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# Namibia Tax Summary 2023-2024

A short guide for payroll and HR professionals navigating the latest employees' tax legislation in Namibia.

# Table of Contents

<b>Terminology .....</b>	<b>3</b>
<b>Introduction.....</b>	<b>3</b>
<b>Pay As You Earn (PAYE) .....</b>	<b>3</b>
<b>Social Security – Maternity Leave, Sick Leave and Death Benefit Fund (MSD Fund).....</b>	<b>15</b>
<b>Employees’ Compensation Fund (ECF Fund) .....</b>	<b>17</b>
<b>Vocational Education and Training (VET) Levy.....</b>	<b>19</b>
<b>Namibia Legislation.....</b>	<b>22</b>
<b>Sources .....</b>	<b>22</b>

# Terminology

All references to 'he', 'his', 'him' or 'himself' includes 'she', 'her' or 'herself' in the case of a female taxpayer, and 'it' or 'its' refers to a taxpayer other than an individual, and is not intended to be discriminatory.

The purpose of this document is to address employee's tax and includes references to the Income Tax Act where applicable.

## Introduction

### **Official currency**

The official currency of Namibia is Namibian Dollar (N\$ or NAD).

### **Tax year**

Namibia's tax year is from March – February.

### **Revenue Service**

Namibia Revenue Agency

[www.namra.org.na](http://www.namra.org.na)

## Pay As You Earn (PAYE)

### Definitions and Employees' Tax Concepts (PAYE)

The employer must withhold employees' tax from all remuneration paid or payable to an employee during the tax year, and Schedule 2 to the Income Tax Act has been devoted to this requirement.

Remuneration and employees' tax are thus merely estimates to allow the advance collection of income tax on a regular and equitable basis.

Income tax is source-based, therefore income from a source within, or deemed to be within Namibia is taxable in Namibia.

Schedule 2 to the Income Tax Act requires three elements to be present before employees' tax can be withheld for payment to the IRD:

- an employer
- paying remuneration
- to an employee.

### **Employer (paragraph 1, Schedule 2)**

Employer means any person who pays or is liable to pay any person, other than a company, any amount by way of remuneration, and any person responsible for the payment of any amount by way of remuneration to any person other than a company under the provision of any law or out of public funds or out of funds voted by the National Assembly.

### **Employee (paragraph 1, Schedule 2)**

Employee means any person (other than a company) who receives remuneration or to whom any remuneration accrues.

### **Independent contractors (paragraph 1, Schedule 2)**

When dealing with natural persons only, an amount for services rendered is excluded from remuneration if the payment is made to:

- a resident of Namibia, and
- the payment is for services rendered in the course of carrying on any independent trade.

A person will not be an independent contractor for employee's tax purposes if –

- he is subject to the control or supervision of any other person as to the manner in which his duties are performed or to be performed or as to his hours of work, or
- the amounts paid or payable for his services consists of or include earnings of any description which are payable at regular daily, weekly, monthly or other intervals.

### **Remuneration (paragraph 1, Schedule 2)**

Remuneration means any amount of income which is paid or is payable to any person by way of any salary, leave pay, allowance, wage, overtime pay, bonus, gratuity, commission, fee, emolument, pension, superannuation allowance, retiring allowance or stipend, whether in cash or otherwise and whether or not in respect of services rendered, including –

- annuities,
- any amount, including any voluntary award received for services rendered or to be rendered,

- any amount received in respect of relinquishment, termination, loss, repudiation, cancellation or variation of any office of employment (excluding any lump sum award from any pension fund, retirement annuity fund or benefit fund),
- lump sum from a pension fund, pension preservation fund (excluding a lump sum payable on termination or relinquishment of office/employment of an employee due to death, superannuation, ill-health or retirement),
- any amount received or accrued under the rules of a provident fund upon the death, relinquishment of office/employment due to superannuation, ill-health or other infirmity,
- any amount received or accrued under the rules of a provident fund upon the termination of such member's employment or membership of the provident fund due to dismissal or resignation, or any other reason,
- any amount received or accrued under the rules of a provident fund upon the cessation of the provident fund, and
- the value of any fringe benefit.

