NAMIBIA INVESTMENT GUIDE

VOL. 05

TAX LAWS IN NAMIBIA

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NIPDB
Namibia Investment Promotion & Development Board

Publisher

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Disclaimer

ACKNOWLEDGEMENTS

The Namibia Investment Guide is a comprehensive resource designed to streamline and simplify the investor journey. Structured into multiple volumes, the Guide explores all facets of doing business in Namibia - ensuring the process is informed, seamless and full of opportunities.

Volume 5 provides comprehensive details on Namibia's tax framework and compliance. This volume has been developed through a collaboration between the Namibia Investment Promotion and Development Board (NIPDB) and PricewaterhouseCoopers (PwC) Namibia, ensuring that the information provided is both authoritative and grounded in the realities of business and investment in Namibia.

The NIPDB therefore acknowledges and expresses its gratitude to PwC Namibia and its team of experts for their significant contribution to the development of this Volume - particularly in providing the necessary content that comprehensively sheds light to Namibia's investment and taxation processes. Gratitude also goes to the Sector Research and Development Team of the NIPDB for spearheading this project, as well as all internal and external parties that supported the fulfilment of this significant work.

NIPDB

NIPDB
Namibia Investment Promotion & Development Board

The Namibia Investment Promotion and Development Board (NIPDB) is mandated to promote and facilitate investment by foreign and Namibian investors, and coordinate MSME activities across all levers of the economy, with the aim of contributing to economic development and job creation.

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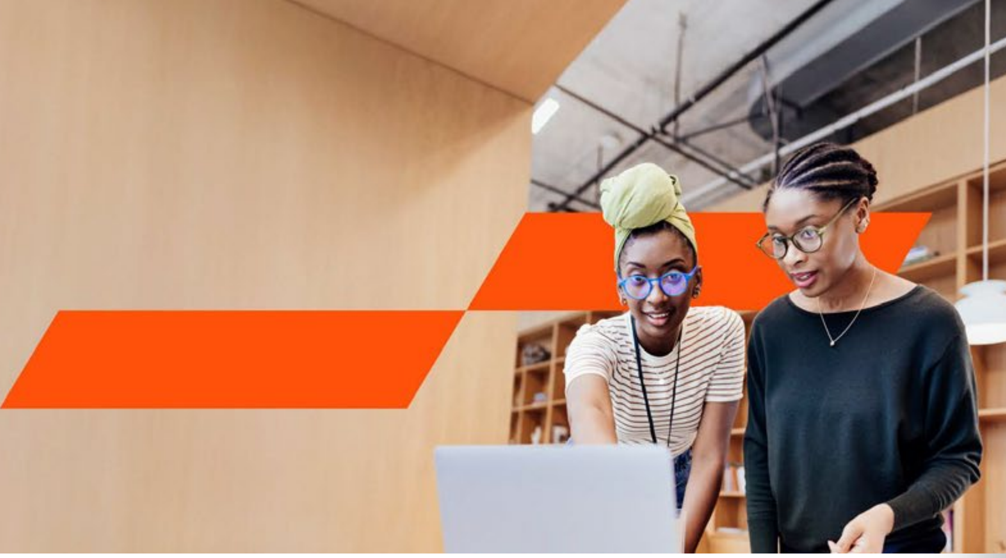

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- Change Impact and Readiness
- Culture alignment / transformation

Workforce Transformation and Talent Management

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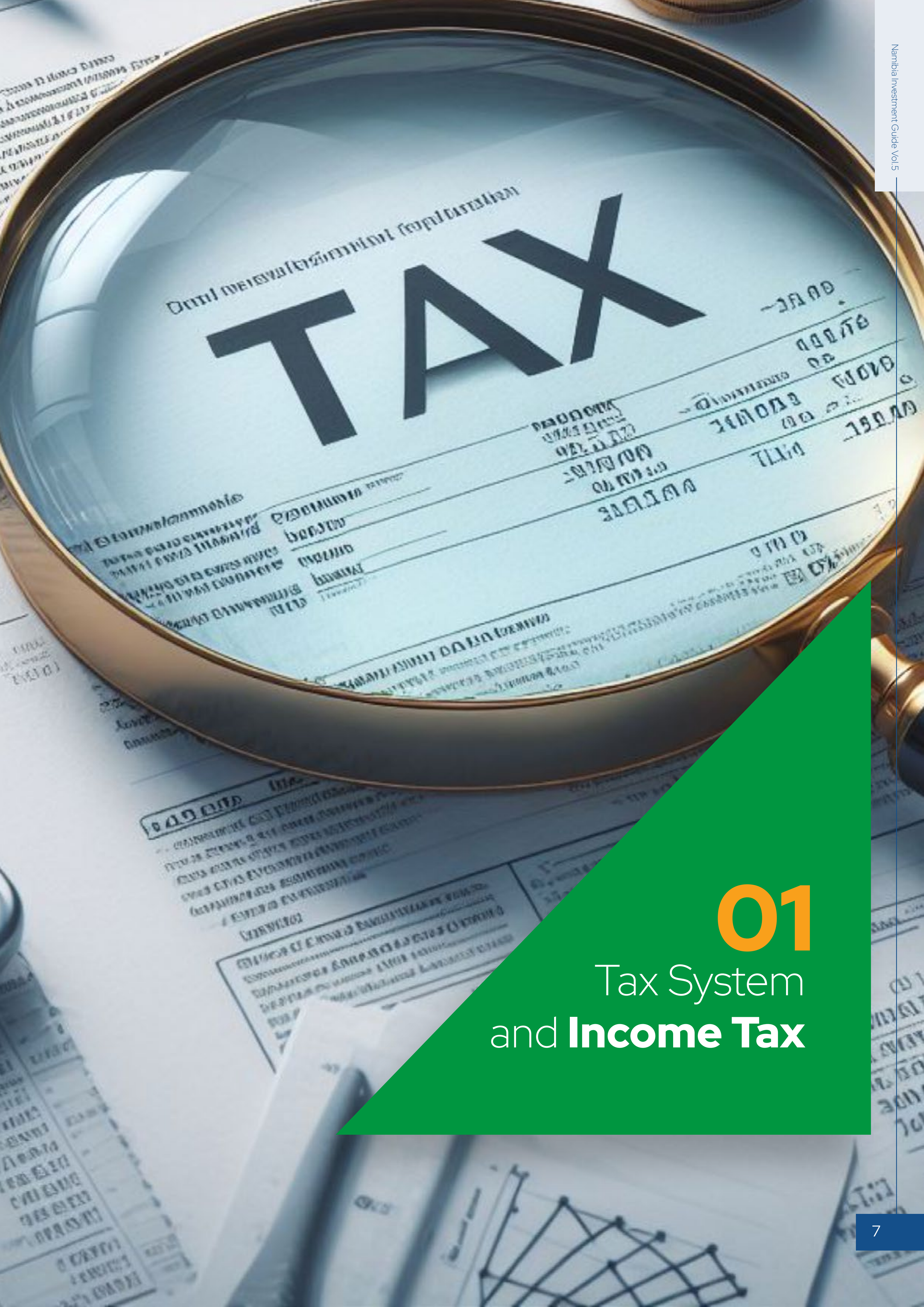
Acronyms

Acronym	Definition
PAYE	Pay-As-You-Earn
NAMRA	Namibian Revenue Agency
VAT	Value-Added Tax
SACU	Southern Africa Customs Union
OECD	Organisation for Economic Co-operation and Development
EPZ	Export Processing Zones
SEZ's	Special Economic Zones
PTA	Petroleum Taxation Act
NRST	Non-Resident Shareholder's Tax
DTA	Double Taxation Agreement
PE	Permanent Establishment
WTS	Withholding Tax on Services
NSX	Namibian Stock Exchange
WTO	World Trade Organisation
CET	Common External Tariff
AEO	Authorized Economic Operator
MDC	Mass Distance Charges
CBC	Cross-Border Charges
HS	Harmonized System
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization



01
Tax System and **Income Tax**

1. Tax System and Income Tax

Income tax is levied under the Income Tax Act, Act No. 24 of 1981 (hereafter referred to as "the Income Tax Act"), as amended, except for income derived from petroleum, which is taxed in accordance with the Petroleum (Taxation) Act, Act No. 3 of 1991.

The Income Tax Act provides that all companies, close corporations, individuals and other taxable entities (e.g. trusts) are liable for normal tax on taxable income derived from a source within or deemed to be within Namibia.

"Source" is not defined in the Income Tax Act, and it is therefore necessary to refer to case law to determine whether income is received from a source within Namibia.

