

Tax First Namibia Newsletter

From PwC Namibia

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By Chantell Husselmann

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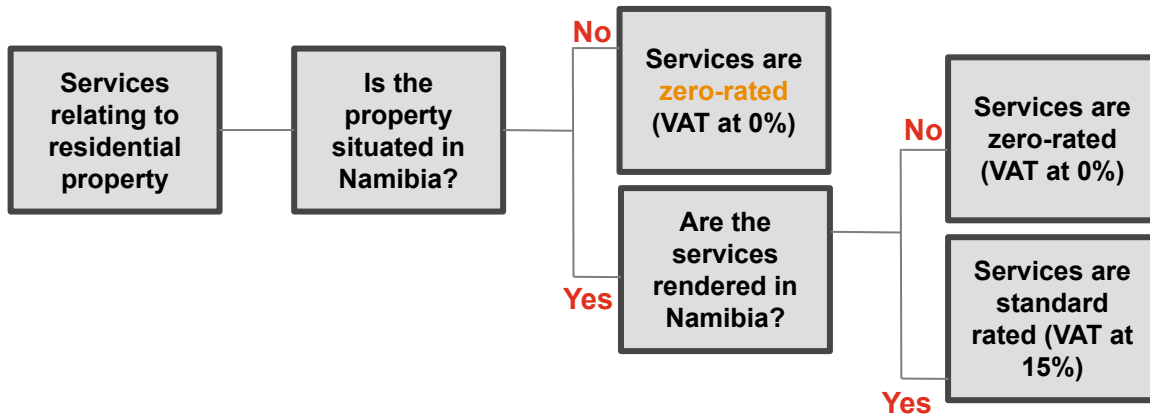
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Services Relating to Residential Property: Zero-Rated or Not?

If you work in the property or construction sector as an architect, lawyer, quantity surveyor, or engineer, have you thought about whether you can apply VAT at 0% (zero-rate) to your services when it relates to residential properties?

Our decision tree below can assist in determining the VAT implications of your services:



According to the Value-Added Tax Act, Act 10 of 2000 (the “VAT Act”), services are generally subject to VAT at a standard rate of 15%, unless they are specifically zero-rated under Schedule III of the VAT Act.

Paragraph 2(y) of Schedule III states that services involving the sale, erection, or extension of a building used solely for residential purposes can be zero-rated. However, professional service providers’ services do not include the sale, erection, or extension of such buildings and thus do not qualify for zero-rating under this paragraph. Only developers selling residential property to homeowners or main contractors constructing residential property can apply zero-rating.

Paragraph 2(o) of Schedule III is commonly used for zero-rating export services to non-residents. However, services directly related to immovable property in Namibia cannot be zero-rated, even if provided to non-residents outside Namibia at the time of service.

In rare cases where services are provided physically outside Namibia, zero-rating may apply under Paragraph 2(n) of Schedule III.

These three paragraphs are the only provisions for zero-rating services related to residential property in Namibia. Therefore, professional services in this context will always be standard rated, regardless of the recipient (Namibian or foreigner, homeowner or developer/main contractor), unless the services are physically rendered outside Namibia, in which case zero-rating applies.

For property situated outside Namibia, Paragraph 2(i) of Schedule III zero-rates services directly related to land or improvements thereto, situated outside Namibia. Thus, professional services related to property outside Namibia may be zero-rated under this paragraph.

When in doubt, do consult.



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Tax Legislation Tracker

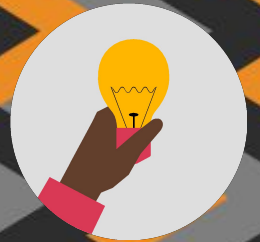
The following proposed Tax Legislative changes are based on the Minister of Finance and Public Enterprises, Hon. Iipumbu Shiimi's 2024/25 Annual Budget Speech delivered on **28 February 2024**. The below are some of the tax proposals and these are not yet enacted.

The threshold for Income Tax on Individuals will increase from the current N\$50,000 to N\$100,000 per annum from 1 March 2024.

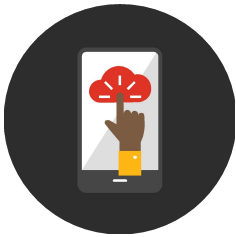


The corporate income tax rate ("CIT") for non-mining entities is reduced to 31% effective on 01 January 2024 (i.e for year ends ending 31 December 2024 and thereafter) with a further reduction to 30% taking effect on 01 January 2025.

For SME's below a certain threshold (to be announced in future), a reduced corporate income tax rate of 20% may become applicable in the future.

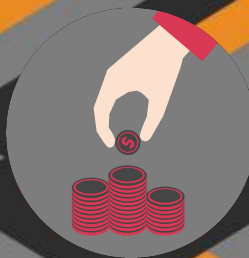


The current exemption of non-resident shareholder tax for long and short term insurance companies will be removed meaning that foreign shareholders of these companies would be subject to withholding tax on dividends as all other sectors.



The Special Economic Zone Bill will be tabled in the National Assembly in the near future. Incentives that will be available to participants in the SEZ include an income tax rate of 20% and VAT will be zero rated

The threshold for mandatory VAT registration will increase from N\$500,000 to N\$1,000,000 turnover in any 12 months



A building improvement deduction is proposed whereby a capital depreciation allowance of 10% can be claimed on the costs of buildings erected, added to, extended or improved as long as the buildings are used for trade purposes

The following changes regarding transfer duties and stamp duties will be made to adjust for the effect of inflation:

- Increasing the brackets for exempt levels from N\$600,000 to N\$1.1 million;
- The threshold to trigger the transfer duty rate of 8% will be increased to N\$3.15 million from the current level of N\$2million effective in FY2024/25



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Upcoming Training Dates September 2024

Date	Training	Price per Delegate (incl VAT)	More info
Human Resource Seminar:			
17 Sept	Affirmative Action Compliance Training	N\$1,500 (including refreshments)	Click for more info
18 Sept	Job Evaluation Principles Training	N\$2,750.00 (including refreshments)	Click for more info
19 Sept	Job Description Training	N\$ 3,000.00 (all inclusive)	Click for more info
20 Sept	Salary Benchmarking & Payscale Design Training	N\$1,750.00 (all inclusive)	Click for more info

Tax Calendar | September 2024



Important Submission Dates
to note in your calendar



Contact us:

20 September **Friday**

- Import VAT Return;
- PAYE Return
- Withholding Tax Returns: Services, Royalties, Interest; NRST
- VET Levy Return

25 September **Wednesday**

- Value Added Tax Return

30 September **Monday**

- Social Security Return
- 1st provisional for taxpayers with a March 2025 year-end;
- 2nd provisional for taxpayers with a September 2024 year-end;
- Tax return for companies with a February 2024 year-end;



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