The following items are specifically excluded from the definition of remuneration:

- amounts paid in respect of services rendered by a person ordinarily resident in Namibia in the course of any trade carried on independently (independent contractor),
- any pension or allowance under the Social Pensions Act, or any grant or contribution under the provisions of the Children's Act, any amount paid to an employee wholly in reimbursement of expenditure actually incurred by such employee in the course of their employment, and
- any annuity under an order of divorce or a judicial order or written agreement of separation.

### **Balance of remuneration (paragraph 2, Schedule 2)**

The amount of employees' tax to be withheld is calculated on balance of remuneration, which is remuneration remaining after deducting:

- any current contribution to a pension fund, provident fund or retirement annuity fund,
- any private retirement annuity fund contribution, if proof of such contribution has been furnished to the employer, and
- any premiums paid by the employee under any policy of insurance for education purposes if proof of the payment of such premiums has been furnished to the employer;

subject to statutory limits.

# Allowances, Reimbursements and Other Remuneration

## **Allowance (section 14)**

Any cash allowance is taxable in full, except an allowance paid to an employee in defrayal of cost incurred on behalf of the employer and certain housing allowances.

## **Travel allowance (Practice Note 3)**

PAYE need not be withheld by the employer in the case of a *bona fide* travel allowance for business purposes.

However, where the claimable portion of business expenditure on assessment represents a low percentage of the allowance, the taxable portion of the allowance could be substantial and result in a large amount of tax payable at the end of the year of assessment. To reduce such large shortfalls, which has to be paid at the end of the year, it is recommended that employers be requested to deduct a larger amount of PAYE in such cases or include the travel allowance in remuneration which will be subject to PAYE.

The gross allowance must be reflected on the employee's tax certificate. The employee's claim of the related expenditure must be detailed in his return.

Any amount paid to an employee by way of allowance for business travelling which was not actually expended for that purpose will be included in an employee's taxable income. In order to prove the actual costs of business travel on assessment the employee must be able to furnish accurate records; both of costs and distance travelled for the business purposes in his vehicle.

The appropriate portion of the expenses rank for deduction from a travel allowance namely: fuel and oil, maintenance and repair, insurance, license fees, lease costs or capital write-off allowance. The capital-write off allowance of one-third per annum must be calculated on the total cost of vehicle comprising of the cash cost, VAT and any finance charges.

If employee's travel allowance provides for running expenditure and the acquisition of a vehicle, the employee may also approach the Receiver to obtain a directive with regard to the portion of the allowance which relates to the acquisition of a vehicle. The employee will be required to submit proof with regards to date of purchase, cost of vehicle, information on business/private trips, agreement concluded between employee/employer and proof that the travelling cost to be incurred is a condition of employment.

## **Reimbursive travel allowance (Practice Note 3)**

If the employee is paid a rate per kilometre for business travel, the total amount must be reflected on the tax certificate and the appropriate proportion of cost will be allowed as a deduction on assessment. PAYE need not be deducted from reimbursive travel allowance.

## **Entertainment allowance (Practice Note 3)**

The full amount of entertainment allowance must be reflected on the employee's tax certificate, but the allowance is not subject to PAYE.

A deduction may be claimed in respect of expenses incurred, upon submitting a tax return. The deductions are limited to the amount of allowance received. The employee should retain vouchers as he may be asked to substantiate expenses and required to furnish a statement in support of his claim giving information such as: position held by employee, who was entertained, nature of entertainment, purpose of entertainment, cost thereof and copy of service contract if entertainment is a condition of employment. Only expenses incurred in the production of income can be claimed.

### **Subsistence allowance (Practice Note 3)**

A subsistence allowance is paid to an employee when he is obliged to spend time away from his usual place of residence. The gross amount must be reflected on the employee's tax certificate. The allowance is not subject to PAYE. He is entitled to deduct his actual expenditure in his income tax return and will therefore only be taxable on the unexpended portion on assessment.