The Income Tax Act provides for withholding taxes on interest, dividends, royalties, management, admin, technical, consulting, entertainment and directors' fees (refer to Appendix III for more detail).

The Income Tax Act and Schedules hereto further provide that Employee's taxes (generally referred to as Pay-As- You-Earn ("PAYE")) should be withheld by an employer and be paid over to the Namibian Revenue Agency ("NamRA") on behalf of the employees (refer to below).

There is no estate duty, donations tax, capital gains (other than profits on the sale of mining and petroleum licences/ rights) or wealth taxes in Namibia.

Value-Added Tax (VAT) is levied under the Value-Added Tax Act, Act No. 10 of 2000, as amended (refer to Section 9).

Stamp duties are payable on numerous documents, including transfers of listed and unlisted marketable securities in terms of the Stamp Duty Act, Act No. 15 of 1993 (hereafter referred to as "the Stamp Duty Act"). Transfers of immovable property are also subject to transfer duty in terms of the Transfer Duty Act, Act No. 14 of 1993 (hereafter referred to as "the Transfer Duty Act").

The Transfer Duty Act was amended in September 2024 to provide for following:

- Transfer duty on the sales of shares/members interest in property/mining right-owning entities.
- A super tax transfer duty and stamp duty bracket for luxury residential property costing more than 12 million Namibian Dollar ("NAD" / "N$").
- An updated sliding scale for property transfers by natural persons.

The Directorate Customs and Excise levies customs and excise duties on goods imported from outside the Southern African Customs Union ("SACU") and on certain locally manufactured goods, including alcoholic and non-alcoholic beverages (refer to Section 10).

Municipalities and similar bodies charge rates and taxes based on immovable property values such as the site value (A), improvement value (B) and open space value (A + B). There are no other property imposts.

General

Income tax is levied upon the taxable income of taxpayers from sources within or deemed to be within Namibia.

Non-residents earning taxable income in Namibia through ownership of property, employment, carrying on a business or from other activities giving rise to taxable income, are taxed on their Namibian source or deemed source taxable income, subject to the stipulations of the tax treaty between Namibia and the respective non- resident's country.

Taxable income is calculated by first determining gross income. This is the total amount, whether in cash or otherwise, received by or accrued to or in favour of the taxpayer during the year of assessment, excluding receipts and accruals:

- of a capital nature, subject to some specific inclusions; and
- from any source outside Namibia, other than amounts deemed to be from a source within Namibia

From gross income, the following may be deducted:

- All amounts exempt from normal tax and certain other prohibited deductions (regulated by Section 24 of the Income Tax Act); and
- The deductions, allowances and set offs allowed by the Income Tax Act.

The Income Tax Act deals in considerable detail with what may be deducted to arrive at taxable income. The following is a summary, which is by no means exhaustive. The first two are general deductions and the remaining deductions are specified in the Income Tax Act:

- All expenditure and losses, not of a capital nature, actually incurred in Namibia in the production of income;
- Expenditure and losses, not of a capital nature, incurred outside Namibia in the production of income within Namibia, as allowed by the Minister of Finance;
- Capital allowances in respect of the cost of vehicles, aircraft, sea-going craft, machinery, implements, utensils and articles acquired by a taxpayer for the purpose of his/ her trade, deductible in equal installments over three years. This allowance is not applicable to buildings and no apportionment is allowed; and
- An initial allowance of 20% on the cost of erection of buildings in the year in which the buildings are brought into use by the taxpayer for the purposes of his/her trade, and an annual allowance of 4% for each of the 20 years following the year in which the building was brought into use. No apportionment is allowed.

Tax Year

The tax year for individuals and trusts runs from 1 March to 28 February, while the year of assessment of companies and close corporations is the same as their chosen financial years.

Tax Compliance

The due dates of returns prescribed by the Income Tax Act are summarised in PwC's Namibia Tax Reference and Rate Card and can be found online by scanning the below QR code:

Taxpayers may apply in writing for the extension of the submission of their income tax returns for a period no later than 12 months after the tax year end (individual taxpayers) or the financial year end (companies), whichever is applicable. However, it should be noted that the NamRA does not grant extension when there are any outstanding returns for the respective taxpayer. Extension for the payment of taxes is not allowed and taxes should be paid as and when due. Only extensions for the submission of the annual tax returns are permissible.

Payment of taxes

From the appropriate table available on the Namibia Tax Reference and Rate Card (see QR code) it is clear that a system of provisional tax payments as well as self-assessment applies in Namibia. The due dates contained in the aforesaid table apply not only to the submission of the required returns, but also to the payment of the respective taxes. The payment of taxes is explained in further detail below; distinction being made between salaried persons and provisional taxpayers.

Salaried persons

PAYE (a monthly tax) should be subtracted from the salaries of employees as well as payments to directors / certain independent contractors earning commission and should be paid over to the NamRA by employers within 20 days following the month during which the PAYE was subtracted or withheld by the employers.

Any outstanding taxes on the final taxable income of salaried persons are required to be paid by the employees within four months after the tax year end i.e. on or before 30 June each year. This also applies to directors of companies other than private companies that are not registered as provisional taxpayers.

Provisional taxpayers

PAYE is also required to be withheld from the salary or remuneration of provisional taxpayers deriving income in addition to their salaries/ remuneration.

In general, two provisional payments are made, the first being half of the estimated tax liability for the year, payable within six months of the commencement of the year of assessment, and the second at year end. A top-up payment is payable when the first and second provisional payments together with the PAYE withheld (if applicable) did not cover the final taxes payable upon submission of the income tax return within the prescribed period as stated in the appropriate table available on the Namibia Tax Reference and Rate Card (see QR code)

It is imperative to note that the first and second provisional payments should be equal to at least 40% and 80% respectively of the tax payable for the year. Penalties and interest may be levied on an underestimation of provisional taxes.

Penalties and interest on non-compliance

In terms of the Income Tax Act, penalties and interest may be levied for non-compliance with prescribed due dates and requirements.

For more information on PAYE returns and reconciliations, provisional tax returns, income tax returns, withholding tax returns, and associated compliance obligations and penalties (see QR code)

Foreign tax relief

As income tax is levied only on taxable income derived or deemed to be derived from sources within Namibia, and on certain foreign dividends, the question of foreign tax relief does not normally arise. Sections 8 – 10 of the Income Tax Act provide for rebates that may be claimed in respect of foreign taxes that have been paid already. These are rarely applied in practice.

Carry forward of tax losses

Previously, entities were permitted to carry forward assessed tax losses indefinitely, provided they continued trading. However, for financial years starting on or after 1 January 2024, new limitations apply to the carry-forward of assessed losses, both in terms of:

- Duration (number of years), and
- Quantum (amount deductible against taxable income).

The deductible portion of an assessed loss in any given year is capped at N$1,000,000 or 80% of taxable income, whichever is higher. This calculation must be made before applying the provisions of Section 21 of the Income Tax Act. Furthermore, as per the current wording of Section 21, the taxable income used for this limitation is determined prior to considering allowances under Section 36. These specific provisions apply exclusively to entities operating in the mining, petroleum, or green hydrogen sectors.

Additionally, assessed losses may not be carried forward for more than 10 years for entities in the mining, petroleum, or green hydrogen sectors, and no more than 5 years in the case of all other entities.

Consolidation of income

In Namibia each company and each individual is a separate legal entity for tax purposes. Subvention of losses or the consolidation or combining of income or expenditure between group companies is not permitted.

Transactions between related parties

The NamRA is entitled to disregard transactions that are not conducted at arm's-length and which result in avoidance, diminution or deferment of tax. The NamRA has discretion to allow a deduction to a Namibian taxpayer claiming expenditure incurred outside Namibia in the production of income from carrying on any trade within Namibia. Various tax treaties contain provisions under which revenue transactions are adjusted to terms that would have prevailed on an arm's-length basis.

Transfer pricing

Namibia's transfer pricing framework is designed to ensure that cross-border transactions between entities within multinational groups are priced fairly, thereby preventing the erosion of Namibia's tax base through profit shifting to jurisdictions with lower tax rates.

The legislation empowers the Minister of Finance, with operational authority delegated to NamRA, to adjust prices in related-party cross-border transactions that deviate from market norms. This means NamRA can reprice such transactions to reflect arm's length values and assess tax as if the transactions had occurred at market rates.

