year and if it transpires that the payroll is still below the threshold, a refund will be made

FAQ (cont.)

Q: In the previous scenario, what happens if I do not register?

A: If the employer does not register and it transpires that the payroll is in excess of N\$ 1 million, then penalties and interest on outstanding amounts can be charged.

FAQ (cont.)

Q: Do I pay 1% of the annual payroll over 12 installments OR do I calculate 1% of the monthly payroll? I.e. in a month where bonuses are paid the VET levy will be higher than in non-bonus months?

A: Employers pay 1% of the monthly payroll. The monthly amounts will definitely differ depending on bonuses / ad hoc payments

FAQ (cont.)

Q: How do I calculate/ determine the value of payments made in kind?

A: This will be left to the employer's to calculate

FAQ (cont.)

Q: If I am a member of a close corporation / sole proprietor but also works for the close corporation/ myself, am I an employee for VET levy purposes?

A: If there is employer relationship i.e. the person is remunerated by his/her own CC or himself/herself the VET levy will apply.

FAQ (cont.)

Q: Who will typically be regarded as “independent contractors”?

A: If there is service level agreement in place and the person is invoiced for goods/ services there will be an independent contractor relationship.

FAQ (cont.)

Q: If there is uncertainty whether a person is an independent contractor or employee, can I obtain a directive from the NTA?

A: Yes

FAQ (cont.)

Q: Are pension fund and medical contributions made by the employer included in “remuneration”?

A: Yes

FAQ (cont.)

Q: Are social security contributions made by the employer included in “remuneration”?

A: Yes

FAQ (cont.)

Q: Do you include allowances (e.g. housing and travelling allowances) in “remuneration”.

A: Yes, all benefits granted to employees.

FAQ (cont.)

Q: Will there be a list of accredited training programs be available on the NTA website or elsewhere?

A: Yes. A list has been developed

FAQ (cont.)

Q: May in-house training programs be included in the grant application?

A: Yes. For as long as they meet the definition of vocational related training

FAQ (cont.)

Q: If there is uncertainty whether or not a program I run in-house/ support is accredited can I obtain a directive from the NTA?

A: Yes. The training advisory division will provide guidance

FAQ (cont.)

Q: What are the typical costs and evidence required for successful grant submission?

A: Costs such as Training staff salaries or training provider fees, training materials used in training, travel costs to training and assessment and certification costs. Evidence to be submitted includes training records, signed attendance sheets, invoices/receipts of payments made to service provider and certificates. List is not exhaustive.

FAQ (cont.)

Q: How long will the credit refund process take?

A: Timelines not yet finalized. It is a new system. Ideally as soon as possible after the submission of evidence will the payments be made. Preparatory work throughout implementation will be key.

FAQ (cont.)

Q: Can the credit be off-set against levy liabilities for the next financial year?

A: No

FAQ (cont.)

Q: Is the training levy deductible for income tax purposes?

A: Yes, the training levy is deductible for income tax purposes.

Questions

Deloitte.