



# Tax Expenditures : a Namibian Perspective

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## INCOME TAX

## VALUE ADDED TAX

## CUSTOMS AND EXCISE

## TRANSFER DUTY ACT

Company Income Tax - 32%

Standard Rate – 15%

Rates are determined as per commodity in terms of WCO and SACU rules.

Applies to the sale of immovable property and transfer of mineral rights

Within the Customs and Excise legislation there is an Environmental Levy that is applied on certain goods such as single use plastics and carbon emissions

Diamond Mining Companies – 55%

Zero Rate

No duty is payable on property with a value of less than US\$**33,498**.

Non-Diamond Mining Companies – 37.5%

Exempt supplies – no charge on the supply made

# Various Tax Types and Rates

INCOME TAX	STAMP DUTY	EXPORT LEVY ACT
Petroleum Companies - 35% with an additional profit tax of between 15 and 25%	Duty paid on certain contracts	Certain unprocessed minerals are subject to an export levy that is calculated as % of the value of the unprocessed items.
Personal Income Tax Rates – per tax tables	Rate depends on type of contract	

Various Withholding Taxes  
(Interest, Dividends ,  
Royalties and Services)  
generally 10%

# Tax Base

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- Emphasis of discussion will be on Income Tax and VAT
- Namibia has a source-based tax system, with minor inclusions in the tax base of non-source-based income
- The tax base for income tax includes all income that is earned from a Namibian source within a particular year by any person excluding receipts that are capital in nature. In computing taxable income exemptions and deductions (be it general or specific) are excluded from the calculation when determining the taxable income of a person
- VAT is a consumption tax levied on the supply of goods and services within Namibia

# Prominent Tax Expenditures in the Income Tax Act

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\* Exemption of dividend income for all persons other than non - resident persons

\*Manufacturing allowances such as:

- Remuneration and training allowance – additional 25%
- Export marketing allowance – additional 25%
- Land based transportation - additional 25%

The tax holiday of up to ten years provided to Export processing zones operators, (provision has however been repealed).

\*Personal Income Tax – an amount of **US\$ 2,790.59** in a tax year is considered tax free .

\*individuals are allowed to deduct contributions made to pension funds, and educational saving policies up to an amount of **US\$ 2,232.47** per year

# Prominent features under VAT the system

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Following goods are taxed at a zero rate%:

- Certain food items,
- erection of residential units,
- provision of funeral undertaking services,
- supply of livestock,
- supplies made by charitable organisations,
- supply of agricultural land for resettlement purposes,

And many others

# Tax Expenditure Report

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- Namibia does not compile a tax expenditure report.
- The measurement of tax expenditure presupposes a well-resourced statistical division and also an integration between the Statistical division and the National Statistics Agency to compliment the data such as household survey data. This information will aid the Policy division in reforming the current tax laws in .order to address the concerns of the population adequately .
- Cooperation between the semi autonomous revenue agency , tax policy division and other third-party agencies is of importance in the process of compiling such report.
- Finally, the compilation of a tax expenditure report will be hampered by strict confidentiality laws that do not allow for the sharing of information between the Revenue Agency and the Policy division or third-party institutions such as the National Statistics Agency.