An employee receiving a field living allowance will be exempt from tax on the amount, provided that he has a permanent home, in addition to his field accommodation and actually expended it on food and accommodation.

### **Housing allowance (section 16A)**

The taxable value of a housing allowance is reduced by an exemption of one third when an employer has an "approved housing scheme".

### **Reimbursements (Practice Note 3)**

A reimbursement of actual expenditure incurred on the instruction of the employer for business purposes and accounted for does not need to be reflected on the tax certificate and is not subject to PAYE or income tax on assessment.

### **Back pay/antedated salary (section 13)**

Back pay/antedated salary may be taxed over the period retrospectively but not exceeding three years.

### **Gratuities and retrenchment payments (section 16(o), section 13(3) and PAYE10 Vol.18)**

An award of this nature is exempt from tax to the extent of a cumulative amount of N\$300 000 if –

- the employee to whom it is paid has attained the age of 55 years, or
- the Minister of Finance is satisfied that the termination or impending termination of such employee's service is due to superannuation, ill health or infirmity, or
- the Minister is satisfied that the termination is due to reduction in personnel (retrenchment) or due to the fact that the employer ceased or intends to cease carrying on business.

In the case of the first bullet above employers are authorised, where the amount does not exceed

N\$10 000, to pay out the amount without obtaining a directive.

In the case of the second and third bullet above, a directive should be obtained from the Receiver of Revenue before the amount can be paid out.

The excess amount (balance exceeding N\$300 000) may be taxed in three successive equal annual instalments

Severance pay (section 35 of the Labour Act):

An employer must pay severance pay to an employee who has completed 12 months of continuous service, if the employee:

- is dismissed;
- dies while employed; or
- resigns or retires on reaching the age of 65 years.

The above does not apply:

- to a fair dismissal on grounds of misconduct or poor work performance;
- if the employee unreasonably refuses to accept employment on terms no less favourable than those applicable immediately before the termination of employment with:
  - the surviving spouse, heir or dependant of a deceased employer within one month of the death of the employer; or
  - one or more of the former partners within one month of the dissolution of the partnership, if the employer was a partnership.

Severance pay must be an amount equal to at least one week's remuneration for each year of continuous service with the employer. "Remuneration" means the total value of all payments in money or in kind made or owing to an employee arising from the employment of that employee.

An employer must apply for a directive from the IRD before paying out a severance pay to an employee.

## **Directives**

Tax directives are issued in accordance with paragraphs 9, 10, and 11 of Schedule 2, authorising employers how to deduct employee's tax from certain remuneration. For example

- specific amount directive,
- specific rate directive,
- specific scale of PAYE, and



- lump sum directive.

## Exempt Income (section 16)

All items that are exempt from income are also exempt from remuneration for PAYE purposes, and include:

- any amount received as a war pension, or as an award or benefit under any law relating to the payment of compensation in respect of diseases contracted by persons employed in mining operations,
- any amount received by or accrued to any person as is proved to the satisfaction of the Minister to be a bona fide bursary granted to enable or assist that person to study at a recognised educational or research institution,
- any amount received or accrued which is proved to the satisfaction of the Minister to be a single grant on obtaining a higher or additional academic qualification at any acknowledged educational institution,
- the salaries and emoluments payable to any person who holds office in Namibia as an official of Government, other than the Government of Namibia, or any specialised agency of the United Nations contemplated in section 16(c) of the Income Tax Act,
- the salaries and emoluments earned by any person who is stationed in Namibia in terms of a technical assistance agreement entered into between the Government of Namibia and any organisation or government of another country provided that person is not a Namibian citizen or ordinarily resident in Namibia and the salaries are paid from a source outside Namibia,
- N\$ 300 000 of lump sum gratuity payments and retrenchment payments, subject to certain conditions (see gratuity and retrenchment payments), and
- a uniform or allowance in lieu of a uniform, if an employee is as a condition of his employment required while on duty to wear a uniform which is clearly distinguishable from ordinary clothing.