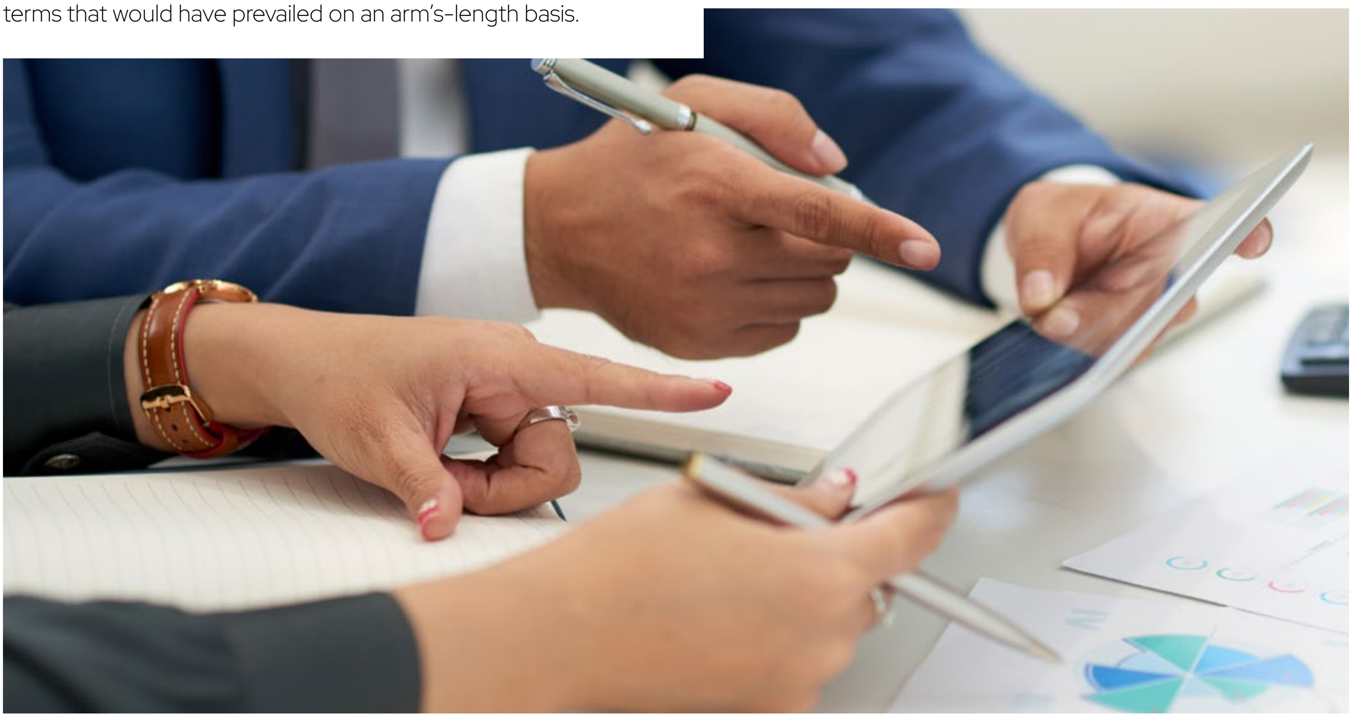
Under the general penalty provisions of the Income Tax Act, NamRA may impose penalties of up to 200% on any underpaid tax resulting from non-arm's length pricing. Additionally, interest at 20% per annum may be levied on the unpaid tax amounts.

Section 95A of the Income Tax Act further allows the NamRA to disallow deductions arising from transactions that are not conducted on an arm's length basis.

To comply, taxpayers are expected to:

- Maintain documentation that outlines the methodology used to determine arm's length pricing for transfer pricing transactions (no specific format is prescribed);
- Retain evidence supporting the actual amounts charged between connected parties.

It is advisable that such documentation includes a functional analysis, detailing the roles and responsibilities of each party to the transaction, and incorporates benchmarking data from comparable transactions between unrelated entities. This substantiates that the pricing aligns with arm's length principles. All cross-border transactions involving connected people must be documented accordingly. In the absence of such documentation, taxpayers may find it challenging to defend against transfer pricing adjustments initiated by NamRA.



Thin capitalisation

Applicable to financial years starting on or after 1 January 2024, the previous debt-to-equity ratio was replaced with a fixed interest deduction limitation, which now applies where:

- Net interest expense exceeds 30% of the connected person's tax Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA), and
- Net interest expense exceeds N$3 million.

If the net interest expense is below N$3 million, the limitation does not apply.

For purposes of this provision, a "connected person" is broadly defined to include any person who exercises control over another, or where both parties are under common control. The legislation provides a detailed list of scenarios in which control or connectedness is deemed to exist.

Importantly, the limitation also applies where financial assistance is provided by a non-connected person but is backed by a financial guarantee from a connected person.

Disallowed interest deductions may be carried forward for:

- 10 years for entities in the mining, petroleum, or green hydrogen sectors; and
- 5 years for other taxpayers

This interest limitation applies to the Petroleum Taxation Act, but banking institutions and registered insurers/reinsurers are exempt.

Document retention

There is currently no official prescription period in Namibia relating to income tax and PAYE. Debts to the state are prescribed after 30 years.

Interest deductions are limited where net interest exceeds 30% of tax EBITDA and N$3 million.

Disallowed interest may be carried forward for 10 years (mining, petroleum & green hydrogen) or 5 years (other taxpayers). Applies to connected-party financing, with exemptions for banks and registered insurers.

02
Tax **Administration**

2. Tax Administration

NamRA which includes the Directorate of Customs and Excise administers the Namibian tax system and customs services, respectively. The Commissioner is the head of the NamRA. The NamRA is responsible for collecting, enforcing and administering all taxes, duties and levies in Namibia. The NamRA was established in 2017 and is composed of three Directorates, namely Directorate Large Taxpayers and Investigations, Directorate Small and Medium Taxpayers, Support Services, and Directorate Tax Administration. The head of each Directorate is called a Director. The Directorates are divided into divisions according to specific functions and coverage of various regions in Namibia. The head of each division is called a Deputy Director.

The Large Taxpayers and Investigations Unit is comprised of the following divisions:

- Large Taxpayers
- Forensic Tax Investigations

The Directorate Small and Medium Taxpayers is comprised of the following divisions, which are regarded as regional offices:

- Central Region, with its offices located in Windhoek
- Northern Region, with its offices located in Oshakati
- Western Region, with its offices located in Walvis Bay
- North Central Region, with its offices located in Otjiwarongo
- Southern Region, with its offices located in Keetmanshoop
- North Eastern Region, with its offices located in Rundu
- Far North Eastern Region, with its offices located in Katima Mulilo.

The Directorate Tax Administration and Support Services is comprised of the following divisions:

- Tax Administration and Support Services
- Legislation, Tax Policies and International Relations

The Customs and Excise Directorate is divided into the following divisions:

- Legal and Technical Services
- Operations
- Administration
- Southern Region
- Central and Eastern Region
- Walvis Bay Region
- Northern Region
- North Eastern Region

The NamRA Commissioner and Head of Customs oversees the above divisions which in turn are each headed by Deputy Directors.

The table below outlines the Customs and Excise official points of entry for the declaration and clearing of goods, their normal office hours, days, telephone numbers and fax numbers as per the various Customs and Excise regions:

Namibia Customs and Excise Official Points of Entry

Central Region

- Hosea Kutako International Airport
- Windhoek Regional Office
- Eros Airport
- Pro Parcel
- Otjiwarongo
- Grootfontein

Southern Region

- Keetmanshoop
- Lüderitz
- Oranjemund
- Noordoewer
- Ariamsvlei
- Klein Menasse
- Vioolsdrift
- Keetmanshoop Airport
- Karasburg
- Sendlingsdrif
- Mata Mata

Western Region

- Walvis Bay
- Walvis Bay International Airport

Northern Region

- Rundu
- Katima Mulilo Airport
- Wenela
- Andimba Toivo ya Toivo Airport
- Oshakati Airport
- Omahenene
- Ruacana
- Oshikango

Eastern Region

- Muhembo
- Buitepos
- Impalila Island
- Ngoma Bridge
- Gobabis Regional Office

03 Taxation of **Corporations**

3. Taxation of Corporations

Rates

Corporations may be either companies, including branches, or close corporations, both of which are taxed on the same basis. The principles discussed in this Section are therefore also applicable to close corporations as well.

Taxable income of companies is subject to income tax at the following rates:

- Companies other than mining and long-term insurance business are taxed at 30% (for financial years commencing on or after 1 January 2025);
- Mining companies other than diamond mines are taxed at 37.5%;
- Diamond mining companies are taxed at 55%;
- Long term insurance companies are taxed at 12%;
- Companies generating income from petroleum production are taxed at 35%.

