

# Tax First Namibia Newsletter

From PwC Namibia

A look inside this issue:

By Anneri Lück

## Tax Considerations when investing in Namibia

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With Namibia's abundant renewable energy resources, so much so that we are considered to be the "green energy hub", our country has great potential for many investors. When investing in a project or business vehicle within Namibia, foreign investors should be cautious to properly consider the income tax implications thereof, as unforeseen taxes or potential tax changes can cause the business model to become more expensive, or in some cases even unfeasible.

Investors must understand the type of **income tax system** Namibia uses. Unlike most countries using a 'residency-based' basis of taxation (such as South Africa), Namibia has a '**source basis**' of taxation. Where most countries have the term 'permanent establishment' defined within their local tax legislation, this term is not defined in our Income Tax Act.

However, the term is defined within the **double taxation agreements** which Namibia has concluded with a few countries.

## Tax Considerations

To determine whether earnings would be subject to income tax in Namibia, one should first determine the 'source' of the income in question. This includes whether the type of income is seen as 'deemed source' in Namibia. Typically, when work is conducted in Namibia, the **income earned** on such work may be taxable in Namibia.

Namibia does not grant tax holidays or tax exemption for specific industries during the startup phase of a project. Where you appoint foreign employees to work in Namibia, it is vital to remember that they may also be taxable when they work in Namibia. This also triggers registration for the foreign employer for employee's taxes in Namibia.

Furthermore **other important considerations** for investing in Namibia include:

- ▶ For related party transactions, Namibia has enacted thin capitalisation and transfer pricing provisions;
- ▶ Due to Namibia having a source basis of taxation, work performed in-country may be subject to tax, unless relief applies under a double taxation agreement;
- ▶ When it comes to the corporate income tax rate, there is no differentiation between a company and a branch (i.e. an external company);
- ▶ Namibia offers attractive tax allowances on capital goods acquired for purposes of trade;
- ▶ Namibia currently does not have capital gains tax (apart from the sale of mining and petroleum licenses/rights or shares related thereto, which is specifically included in gross income);
- ▶ Where a resident in Namibia pays a non-resident, withholding tax implications arise. Withholding taxes range between 10% and 20%; and lastly
- ▶ The tax year end of a company is aligned to the financial year end of the company.

It is always recommended to reach out to a trusted tax advisor or specialist, in ensuring you as an investor receive the right advice and remain well informed.



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# We have moved

## Exciting News:

We are thrilled to share that PwC Namibia's Windhoek office has moved to a new location



## New Location

Unit No. 156  
Maerua Mall  
Centaurus Street  
Windhoek

## Tax Calendar | July 2024



### Important Submission Dates to note in your calendar

**22**  
July

**Monday**

Import VAT Return;

PAYE Return

Withholding Tax Returns:  
Services, Royalties, Interest;  
NRST

VET Levy Return

**25**  
July

**Thursday**

Value Added Tax Return

**31**  
July

**Wednesday**

Social Security Return

1st provisional for taxpayers  
with a January 2025 year-end;

2nd provisional for taxpayers  
with a July 2024 year-end;

Tax return for companies with a  
December 2023 year-end;

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