## Fringe Benefits

Fringe benefits mean taxable benefits that the employer grants the employee as an advantage of his employment or as a reward for services rendered or to be rendered.

## Housing benefit (section 16A)

If the employer provides the employee with accommodation, the below table must be used to determine the taxable value of the benefit. The benefit is reduced by any amounts paid for the accommodation by the employee.

Location	1 room	2 rooms	3 rooms	4 rooms	5 rooms	6 rooms	7 rooms	8+ rooms
Windhoek	500	750	1000	1400	1800	2200	3400	4000
Walvis Bay	350	550	750	1000	1300	1700	2550	3000
Large Towns	250	375	500	700	900	1100	1700	2000
Small Towns	150	175	250	300	450	700	850	1000

If this benefit was granted in accordance with an 'approved housing scheme', the below applies:

- where the employee's remuneration (excluding any housing benefit, leave pay, honorarium, gratuity pay, overtime and pension pay-outs) is more than N\$30 000 per annum, the value of the housing benefit is reduced by one third,
- where the employee's remuneration (excluding any housing benefit, leave pay, honorarium, gratuity pay, overtime and pension pay-outs) is less than N\$15 000 per annum, the value of the housing benefit is reduced to nil, or
- where the employee's remuneration (excluding any housing benefit, leave pay, honorarium, gratuity pay, overtime and pension pay-outs) is more than N\$15 000 but less than N\$30 000, the taxable benefit shall be reduced by an amount equal to the percentage calculated using the formula and the value of the benefit determined in accordance with the formula should be further reduced by an exemption of one third of the calculated amount.

Formula:

$$y = 100 - (x / 150), \text{ where}$$

y represents the percentage to be calculated, and

x the amount of the said remuneration which exceeds N\$ 15 000.

### Example:

If the employer owns the house and it is in Windhoek and has 4 rooms - the taxable benefit for the employee would be N\$1 400 per month. If the employer has an approved housing scheme the benefit would be reduced by one third to N\$933 per month assuming the annual remuneration exceeds N\$30 000.

### **Housing loans and mortgage subsidies (section 16A and Practice Note 6)**

The fringe benefit value is (as long as the official interest rates charged by financial institutions remain below 15%):

- if no interest is payable, the fringe benefit value is 1% per month of the outstanding amount of loan or subsidy, or
- if a nominal interest is payable, the fringe benefit value is 1% per month, less the nominal monthly interest on the outstanding amount.

If this benefit was granted in accordance with an 'approved housing scheme', the benefit should be reduced by one third.

### **Loans – other than housing loans and mortgage subsidies (Practice Note 6)**

The fringe benefit value is (as long as the official interest rates charged by financial institutions remain below 15%):

- if no interest is payable, the fringe benefit value is 1% per month of the outstanding amount of loan or subsidy, or
- if nominal interest is payable, the fringe benefit value is 1% per month less the nominal monthly interest on outstanding amount.

No taxable value is placed on:

- casual loans obtained, if the aggregate of all the loan amounts at no time exceeds N\$3 000, and
- any loan made by the employer to an employee for own further studies.

### **Holiday Accommodation (Schedule to the Income Tax Rates)**

In the case of rental accommodation, the fringe benefit value is the cost to the employer of the rent, meals and services less any consideration paid by the employee.

Otherwise, the fringe benefit is the lowest of –

- N\$40 per person per day, or
- the tariff applicable to non-employees,

less any consideration paid by the employee.

The family and/or guests of the employee must be included in calculating the benefit.

**Meals (Schedule to the Income Tax Rates)**

If meals or coupons are received by the employee for use at his residence, the taxable value is N\$100 per month for each member of the family who is 6 years and older.

No taxable value shall be placed on meals and coupons received for use at the business premises.