Classification of companies

For tax purposes, close corporations are classified as companies. Otherwise, companies are classified as follows:

- Namibian companies - companies incorporated in Namibia
- External companies - companies that are not incorporated in Namibia that carry on business in Namibia through a branch and are therefore required to register under the Companies Act of Namibia.

Income determination

Income received by a company is only subject to tax in Namibia where the source of the income is within or deemed to be within Namibia. Double taxation is generally avoided by tax treaties and unilateral relief. Capital gains (other than the sale of a mining licence or right to mine minerals), dividend receipts and amounts specifically exempt under the Income Tax Act are not subject to corporate income tax.

Transfer pricing

Please refer to Section 1 where this was discussed.

Transfer pricing regulations may result in a tax adjustment to income or expenses where goods or services are supplied across borders between related parties at prices which are not arm's length.

Transfer pricing in Namibia is based on Organisation for Economic Co-operation and Development ("OECD") Guidelines and has been set out in a Practice Note No. 2 of 2006 to the Income Tax Act. Taxpayers are required to maintain adequate documentation in order to demonstrate that a sound transfer pricing policy has been developed in terms of which transfer prices are determined in accordance with the arm's length standard.

Deductions

There is a general deduction for current, non-capital trading expenditure and losses incurred in the production of income. In addition, specific deductions are allowed, mainly for capital expenditure. For example, a spread depreciation (wear and tear) allowance may be deducted for the cost of vehicles, aircraft, sea-going craft, machinery, implements, utensils and articles used for the purpose of trade. The deduction is spread over three years (i.e. 1/3 per tax year) and apportionment is not applicable to the capital allowances. Please note that certain assets, for example dams, pipelines and power lines, do not fall within this allowance and a 1/3 capital allowance may thus not necessarily be deducted from taxable income in respect of such assets. A technical analysis of the facts should be considered in these cases as it may be deductible under the general deduction formula (section 17(1)(a).

A capital allowance in respect of the erection costs of new buildings used for purposes of trade is also allowed. This allowance has two parts; an initial allowance of 20% on the erection costs of new buildings in the year in which the buildings are brought into use by the taxpayer for purposes of his trade, and for the next 20 years following the year in which the building was brought into use, an annual allowance of 4% on the erection costs of the new buildings is granted. Please note that for income tax purposes case law has established that a building is defined as "a structure with a roof and walls".

Interlocks, paving, fences and building improvements (other than leasehold improvements effected under an obligation in terms of a lease contract) may fall outside the ambit of this definition.

Export Processing Zone (EPZ)

Certain provisions giving tax exemptions to entities under the Export Processing Zone Act, 1995 are repealed and businesses operating within EPZs are now subject to income tax, stamp duties on goods and services used in EPZ operations, and transfer duties on the purchase of immovable property located in an EPZ.

Special Economic Zones

The government reaffirmed its dedication to implementing Special Economic Zones ("SEZ"s) during the 2025–26 annual National Budget address.

Under the SEZ regime, specific geographic areas will be designated to offer a more favourable business environment. These zones will provide streamlined administrative processes through a one-stop shop for business registration, licensing, and compliance. The SEZs are expected to focus on high-impact sectors such as manufacturing, agro-processing, logistics, technology, and mineral beneficiation, with the goal of enhancing value addition and integrating Namibia into regional and global value chains.
As part of this initiative, businesses operating within SEZs will benefit from a reduced corporate income tax rate of 20%. [1]

Manufacturing enterprises

Historically, Namibian-based enterprises that invested in manufacturing and export trade were given a competitive edge by way of manufacturing incentives. The preferential tax treatments and incentives previously available to manufacturers are repealed and no longer available.

Mining companies

All mining companies other than diamond mines are taxed at a rate of 37.5% on services rendered in connection with the actual mining as well as on services in connection with any mining activity.

A diamond mine is taxed at a rate of 55% on services rendered in connection with both the actual mining of diamonds as well as any mining activity.

Development and exploration costs incurred by mining companies are deductible for tax purposes. Exploration costs are deductible in the year that mining commences with production and not in the prior years when incurred. Development costs incurred prior to the commencement of mining operations are also deductible in the year in which mining commences with production over a period of three years. Any development costs incurred after the commencement of mining are deductible over three years.

Oil and Gas companies

The laws that regulate the petroleum industry in Namibia are the Petroleum (Taxation) Act, Act No. 3 of 1991 ("PTA"), the Income Tax Act, dealing with administrative provisions and the Petroleum (Exploration and Production) Act, Act No. 2 of 1991 which levies royalties and tax on profits.

Petroleum Tax as levied under the PTA is paid annually for the benefit of the State Revenue Fund in respect of taxable income received by or accrued to or in favour of any person from a license area in connection with exploration or production operations carried out in any tax year in such license area. The tax rate is 35% with an additional profit tax payable on a sliding scale of between 15% and 25%.

Royalties are payable at 5% of gross revenues. The market value of crude oil is used as the basis for levying royalty and petroleum tax.

Activities relating to downstream activities are not considered to be petroleum activities and are taxed under the Income Tax Act.

Branches

The taxable income of Namibian branches of foreign companies is taxed at the corporate tax rate applicable to the Namibian companies with a similar trade.

The taxable income of a Namibian branch is determined in accordance with the Namibian Income Tax legislation which is source-based and not resident-based. The gross income definition includes income received or accrued to (in this case a branch), from sources or deemed sources within Namibia, provided the income is not of a capital nature.

The Income Tax Act makes provision for the deduction of expenses incurred in production of income as well as special allowances in the determination of taxable income. However, charges between a Namibian branch and a foreign holding company are not deductible due to them being considered as one legal entity which cannot transact with itself.

Branch repatriation of profits to its foreign head office would not attract dividend withholding tax (referred to as Non-Resident Shareholder's Tax ("NRST")) as no dividend would be declared but, when the foreign head office declares dividends, NRST will be payable on those dividends declared when they relate to profits in Namibia.

[1] As at the time of this publication, the Bill has not yet been signed into law and is therefore not yet in effect.

Long-term insurance companies

Currently, these companies are taxed only on 40% of the gross investment income derived from investments within or outside Namibia in respect of any long-term insurance business carried on by such business inside or outside Namibia.

Income Tax Practice Note 1 of 2006 was issued on 5 September 2006 in order to clarify the misconceptions in the market regarding the determination of taxable income of long-term insurance companies, which, in short, can be illustrated as follows:

Gross amounts (section 32(1)	XXX
Less: dividend deduction (section 20(4)	YYY
Total gross amounts after section 20(4)	ZZZ [1]
Taxable Income (TI)	ZZZ x 40%
Tax Payable	TI x corporate tax rate for non-mining companies

[1] According to a ruling issued by the NamRA, realised capital gains do not form part of the gross amounts.

Income generated from non-insurance business is taxable in terms of the normal provisions of the Income Tax Act, i.e. 100% of the income is taxable at the corporate tax rate for non-mining companies.

It is proposed that the entire income tax regime for the long-term insurance industry would change to a five pillar approach. This is not yet enacted and not yet in force as of the date of this publication.

Short-term insurance companies

The taxable income of short-term insurance companies is determined in the same manner as other companies but has additional incentives by claiming against all premiums received or accrued, including reinsurance premiums, the following:

- Premiums incurred on reinsurance;
- Claims incurred in respect of the business of insurance, less the value of any claims recovered or recoverable under any contract of insurance, guarantee, security or indemnity;
- Expenditure, other than those listed above, incurred in respect of the business of insurance;
- Allowance made by the Minister in respect of unexpired risks, provided such allowance is included in the taxable income of the short-term insurer in the following year of assessment;
- Allowance made by the Minister in respect of claims which have been intimated but not paid, provided such allowance is included in the taxable income of the short-term insurer in the following year of assessment; and
- Allowance made by the Minister in respect of claims which have not been intimated or paid, provided such allowance is included in the taxable income of the short-term insurer in the following year of assessment.

The taxable income of a short-term insurance business is taxed at the corporate tax rate for non-mining companies.

Dividends

Dividend receipts are generally exempt from income tax. Expenses incurred in the generation of such dividend income, e.g. interest paid on money borrowed to purchase shares, are therefore not deductible for tax purposes.

Namibia imposes a tax on dividends paid by a company if the shareholder to whom the dividend is paid is a company neither managed nor controlled in Namibia, or a person not ordinarily resident in Namibia. The standard rate for NRST will be 10% of the dividend declared (where more than 25% shareholding is held by a company), or 20% in all other cases.

A Double Taxation Agreement (DTA) may reduce the tax rate, depending on which country the dividends are paid to.

