

A monthly newsletter published by PwC Namibia providing informed commentary on current developments in the local tax arena.

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Extension of Individual Income Tax Returns & Tax Incentive Programme

On Wednesday, the 23rd of September 2020 the Ministry of Finance issued a media release regarding the extension of filing individual income tax returns and the current tax incentive programme.

The Ministry of Finance has extended the deadline for submitting individual income tax returns, as well as, granted an extension on the current incentive programme to the 1st of March 2021.

Read more at <https://www.pwc.com/na/en/assets/pdf/tax-alert-september-2020-extension.pdf>



Can Inland Revenue recover outstanding tax debts from your bank account?

The Business Insider [1] published an article on 6 July 2020 titled “SARS can’t just order a bank to pay over your tax debt, court rules”. The article referenced the conditions that must be met before SARS can recover amounts from your bank account, which were noted as: “there must be a tax debt; the due date for payment of the tax debt must have expired; a letter of demand must be delivered to the taxpayer at least 10 days prior to issuing a notice to a third party who holds monies for and on behalf of the taxpayer concerned; the letter of demand delivered to the taxpayer must set out the recovery steps to be taken should the tax debt not be paid; and the letter of demands must also specify the relief mechanisms available to the taxpayer.” [2]

Notwithstanding that the article is based on South African legislation and court proceedings therein; it warrants a closer look at the Namibian legislation and what taxpayers need to know regarding Inland Revenue’s mandate to recover outstanding tax debts from their bank accounts.

Value Added Tax Act of Namibia

In terms of the Namibian VAT Act; “where a person who is liable to pay tax, who fails to do so by the due date, the Commissioner may by notice in writing require any other person holding money for, or on account of the person liable to pay from such money an amount equal to the amount of tax due to the Commissioner on or before the date specified in the notice.”

The Namibian VAT Act further provides for the Commissioner to “(a) issue such notice before the date any amount is due; (b) for a copy of the notice to be served to the person liable; (c) for the recipient of the notice who is unable to comply with the notice to inform the Commissioner prior to the due date for payment, of the reasons as to why they are unable to comply whereby the Commissioner may notify in writing on their decisions as regards to accept/amend or reject the notification.”

Income Tax Act of Namibia

The Namibian Income Tax Act also contains similar provisions clarifying that “a “tax debt” not only relates to the outstanding tax but includes any related penalties and interest charged thereon”. In terms of the Namibian Income Tax Act, “the Minister or any official so designated by the Minister may by notice to a person who holds or owes or will hold or owe any money, including pension, salary, wage or other remuneration, for or to a taxpayer, require the person to pay the money to Inland Revenue in satisfaction of the taxpayer’s tax debt.”

The Namibian Income Tax Act further provides that a person who is unable to comply with the requirements of the notice to advise the Minister of such reasons for the inability to comply within the period, to be specified in such notice following which the Minister will make a decision as to whether to withdraw or amend such notice.

[1] <https://www.businessinsider.co.za/business/taxpayers-must-receive-sufficient-notice-from-sars-2020-7>

[2] <https://www.businessinsider.co.za/business/taxpayers-must-receive-sufficient-notice-from-sars-2020-7>

Can Inland Revenue recover outstanding tax debts from your bank account? (cont'd)

Customs & Excise Act of Namibia

The Namibian Customs and Excise Act does not contain specific provision as with the aforementioned legislations that authorize the Commissioner for Customs and Excise to recover duties and levies due by an importer from a third party (e.g. a bank). The Customs and Excise Act however contains wide-ranging provisions empowering the Commissioner for Customs and Excise to recover duties, e.g. section 124 which provides that any goods belonging to an importer or exporter may be detained to recover the debt due to the State on outstanding duties for a specific consignment.

Similarly, the Export Levy Act lacks a specific provision authorizing the Commissioner for Customs and Excise to recover unpaid levies from an exporter by instructing a third party (e.g. a bank) to withhold and pay over the levies to the Commissioner of Customs and Excise, but the provisions relating to detention and seizure of the Customs and Excise Act also apply to the Export Levy Act.

In Conclusion

Although the Namibian legislation does not prescribe the timelines nor the method of communication, as with the South African legislation; it is clear Inland Revenue has a mandate to recover outstanding debts from a person responsible for holding a taxpayer's money, including banks.

It is therefore important to ensure appropriate consultations with Inland Revenue are maintained regarding outstanding liabilities, including proposed remedial actions that a taxpayer wishes to make to rectify the non-compliance, to avoid a situation whereby your bank accounts are attached.

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How business can emerge stronger

CEO Panel Survey

PwC's CEO Panel Survey, conducted in June and July 2020 as an extension of PwC's Annual Global CEO Survey — which provides unique insight every year into the thinking of thousands of chief executives around the world — reflects the views of 699 CEOs on emerging business models and key trends resulting from the COVID-19 pandemic.

Visit our website for more information at <https://www.pwc.com/gx/en/ceo-agenda/ceo-panel-survey.html>



New Legislation Tracker

This diagram tracks the progress of proposed tax legislation. The following is a status of proposed legislative changes up to 30 September 2020. No effective date has been set for any of the proposed legislation. On the 27th of May 2020, the Hon. Minister of Finance mentioned that these proposals are still under review.

Introduction of **Special Economic Zones** (with sunset clause).

Introduce VAT on income of **listed asset managers**

Abolish conduit principle in taxation of **trusts**

Remove zero-rating of VAT on **sugar**

Introduce a 10% **dividend tax** for dividends paid to residents.

Phasing out current tax incentive for **manufacturers** and exporters of manufactured goods.

Increase tax deductibility of **retirement fund contributions** to the lower of 27,5% of income or N\$150,000 per annum

VAT on proceeds on sale of shares or membership in a company owning **commercial immovable property**

Mandatory requirement to issue **tax invoices** by VAT vendors

Tax Calendar | October 2020



Important Submission dates for October 2020

Tuesday, 20th of October

- VET Levy return;
- Import VAT return;
- PAYE return;
- Withholding Tax returns: Services, Royalties, Interest; NRST

Monday, 26th of October

- Value Added Tax Return

Friday, 30th of October

- Social Security return

Monday, 2nd of November

- 1st provisional for taxpayers with a April 2021 year-end;
- 2nd provisional for taxpayers with a October 2020 year-end;
- Tax return for companies with a March 2020 year-end;



Immigration: Staff Mobility

A global economy requires a global business strategy, which invariably involves the need to move your most important asset -- your people -- fluidly and expeditiously across borders. Business planning requires you to take a strategic approach to immigration, which means having your finger on the pulse of pending immigration changes across multiple countries and regions.

Estelle Walters is a Senior Manager within our Legal Entity Governance and Compliance department at PwC Namibia. She also heads the Immigration Department. She started her career as an Attorney, Conveyancer and Notary in South Africa, before joining PwC Namibia 10 years ago. Estelle holds B.Comm (Law) and LLB degrees, as well as an H.Dip (Advanced Programme Diploma) in Tax. Through her experience gained over the past 18 years, Estelle specialises in Commercial Law, including Company Law, Contract Law, Immigration Law and other relevant legislative areas.

"Live a purposeful life" - Estelle Walters



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