**Free or subsidised service (Schedule to the Income Tax Rates)**

The taxable value of the fringe benefit is the cost to the employer of rendering the service or having the service rendered, less the consideration paid by the employee.

**Acquisition of an asset (Schedule to the Income Tax Rates)**

The taxable benefit is cost to the employer (less any consideration paid by the employee) if the asset was purchased by the employer for the employee. In all other cases, the fringe benefit is calculated on the market value of the asset less any consideration paid by the employee.

Vouchers should be taxed at the monetary value of the voucher.

No value is placed on an acquisition of asset for long service or bravery if the market value of the asset is less than N\$2 000.

**Use of company car (Schedule to the Income Tax Rates)**

If all running and maintenance costs are borne by the employer, the taxable value is 1.5% of the cost price/purchase price of the vehicle (including VAT, excluding financial charges).

If the employee is responsible for all running, maintenance and fuel costs, the taxable value is 1.4% of the cost price/purchase of the vehicle (including VAT, excluding financial charges).

If the employer rents the vehicle, the taxable value will be the rental payments made by the employer.

N\$100 per month (N\$1 200 per annum) is placed on the use of a company car if the use of the vehicle is restricted to only travel between the employee's home and the place of employment.

No value is placed on the use of a company car if any of the employees can use it from time to time to perform work-related duties (i.e. pool car).

**Tax Deductions (paragraph 2(4), Schedule 2 and section 17(2))**

For the purpose of determining balance of remuneration, there shall be allowed as a deduction from remuneration -

- any current employee contributions to an approved pension fund, provident fund and retirement annuity fund,
- any current employee contribution to an approved retirement annuity (private retirement annuity) if proof of the payment of such contributions has been furnished to the employer, and

- any current premiums paid by the employee under a policy of insurance for education purposes (study policy contributions) to provide funds at a future date for the education or training of a child or stepchild at an educational institution of a public character to obtain a post-school qualification, if proof of the payment of such premiums has been furnished to the employer.
- 'Child' or 'step child' means any such child who on the last day of the tax year is unmarried, is not over the age of 26, is partially or wholly liable on the employee for maintenance and is not liable for the payment of normal tax during the tax year.

The aggregate of the amounts that may be deducted in terms of a pension fund, provident fund, retirement annuity fund and study policy contributions may not in any year of assessment exceed the annual amount of N\$150 000 (effective March 2022).

## Rates of Normal Tax

Taxable Income			Tax Payable		
0	-	50 000	0		
50 001	-	100 000	0	+	18% over 50 000
100 001	-	300 000	9 000	+	25% over 100 000
300 001	-	500 000	59 000	+	28% over 300 000
500 001	-	800 000	115 000	+	30% over 500 000
800 001	-	1 500 000	205 000	+	32% over 800 000
1 500 001	and over		429 000	+	37% over 1 500 000

### Scholars and full-time students (PAYE10, Vol.18)

Where a scholar or full-time student is employed during his vacation or in a full-time capacity, employees' tax must only be deducted from his remuneration if his total remuneration will exceed N\$50 000 for the relevant year.

### Part-time employees (PAYE10, Vol.18)

Part-Time employees should be taxed at a fixed rate of 18% on their balance of remuneration. Part-time employees are persons who are not full-time in the employer's service and who are not remunerated as full-time employees for any services rendered. 'Part-time remuneration' includes:

- casual payments for irregular services rendered,
- fees paid to part-time lecturers,
- honoraria paid to office-bearers of bodies, clubs and societies, etc.,

- remuneration paid for occasional services rendered, and
- any payment which cannot be regarded as full-time remuneration.

Part-time remuneration does not include:

- fees paid to professional persons such as medical practitioners, attorneys, advocates, accountants, auditors, architects, quantity surveyors, etc., i.e. fees paid to a person for services rendered by him/her in the ordinary course of any trade conducted by him/her; and
- remuneration paid to a person whose contract of employment requires him/her to work each day during the morning or afternoon only.