The deducted NRST shall be paid to the NamRA, within 20 days following the month during which the tax was deducted. Entities in the insurance industry, both long and short term, are no longer exempt from NRST, effective for financial years commencing on or after 01 January 2024.

Tax compliance

A company's tax year is the same as its financial/fiscal year. It may be changed upon application showing reasonable cause.

Annual returns must be submitted within seven months of the end of the company's fiscal year unless an extension is granted.

Refer to Section 1 for more detail on tax payments and filing requirements.

04 Taxation of **Foreign Corporations**

Taxation of foreign direct investments

Namibia has a source-based tax system, which means that income from a source within Namibia or deemed to be within Namibia will be subject to tax in Namibia, unless a specific exemption is available.

Income earned by foreign companies from a source within or deemed to be within Namibia will be subject to tax in Namibia. In such cases, the foreign entity must determine whether it is obliged to register a local entity or branch. A company is required to register a branch or subsidiary if it has established a place of business in Namibia.

In the event that Namibia has entered into a Double Tax Agreement (DTA) with the country where the foreign company resides, such entity will only be taxable in Namibia if it has established a permanent establishment (PE) in Namibia. If a PE exists, only the portion of income attributable to the PE will be subject to tax in Namibia. It should be noted that the term "permanent establishment" is not defined in domestic legislation, only in the DTA's Namibia has in place. Accordingly, if the country the foreign entity is resident in does not have a DTA with Namibia, no PE analysis would be possible.

Non-residents who do not have a place of business in Namibia may, however, be subject to withholding taxes.

Withholding taxes

Dividends paid by a Namibian company to a non-resident shareholder are subject to Non-Resident Shareholders Tax NRST. NRST is levied on the foreign shareholder based on its percentage shareholding. The Namibian companies are liable to withhold and pay over NRST to the NamRA. Currently NRST is levied at 10% for shareholding of more than 25% by a company. In all other cases, 20% NRST applies. Where a Double Taxation Agreement is in place it may reduce the NRST rates.

Interest paid by a Namibian company to a non-resident is subject to withholding tax on interest of 10%. DTA relief may be available.

Royalty and know-how payments to a non- resident for the use of intellectual property or know-how in Namibia are subject to a withholding tax (royalty tax), at the rate of 10%, which may be reduced by DTA treaty relief.

A Withholding Tax on Services (WTS) applies to management, administration, technical and consulting fees paid to a head office or other foreign supplier. The rate is currently 10%. However, DTA relief may apply. Foreign directors' fees are also subject to WTS at 25% (no treaty relief available).

Transfer pricing

Please refer to Section 1 where this was discussed.

Thin capitalisation

Please refer to Section 1 where this was discussed.

Document retention

There is currently no official prescription period in Namibia relating to income tax and PAYE. Debts to the state are prescribed after 30 years.

Dividends are taxed at 10% (shareholding above 25%) or 20% (all other cases), while interest, royalties, and service fees are generally taxed at 10%.

Foreign directors' fees are subject to 25% withholding tax. DTA relief may apply.

05
Taxation of **Shareholders**

5. Taxation of Shareholders

Dividends

Currently, dividends received by a local shareholder were exempt from income tax. A local dividend tax of 10% is proposed to come into force on 1 January 2026. In addition, it was proposed that dividends received would become taxable.[1]

Dividends paid by a Namibian company to a non-resident shareholder are subject to Non-Resident Shareholders Tax NRST. NRST is levied on the foreign shareholder based on its percentage shareholding. The standard rate for NRST will be 10% of the dividend declared (where more than 25% shareholding is held by a company), or 20% in all other cases.

A double taxation agreement (DTA) may reduce the tax rate, depending on which country the dividends are paid to.

The deducted NRST shall be paid to the NamRA, within 20 days following the month during which the tax was deducted. Entities in the insurance industry, both long and short term, are no longer exempt from NRST, effective for financial years commencing on or after 01 January 2024.

[1] At the time of this publication, the Bill has not yet been signed into law and these proposed amendments are therefore not yet in effect.

Duties on change in shareholding

The transfer of shares on the Namibian Stock Exchange (NSX) may be subject to marketable securities tax. The transfer of shares not listed on the NSX is subject to stamp duty of N$2 for every N$1,000 or part thereof of the consideration/fair market value of the shares sold.

Gains on sale of shares

These gains may be of a capital or a revenue nature. Profits from share transactions are of a revenue nature and subject to income tax where the taxpayer is a share dealer (based on his/her intention and the frequency and volume of the transactions indicating that a taxpayer carries on a profit-making business as a share trader).

Conversely, the profits from the disposal of shares (excluding those of entities which own mining or petroleum licences/ rights) held as long-term investments to earn dividends and capital growth, may be of a capital nature. Namibia currently does not levy capital gains tax and the gain would accordingly not be taxable.

Profits on the sale of shares in entities who own mining or petroleum licences/ rights are subject to income tax[1] at the corporate tax rate. Certain deductions are allowed.

[1] Paragraph (o) and (q) of the Gross Income definition per the Income Tax Act

06 Taxation of **Partnerships and Joint Ventures**

6. Taxation of Partnerships and Joint Ventures

Joint ventures are often set up as partnerships for a specific venture or period (i.e. an unincorporated joint venture). Partnerships (including unincorporated joint ventures, syndicates and consortiums) are not taxed as separate entities for income tax purposes. Once determined, the partners' shares of the partnership's taxable income or loss will be accounted for in the hands of the partners.

It may be required that a copy of the annual financial statements of the joint venture or partnership is submitted along with the company's annual tax return.

Unincorporated joint ventures and partnerships may also be required to register for VAT, employee taxes and Withholding Taxes.

07
Taxation of Individuals

7. Taxation of Individuals

General

Both resident and non-resident individuals are subject to tax on income arising from sources within or deemed to be within Namibia. The same tax rates are applicable to each.

Individuals are able to make investments offshore. Certain passive offshore investment income (interest, annuities and similar income) is deemed to be Namibian source income for individuals who are ordinarily resident in Namibia.

Married persons are taxed separately on their income. Dividends received by an individual are exempt from Namibian income tax.

Individuals earning interest from Banks and Unit Trusts will be liable for withholding tax of 10%, which is a final tax. This will be deducted from the interest payable to them by the Bank and Unit Trust respectively. Refer to Section 4 on withholding taxes for further details.

Interest income accruing from a source outside Namibia may be exempt provided certain requirements are met.

A local dividend tax of 10% is proposed to come into force on 1 January 2026. In addition, it was proposed that dividends received would become taxable.[1]

[1] At the time of this publication, the Bill has not yet been signed into law and these proposed amendments are therefore not yet in effect.

Rates

Income tax is calculated on the taxable income of individuals and trusts on a sliding scale with seven bands and a marginal rate of 37% above N$1,550,001. On taxable income up to N$100,000 no tax is payable.

Rebates

The Income Tax Act does not provide for any rebates against taxable income.

Tax returns and payment of taxes

Employee taxes are collected through a Pay-As-You-Earn (PAYE) deduction system, with top-up payments required by 30 June for individuals who are not provisional taxpayers. Individuals who are subject to PAYE must also submit their tax returns by June 30 each year.

Business individuals must submit their tax returns and make top-up payments by 30 September each year. Extension of up to 7 months can be requested for tax return submission, though no extension is granted for the payment of taxes.

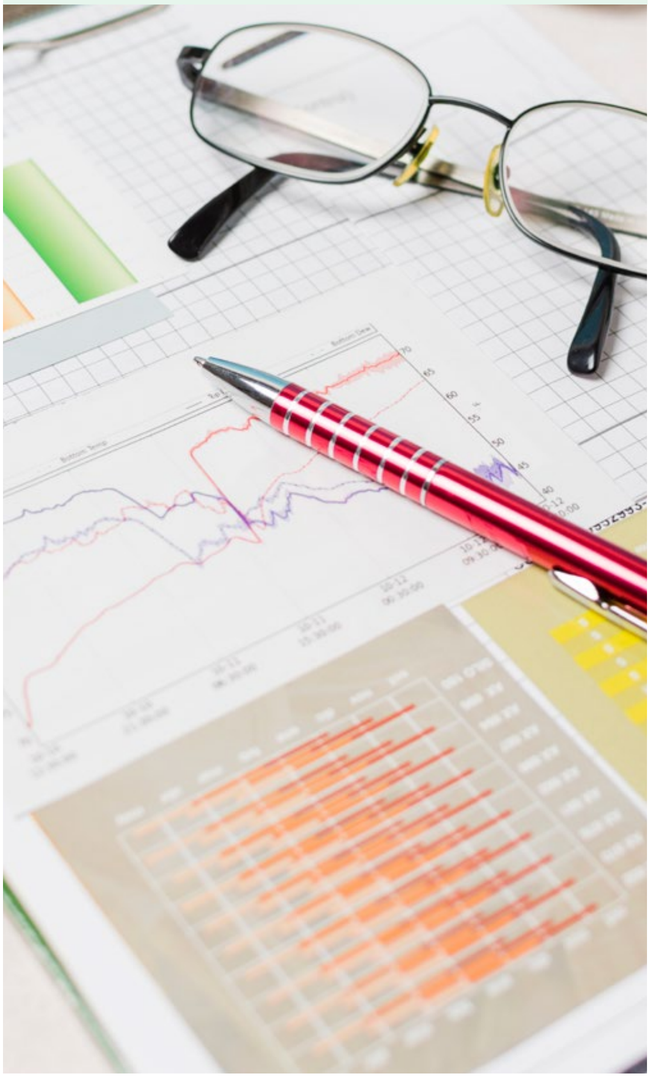
TAX

Taxable income is taxed on a progressive scale up to

37%

with no tax payable on income up to

N$100,000



08
Taxation of
Trusts and Estates

8. Taxation of Trusts and Estates

Trusts

The income of a trust may be taxed in the trust, in the hands of its beneficiaries, or in the hands of a donor to the trust in certain circumstances. Trusts are taxed on the same tax scales as individuals, available on the Namibia Tax Reference and Rate Card (see QR code).

For vesting trusts, the trust income distributed to beneficiaries is taxed in their hands, where it retains its character and nature. For discretionary trusts, the income has been taxed in the trust and when subsequently distributed to beneficiaries, it will be of a capital nature and not taxable in their hands.

However, to counter income splitting, Section 12 of the Income Tax Act may deem trust income attributable to a "donation, settlement or other disposition" to the trust and to be that of the donor, settlor or disposer.

Namibia currently does not levy donations tax or capital gains tax.

Deceased estates

The income of a deceased estate may be taxed in the estate (which is taxed as an individual) of either the deceased or the heirs.

Income received by the estate but that accrued or is deemed to have accrued to the deceased is taxable in the deceased's hands in the tax period ending on his death.

Other income accrued to the estate that can be attributed to the immediate benefit of ascertained heirs is taxed in their hands. In other cases, the estate income is taxed in the estate.

Namibia currently does not levy estate duty or capital gains tax.

Insolvent estates

An insolvent estate, through its trustee, administrator or liquidator, is subject to income tax. The insolvent is assessed up to the date of insolvency and the insolvent estate is assessed for the period of insolvency.

As the insolvent and the insolvent estate are deemed to be the same person, an assessed loss of an insolvent is to be carried forward for set-off against income derived during insolvency, provided that, in the case of a company, the insolvent estate continues to trade. If the insolvency or sequestration order is subsequently set aside, the assessed loss of the insolvent estate may be carried forward for utilisation by the person whose estate was previously in insolvency.

Estate income may be taxed in the hands of the deceased, the heirs, or the estate, depending on who benefits from the income. Namibia does not levy estate duty or capital gains tax.

09 Value Added Tax

9. Value Added Tax

Rates

In terms of the Value-Added Tax Act, Act No. 10 of 2000 (the VAT Act), VAT is payable:

- When supplies of goods and services are made;
- By a registered person;
- In the course of a taxable activity,
- In Namibia or partly in Namibia

or when

- Goods and services are imported.

The events referred to above may result in a liability for VAT or may be exempt from VAT.

Supplies that are not exempted from VAT and are taxable supplies and are subject to VAT at one of two rates, namely:

- A standard rate of 15%; or
- A zero rate (0%).

Registered persons

There is an obligation on every person who carries on a taxable activity and who makes taxable supplies exceeding the threshold of N$1,000,000 (amended by Act No. 5 of 2024, as from 1 October 2024)) in any 12-month period preceding his/her application or if the taxable supplies is expected to exceed the threshold in the following 12-month period, to register for VAT.

Taxable supplies mean the value of all zero-rated supplies and standard rated supplies. Taxable supplies do not include exempt supplies. A person who becomes liable to register for VAT will have to apply to the NamRA for registration within 21 days of becoming liable to register.

A person is, however, not obliged to register for VAT if the Commissioner is satisfied that the N$1,000,000 limit has been or will be exceeded solely as a consequence of any cessation, or substantial and permanent reduction in the extent of the taxable activity or the replacement of capital goods.

In deciding whether to register or not, an unregistered person must consider both his or her past and future turnover.

Voluntary VAT registration has been addressed specifically. If a person reasonably expects to at least generate taxable supplies in any 12 month period of N$200,000 an application can be made for voluntary VAT registration. If a person however failed to comply previously to VAT or Income tax obligations, NamRA may refuse voluntary VAT registration. All the other requirements as for compulsory VAT registration, i.e. a Namibian bank account, place of business, adequate accounting system, etc. must also be observed.

A person who does not carry on any taxable activity and does not have the intent to generate taxable supplies, cannot register for VAT, for example when only generating exempt supplies. A taxable activity is any activity carried on continuously or regularly within or partly within Namibia in the course of which goods or services are supplied for a consideration, whether or not for a pecuniary profit. Included are certain activities of local authorities, welfare organizations and share block companies. Specifically excluded are the activities of a permanent, independent branch located outside Namibia, activities of the state, services rendered by an employee to their employer, and activities involving the making of exempt supplies.

The VAT Act was amended in 2022 (Act No. 14 of 2023) with effect from 1 January 2023, to allow for VAT registration by a person who intends to carry on a taxable activity or is likely to make taxable supplies after a period.

Once registered, registered persons pay VAT on taxable supplies made to them for the purpose of their entity and charge VAT on the taxable supplies made by them in the course of furtherance of their taxable activities. If the VAT the registered person pays exceeds the VAT the registered person charges in a tax period, the registered person obtains a refund of the excess from NamRA. If the VAT charged exceeds the VAT paid by a registered person in a tax period, the registered person pays the excess to NamRA.

A registered person will have a two (calendar) month tax period. For each tax period a person must submit a VAT return together with the payment of any VAT owing. The return also activates a refund of VAT in appropriate cases. Farmers with sole farming income may (subject to their preferences) elect to have a two, four, six or twelve calendar month tax period. Voluntarily registered persons may (subject to their preferences) elect to have a two or six calendar month tax period.

In terms of amended legislation, a person may at any time after being VAT registered apply for de-registration of VAT. Previously such a request was only possible after a waiting period of 2 years from registration date.

Registration for VAT

To register for VAT, the taxpayer must provide the following information, the below is not enacted but is current required procedure:

- A bank account in the name of the taxpayer;
- A bank stamp on the VAT application form verifying the bank account details of the taxpayer;
- A health and fitness certificate from the municipality in the region in which the taxpayer's offices are situated; and
- A signed VAT application form.

Goods and services

There must be a supply of goods or services or an importation of goods or services for a VAT liability to exist. Goods are corporeal movable or immovable property, thermal or electrical energy, heat, gas, refrigeration, air conditioning and water, but does not include money.

The meaning of "services" is very wide and means anything that is not goods or money; and covers anything done or to be done, including the granting, assignment, cession or surrender of any right or the making available of any facility or advantage.

Imported goods

The importation of goods is subject to Import VAT at 15%, with a 10% upliftment to the FOB value of the goods, resulting in an effective rate of 16.5%. In addition, the VAT Act schedule 5 lists goods that are exempted from VAT on importation. Unless exempted, Import VAT is payable on goods imported by a registered VAT person or an unregistered person.

NamRA has been authorised under VAT amending legislation, as deemed needed, to request a guarantee for import VAT due by import VAT account holders. The misuse of an import VAT account or VAT account further has been criminalised, with penalties up to N$8,000- or 2-years imprisonment or both.

Imported services

VAT is only payable upon 'imported services' as defined in the Act. These are services:

- received by a person who is a resident of Namibia; and
- who is not intending to utilise the services in order to make taxable supplies; and
- supplied by a non-resident person; or by a supplier who is resident and carries on business outside Namibia.

Where the imported service is to be utilised in order to make taxable supplies it will not constitute an imported service, and no VAT will be payable. VAT will, however, be payable on services imported by registered or non-registered VAT persons and if utilised in order to make non-taxable supplies.

No VAT is payable on the importation of services, if the service would be exempt or zero-rated if it were rendered in Namibia.