## Administration and Compliance

An employer is required to:

- register as an employer with the Receiver of Revenue;
- inform the IRD in writing if there are any changes to the registered particulars;
- keep a record of the remuneration paid to each employee, as well as employees' tax deducted;
- deduct the correct amount of tax from the employees' remuneration;
- pay the employees' tax deducted to the IRD;
- issue PAYE5 tax certificates to all employees at the end of the tax year.

The employer is not allowed under any circumstances to make lesser tax deductions than those prescribed. The employer is personally liable for any loss, which the Receiver of Revenue may suffer, as a result of failure to deduct the full amount of employees' tax. The employer may not have any agreement with an employee whereby they undertake not to deduct employees' tax.

### **Monthly reconciliations and payments – remittance for the monthly PAYE (ETX) return (Schedule 2)**

PAYE should be declared and paid by the employer within 20 days after the end of the month during which it was deducted/withheld or within 20 days after the day on which such person ceased to be an employer. If the day falls on a Saturday, Sunday or public holiday, the due date shall be the first following working day.

Late payments are subject to a penalty of 10% of such outstanding amount for each month or part of a month that the amount remains unpaid (subject to limits).

Please refer to: Namibia Integrated Tax Administration System (ITAS) for more information.

### **Annual reconciliations and tax certificates – PAYE5 tax certificate (Schedule 2)**

Tax certificates must be issued within 30 days after the end of the period to which the certificate relates.

If the employer has ceased to be an employer in relation to the employee concerned, tax certificates must be issued within 14 days of the date on which he/she has so ceased.

If the said employer has ceased to be an employer, within 7 days of the date of which he/she has so ceased.

The IRD allows the submission of PAYE5 certificates on laser certificates.

# **Social Security – Maternity Leave, Sick Leave and Death Benefit Fund (MSD Fund)**

Every employer and employee are obliged under the Social Security Act to make a contribution to the Social Security Commission which provides for maternity leave, sick leave and death/retirement benefits for its members.

## **Employee**

Employee means any person younger than 65 years (other than an independent contractor) who –

- is employed by or working for any employer and who is receiving or entitled to receive any remuneration in respect thereof, or
- in any manner assists in the carrying on or the conducting of the business of an employer, and
- includes in the case of any employer who carries on or conducts business mainly within Namibia, any such natural person so employed by, or working for, such employer outside Namibia or assisting such employer in the carrying on or conducting of such business outside Namibia if such person is a Namibia citizen or lawfully admitted to Namibia for permanent residence therein.

## **Employer**

Employer means any person including the state –

- who employs or provides work for, any person and who remunerates or expressly or tacitly undertakes to remunerate that person;
- who permits any person to assist him in any manner in carrying on or conducting of his business.

### **Contribution rate**

The contribution rate for the MSD fund is 1.8% of the employee's basic wage shared on a 50/50 basis by the employer (0.9%) and the employee (0.9%), limited to a maximum basic wage ceiling of N\$9 000 per month (or N\$81 maximum contribution per month). The minimum amount payable by the employee and employer is N\$2.70 respectively.

### **Basic Wage**

Basic wage means an employee's remuneration in money including the cash equivalent of payment in kind (if any) in respect of work done during the hours ordinarily worked, but does not include –

- allowances, including travel, subsistence, housing, motor vehicle, transport and professional allowances (whether or not based on an employee's basic wage),
- pay for overtime (as defined in the Labour Act),
- additional pay for work on Sunday or a public holiday,
- additional pay for night work (as required in terms of the Labour Act), and
- payment in respect of pension, annuity, medical benefits or insurance.

### **Monthly return and payment**

- Employer must pay and submit their monthly returns to the SSC electronically within 30 days after the end of the month during which the basic wage is paid or becomes payable. Employers must submit their monthly contribution files to the SSC electronically. The electronic submission takes place via a system set e-mail address (edi@ssc.org.na).