Where tax is payable on an import of services, the recipient of the imported service is required to furnish the Commissioner with an import declaration and the tax payable within 20 days following the month on date of importation. The value of the import of services shall be the amount of the consideration for that import and the tax payable will be 15% of the value of the import. This is a final tax carried by the local user of the service.

Zero-rated supplies

The VAT Act contains a list of the supplies of goods or services that are taxed at the zero rate. Most of the items refer to exports and international transport, but certain other goods, for example basic food stuff, the sale of an enterprise as a going concern, fuel subject to the fuel levy, and goods deemed supplied by welfare organisations are also zero-rated. A zero-rated supply made by a registered person is subject to VAT, but at a rate of 0%. Input tax incurred on expenditure in the generation of zero-rated revenue, can be claimed. Schedule III to the VAT Act is a listing of all supplies that can be provided at a zero-rate.

Exempt supplies

Similarly, the VAT Act contains a list of the supplies of goods or services that are exempt from VAT. The main exempt supply is that of financial services (as defined), educational services (as defined), medical services, residential accommodation rentals, domestic public passenger transport by road or rail, etc. On exempt supplies, the business does not charge VAT and are not entitled to a deduction or credit for the input tax paid by them on goods and services supplied to them in the generation of the VAT exempted revenue.

Fixed property

The sale of immovable property for residential purposes is a zero-rate supply. The sale of immovable property for commercial purposes constitutes a standard rated supply, which includes farming property or farmland. Any VAT incurred in erecting or extending a building to be sold as either a residential or commercial building can be deducted by a registered person.

The provision of residential accommodation by way of letting in a 'dwelling' is exempt from VAT. Accordingly, rentals received from the letting of flats and houses, for instance, are generally not subject to VAT. However, the provision of accommodation in a 'commercial rental establishment' is wholly subject to VAT provided that the person supplying the accommodation is a registered person.

Agents and Principals

Section 46A of the VAT Act authorises registered agents providing taxable supplies on behalf of their Principals to issue tax invoices, credit and debit notes on behalf of Principals. Principals may not issue tax invoices on the same supply. If goods and services are supplied to the agent on behalf of his or her principal a tax invoice may be supplied to the agent on request. The import and export of goods may be made in the name of the Agent acting for a non-registered foreign Principal. Agents acting on behalf of foreign Principals may deduct import VAT paid by the Agent, provided certain contractual and documentary conditions are met. The Act contains specific provisions on contemporaneous documentation to be kept by Agents and Auctioneers, as well as requirements for notifications to be given to Principals.

Liability of Shareholders for Tax Debts

Shareholders of companies or members of close corporations are liable for tax debts under the VAT Act in terms of an amending provision as from 1 January 2016

Return filing dates

The due dates of returns prescribed by the VAT Act are summarised and can be found by scanning the below QR code:

Document availability requirements

In terms of section 48 of the VAT Act, every registered person and every person other than a registered person who is liable for the payment of tax under the VAT Act shall maintain accounting records at such registered or other person's place or places of business in Namibia. The accounting records required to be maintained in terms of the above may be maintained in a country other than Namibia, provided:

- those accounting records are maintained on a centralised computer system in the country where such registered or other person's main activities are located; and
- that centralised computer system is linked to such registered or other person's place or places of business in Namibia; and
- such registered or other person, if at any time requested thereto in writing by the Commissioner
- furnishes the Commissioner with such computer print-outs as may be specified in that request; or
- grants a taxation officer (employed in NamRA) access to that centralised computer system, within 24 hours from receiving that request.

Document retention

VAT records are required to be retained for a period of at least five years after the end of the tax period to which they relate, and such records shall (in so far as they are required to be so retained) be produced on demand by a taxation officer.

10 Other Taxes

10. Other Taxes

An up-to-date summary of Namibian taxes can be found by scanning the below QR code:

The following Namibian taxes are covered under specific Sections:

- Income tax - individuals and corporates (Sections 1, 3 and 7);
- Value-added tax (Section 9);
- Customs duties (Section 10, as part of Other Taxes);
- Withholding taxes on interest, foreign dividends, royalties and services (management, technical, administrative, consultative, entertainment and directors' fees) (Section 4, Tax on Foreign Corporations);
- Petroleum Taxation (Section 3, as part of Corporate Tax).

The Namibian Government collects further revenues through the following taxes:

Fuel levy

Namibia includes fuel levies in the price of petrol and diesel, as outlined under Part 5 of Schedule I of the Customs and Excise Act, 1998.

These levies apply to each liter of petrol and diesel, though the rates may change periodically.
In addition, the following levies are also included in the pump prices of fuel in Namibia:

- Road Fund
- MVA Fund
- Road Safety Secretariat
- Equalization Fund

Owners/operators of heavy vehicles registered in Namibia, with a V/DT rating above 3 500kg should be registered with the Road Fund Administration in Namibia and are subject to Mass Distance Charges ("MDC"). MDC is levied on heavy vehicles in addition to Vehicle Registration Fees, Annual Licence Fees, Abnormal Load Fees, Fuel Levies and Cross-Border Charges (CBC).

Stamp duties

Stamp duties are payable on a variety of instruments. The most important is the duty on the registration of the transfer of Namibian securities, including shares or stock, at 0.2% of the consideration given for, or the value of the security, whichever is greater.

Other instruments that attract stamp duty are deeds of transfer of immovable property, bills of exchange, promissory notes, debit entries made by banks and others, mortgage bonds, certain customs and excise documents, fixed deposit receipts, instalment credit agreements, leases of fixed property, life insurance policies and security documents.

Customs and Excise

Customs Duties: Customs duties are levied on certain goods imported into Namibia. The rates are usually calculated on an ad valorem basis. Namibia applies the Harmonised System and is a party to the World Trade Organisation (WTO). Namibia is also a member of the Southern Africa Custom Union (SACU), hence the application of common external tariffs on imports outside SACU. There are no duties on trade between SACU member countries. Imported goods from outside the Southern African Customs Union (SACU) are subject to customs duties based on the Common External Tariff (CET). Namibia's trade agreements may offer opportunities for duty-free or reduced rates on certain products.

Rebates: Certain importations are exempt from customs duties through rebates. Industrial rebates are available for goods used in manufacturing processes, and general rebates exist for specific purposes outlined in customs regulations.

Authorized Economic Operator (AEO) Program: This program recognizes compliant traders and offers benefits such as expedited VAT refunds, reduced bond amounts, fewer inspections, expedited clearance, and the allocation of a Client Relationship Manager to assist with customs processes.

Bonded Warehouses: Licenses are available for various warehouse types, including ordinary storage warehouses, special storage warehouses, and manufacturing warehouses for excisable products. These warehouses allow for the storage of goods with deferred import VAT, customs duties and taxes.

Export Processing Zone (EPZ) and Special Economic Zone (SEZ): The EPZ Act provided full exemptions to EPZ entities from customs duties and VAT on imported raw materials, machinery, and goods for export. The EPZ setup was phased out by 31 December 2025 and is likely to be replaced by new SEZ legislation, which continues to support export-oriented activities with certain tax incentives.

Excise Duties: Specific and ad valorem excise duties and the corresponding specific and ad valorem customs duties are levied on production or importation of excisable products such as fuel, jewelry, tobacco, beer, cigarettes and liquor. Excise duties in Namibia apply to specific categories of goods, such as alcohol, tobacco, fuel, and luxury items. These duties are calculated based on quantity or value and are paid at the point of manufacture or importation. Compliance with excise duty regulations involves accurate record-keeping and product classification according to Namibian customs standards.

Transfer duty

Transfer duty is imposed on the value of property acquired by any person by way of a transaction, or in any other manner, or on the amount by which the value of the property is enhanced by renunciation of an interest upon the use or disposal of the property.

The rates of transfer duty for the acquisition of fixed property by natural persons are summarised and can be found by scanning the below QR code:

Environmental taxes

Vehicles including trucks: The environmental levy is calculated based on the vehicle's carbon dioxide emission per kilometer, which is determined from an emission certificate if available. If not, a standard formula is used, with rates varying by vehicle type and emission level, for example, N$40 for petrol vehicles above 120 g/km and N$45 for diesel vehicles above 140 g/km.

Tyres: N$10 per new, used, or re-treaded pneumatic tyre.

Light Bulbs: N$3 per electrical filament lamp (incandescent light bulb).

Plastic carrier bags: The levy is 50 cents per plastic carrier bag.

Lubricants and certain oils: A levy of N$1.80 per litre of most lubricants and certain oils.

Primary cell and disposable batteries: The levy is imposed on imported or locally manufactured batteries at 5% of the value of the batteries.

Export Levies

The Ministry of Finance introduced legislation to tax certain minerals, plants, live animals, animal products or fish from Namibia that are exported. The effective date of implementation of the Export Levy Act, Act No 2 of 2016 was 1 June 2017 with several subsequent amendments. The Act contains 4 Schedules which set the tariffs on the identified commodities exported from Namibia. Export levies depend on the type of products and tariff headings and are payable at the time of exportation from Namibia. Here's a general overview of the types of commodities and sectors affected by these export levies:

Minerals: The act typically covers various unprocessed or semi-processed minerals.

Plants and Agricultural Products: These may include raw or minimally processed agricultural goods.

Live Animals and Animal Products: This involves levies on exporting live animals and certain animal products.

Fish and Marine Products: This involves levying on the export of certain fish and marine products.

The specific levy rates depend on the detailed descriptions and classifications under the Harmonized System (HS) tariff codes referenced in the schedules to the Act. These rates can vary and are structured to balance the need for government revenue with the promotion of domestic industries.

Mining royalties

The mining royalties payable in Namibia are summarised and can be found by scanning the below QR code:

11 Tax Treaties

11. Tax Treaties

Namibia has Double Taxation Agreements (DTAs) with the following countries:

- South Africa
- Russian Federation
- Sweden
- Mauritius
- Malaysia
- Romania
- India
- United Kingdom (Extension of 1962, SA treaty)
- Germany
- France
- Botswana

The DTA between Namibia and Canada was not ratified by the Namibian Government at the time of publication of this Guide.

The majority of Namibian DTAs are based on the Organisation for Economic Co-operation and Development ("OECD") model.

When dealing with the taxation of non- residents, the DTA should be considered, as it could influence the amount of tax payable.

It is imperative to note that a DTA will only apply when both countries have a taxing right on a particular income.

The NamRA is currently in the process of compiling a national framework for DTAs. It indicated that DTAs will subsequently be re-negotiated based on the framework.

12
Appendix

Appendix I: Corporate Tax Rates

The corporate tax rates (at the time of publication) of companies on their taxable income for the years of assessment commencing on or after 1 January 2025 can be found by scanning the below QR code:

Appendix II: Tax Allowances and Incentives

Capital allowances

The cost of machinery, equipment, and other articles used by the taxpayer to generate income is deductible in three equal annual allowances. No apportionment is allowed where an asset is held for less than 12 months.

Buildings used by the taxpayer to generate income qualify for an initial allowance of 20% of erection costs in the year they are first brought into use. Thereafter, an annual allowance of 4% is deductible for the 20 following years. Additions to existing buildings (not alterations, improvements, or repairs) qualify for the same 20% and 4% deductions. Note that the allowance is calculated on the cost of erection and not the cost of acquisition.

Mining exploration expenditure incurred before commencement of mining production are deductible in full in the first year that income is generated from the mine. Development expenses incurred before production is deferred until the mine starts with production, in which it will be claimable over three years. Subsequent development expenditures incurred after the mine commences with production are deductible in three equal annual allowances.

Capital allowances may also be deducted with respect to patents, trademarks, leasehold improvements and lease premiums.

A recovery or recoupment of allowances previously claimed should be included in the gross income of a taxpayer in the event that the allowance is recovered or recouped by way of disposal, withdrawal from trade for non-trade purposes, or removal from Namibia. The recoupment is calculated at the market value of the asset.

Goodwill

The amortisation of goodwill is not deductible for tax purposes.

Export Processing Zone (EPZ)

Certain provisions giving tax exemptions to entities under the Export Processing Zone Act, 1995 are repealed and businesses operating within EPZs are now subject to income tax, stamp duties on goods and services used in EPZ operations, and transfer duties on the purchase of immovable property located in an EPZ.

Manufacturing enterprises

Historically, Namibian-based enterprises that invested in manufacturing and export trade were given a competitive edge by way of manufacturing incentives. The preferential tax treatments and incentives previously available to manufacturers are repealed and no longer available.

Housing allowance for employees

Under a Housing Scheme approved and registered by NamRA, the taxable value of housing benefits granted to employees may be reduced by one third.

Mining Licences/Rights

For mining companies, the acquisition cost of the mineral licence or right may be deducted against the taxable proceeds relating to the sale (whether direct or indirect) of the licence / right.

For oil and gas companies, the acquisition and exploration costs, as well as the costs incurred to add value to the licence or right, may be claimed against the taxable proceeds relating to the sale (whether direct or indirect) of the licence / right.

Internship Allowances

An employer may claim an internship allowance in addition to a deduction for the actual costs incurred, provided that the internship is covered by a registered internship agreement certified by a designated authority.[1]

The internship allowance may be claimed for a maximum period of 36 months per intern and, where the internship period is shorter than 12 months, the allowance is calculated on a pro rata basis.

The allowance is calculated based on a formula.

[1] Section 17E of the Income Tax Act 24 of 1981

Appendix III: Withholding Taxes

Withholding taxes

Withholding taxes WHT's apply to interest, dividends, royalties and fees for administrative, managerial, technical, or consultative services or any similar services, as well as entertainment and directors fees paid, declared or distributed to non-Namibian residents.

Dividends

Dividends declared by a Namibian company to a non-resident holding company are subject to non-resident shareholders' tax NRST, which is a form of WHT. NRST is payable at a rate of 10% and 20% of dividends remitted (depending on the percentage shareholding), unless treaty relief is available. NRST is payable on the 20th of the month following the month during which the tax was deducted.

Currently, dividends received by a local shareholder were exempt from income tax. A local dividend tax of 10% is proposed to come into force on 1 January 2026. In addition, it was proposed that dividends received would become taxable.[1]

[1] At the time of this publication, the Bill has not yet been signed into law and these proposed amendments are therefore not yet in effect.

Royalties or similar payments (Section 35 of the Income Tax Act)

WHT on royalties are payable when a Namibian company pays a royalty to a non-resident. WHT is levied at a rate of 10% and is payable within 20 days after the end of the month during which the liability for payment is incurred.

A royalty includes payment for the use or right to use any patent or design, trademark, copyright, model, pattern, plan, formula, or process, or any other property or right of a similar nature. A royalty also includes the imparting of any scientific, technical, industrial, or commercial knowledge or information for use in Namibia. The nature of fees payable should therefore be carefully considered to determine whether the relevant amount represents a royalty. It also includes the payments made for the right to use industrial, commercial or scientific equipment (i.e. rental).

Interest (Section 34A-E and 35B of the Income Tax Act)

A WHT of 10%, calculated on the gross amount of interest accruing to any person, other than a Namibian company, from a registered Namibian banking institution or unit trust scheme. The tax withheld is a final tax, and the financial institution or unit trust is responsible for withholding the tax. Namibian companies however, are taxed on interest at the corporate tax rate. It is the obligation of the financial institution and unit trust to withhold the tax and pay such tax to the revenue authorities.

A withholding tax of 10% is applicable on interest payments made by a Namibian to a non-resident. The tax is payable within 20 days following the month in which the interest payment was made. Interest is deemed to be paid on the earlier of the date on which the interest is paid or becomes due and payable

Services (Section 35A of the Income Tax Act)

WHT on services applies to any Namibian resident (i.e. a company incorporated or managed and controlled in Namibia, and natural persons ordinarily resident in Namibia) paying a management, consultancy, or entertainment fee to a non-resident.

Management and consulting fees are specifically defined as: "any amount payable for administrative, managerial, technical, or consultative services or any similar services, whether such services are of a professional nature or not".

The legislation imposes the obligation on the Namibian resident to withhold a 10% WHT on such fees paid to the non-resident. It is important to note that the legislation also specifically includes any directors' fees paid to a foreign director.

The amount of withholding tax deducted or withheld is payable to NamRA within 20 days after the end of the month during which the amount was deducted or withheld.

Summary of WHT payable

The WHT rates and treaty relief for Namibian DTAs are summarised and can be accessed by scanning the below QR code:

Mining royalties

The mining royalties payable in Namibia are summarised and can be found by scanning the below QR code:

Appendix IV: Individual Tax Rates

Kindly scan below QR code to see the rates applicable to all individuals, including estates and trusts, excluding companies:

Deductions and allowances

The aggregate deduction allowed for current pension, provident, retirement annuity and educational policy contributions by an individual is N$150,000 per annum per taxpayer.

A withholding tax on interest of 10% is applicable on interest received by individuals from financial institutions and unit trusts.

Interest received by an individual from a deposit at the Nampost Savings Bank is exempt from income tax.

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