### **Source**

- Social Security Act
- <https://www.ssc.org.na/>



# Employees' Compensation Fund (ECF Fund)

Every employer is required under the Employee Compensation Act to submit a wage return and contribute to the Compensation Fund that provides cash benefits for employees for industrial injury, disability and death.

## **Employee**

Employee means any person who has entered into or works under a contract of service or apprenticeship or learnership, with an employer, whether the contract is express or implied, is oral or in writing and whether the remuneration is calculated by time or by work done, or is in cash or in kind, excluding –

- members of the Namibian Police Force while employed in a war or other emergency to assist in the defence of Namibia,
- member of the Namibian Defence Force while employed in a war or other emergency to assist in the defence of Namibia or any international peacekeeping operation,
- persons whose annual earnings exceed N\$81 300 (N\$6 775 per month or N\$1 563 per week),
- persons employed casually and not for the purpose of the employer's business,
- outworkers (persons to whom articles or materials are given out by the employers to be made up, cleaned, washed, ornamented, finished, repaired, adapted for sale, altered or otherwise worked with on premises not under the control of the employer),
- persons who contract for the carrying out of work and themselves engage other persons to perform such work,
- persons employed as seamen or airmen, and
- persons employed outside Namibia.

Employers who wish to enter into a special agreement with the SSC to cover employees whose earnings are above N\$81 300 per annum may do so by completing an application form (Form E.As.9).

## **Employer**

Employer means any person who employs an employee and includes the State and any person controlling the business of the employer.

If the services of an employee are temporarily lent or let on hire by his employer to another person, such employer shall be deemed to continue to be the employer of such employee whilst he is working for that other person.

### **Wage to be included in the E.As.6 annual return**

Wage means all payments in money or in kind or both in money or kind, made or owing to an employee and arising out of employment in any way, including commission, costs of living allowances, the value of food and quarters supplied by an employer free or charge, regular incentives, bonuses of a regular nature to which an employee is (in terms of his services contract) entitled to and overtime payments of a constant character, but do not include payments for intermittent overtime, travel and subsistence allowance or other payments of a reimbursable nature, Christmas bonuses and other ex-gratia payments.

The values will be determined as follows. If an employee earns wages of –

- less than N\$5 883 per month (N\$70 600 per annum or N\$ 1358 per week), then the actual wages value is included,
- more than N\$5 883 per month (N\$70 600 or N\$ 1358 per week) but less than N\$6 775 per month (N\$81 300 or N\$1 563), then N\$5 883 is included (N\$70 600 per annum),
- more than N\$6 775 per month (N\$81 300 or N\$1 563), then these employees are excluded from the return,
- if the company applied for voluntary cover, then all employees who earn more than N\$6 775.00 per month will be included at a rate of N\$5 883.00 per month (N\$70 600 per annum).

If the employee was only employed for part of the year, the amount earned during that portion of the year must be declared.

If free food and quarters are provided to employees, the actual cash value thereof must be declared. If no value can be determined, free food must be valued at a minimum of N\$30 per employee per month and free quarters at a minimum of N\$20 per employee per month.

### **E.As.6 annual return**

Every employer must submit a wage return (E.As.6) not later than 31 March of each year showing the amount of wages paid to his employees during the period from the first day of March of the previous year to the last day of February of the current year.

The employer will receive an assessment from the Commissioner indicating the amount payable.

No Good Standing Certificate will be issued to an employer which has outstanding debts and/or wage returns.

### **Source**

- Employee Compensation Act
- <https://www.ssc.org.na/>
- E.As.6

# Vocational Education and Training (VET) Levy

Every employer is obliged to contribute to the Namibia Training Authority which provides for a sustainable skills delivery system under which quality vocational and technical skills are imparted to young Namibians through vocational education and training programmes which meet the current emerging needs of industries.

## Employee

Employee means any individual, other than an independent contractor, who

- Works for another person and who receives remuneration, or is entitled to receive remuneration for that work, or
- in any manner and for remuneration assists in carrying on or conducting the business of an employer.

## Employer

Employer means any person who –

- employs and provides work for, an individual and who remunerates or expressly or tacitly undertakes to remunerate that individual;
- permits an individual to assist that person in any manner in the carrying on or conducting that person's business, and
- has any annual payroll of N\$1 000 000 or more.
- Annual payroll means the total annual 'remuneration' (as defined in the Labour Act) paid or payable to its employees during the financial year.

The following employers are excluded from payment of the levy (**until 31 March 2021**):

- the State,
- regional councils as defined in section 1 of the Regional Councils Act,
- charitable organisations,
- public educational and not for gain institutions, and
- faith based organisations.

Employers not mentioned above may apply to the Minister of exemption from paying the levy.

**From 1 April 2021**, the following employers are excluded from the payment of the levy:

- the State
- regional councils as defined in section 1 of the Regulation Councils Act,
- local authorities established by the Local Authorities Act, except those referred to in Part I of Schedule 1 of the Act,
- employers whether or not supported wholly or partially by grants from public funds that meet the criteria for –
  - public educational institutions,
  - faith-based organisations,
  - charitable organisations,
  - private education and training institutions,
  - diplomatic and consular missions and offices of representatives or other states,
  - donor organisations and their agencies,
  - non-profit making voluntary organisations or non-government organisations, and
  - non-profit making non-voluntary organisations.

In order to qualify for the exemptions, the employers listed above must meet the criteria described in the Framework for Exemption of Employers from Payment of the Vocational Education and Training Levy set out in Annexure C in Government Gazette 7498.

An institution or employer not mentioned above may apply in writing to the Minister for the exemption from paying the levy.

All companies liable for VET, will get a VET registration number when registered. The registration number is an 8-digit number. The first three digits is the sector code (ISC code – Industry Sector Code) that will start with an “L” and the next 5 digits is a number that will be created by a system. It

will start at 00001 for each sector.

### **Contribution rate**

The rate of the levy is 1% of the annual payroll of the employer.

### **Annual payroll**

Annual payroll means the total annual 'remuneration' paid or payable to its employees during the financial year.

**Before 1 April 2021**, remuneration means remuneration as defined in the Labour Act, which is the total value of all payments in money or in kind made or owing to an employee arising from the employment of that employee. Benefits include statutory contributions such as the social security contribution.

**From 1 April 2021**, remuneration means remuneration as defined in Part I of Schedule 2 of the Income Tax Act. According to the Notice issued by the General Manager of the National Training Fund on 27 July 2021, the intention of the change is to clarify that remuneration includes any amount of income which is paid or is payable to any person by way of any salary, leave pay, allowance, wage, overtime pay, bonus, gratuity, commission, fee, emolument, pension, superannuation allowance, retiring allowance or stipend, whether in cash or otherwise, and whether or not in respect of services rendered.

### **Monthly return and payment**

Employers must pay and submit the monthly VET levy submission before or on the 20<sup>th</sup> of each month following the month during which the remuneration is paid or becomes payable. From 1 April 2021, the employer must also submit a evidence of a monthly payroll report (detail payroll report which must at least contain the employee names and/or numbers as well as remuneration).

If an employer:

- fails to submit the monthly return,
- the NTA is not satisfied with the information provided in the return form, or
- the employer has failed to pay the levy in terms of the Act,

the NTA may make a reasonable estimate, based on the information provided, of the amount of any levy payable, and issue the Employer a notice of assessment for the unpaid amount. From 1 April 2021, in respect of the failure to submit the returns mentioned above, the NTA may impose a penalty of N\$250 on every late monthly return form.

When clients want to claim, they need to claim from the Namibia Training Fund (NTA). Please click [here](#) for the following:

- a presentation from the NTA explaining all the concepts with regards to VET levy

- VET levy claims guidance notes
- claim form
- Employer Training Survey

### **Source**

- Vocational Education and Training Act
- Government Gazette 5395 (No.5 and No.6)
- Government Gazette 7498 (No. 67)
- <http://www.nta.com.na/>

# **Namibia Legislation**

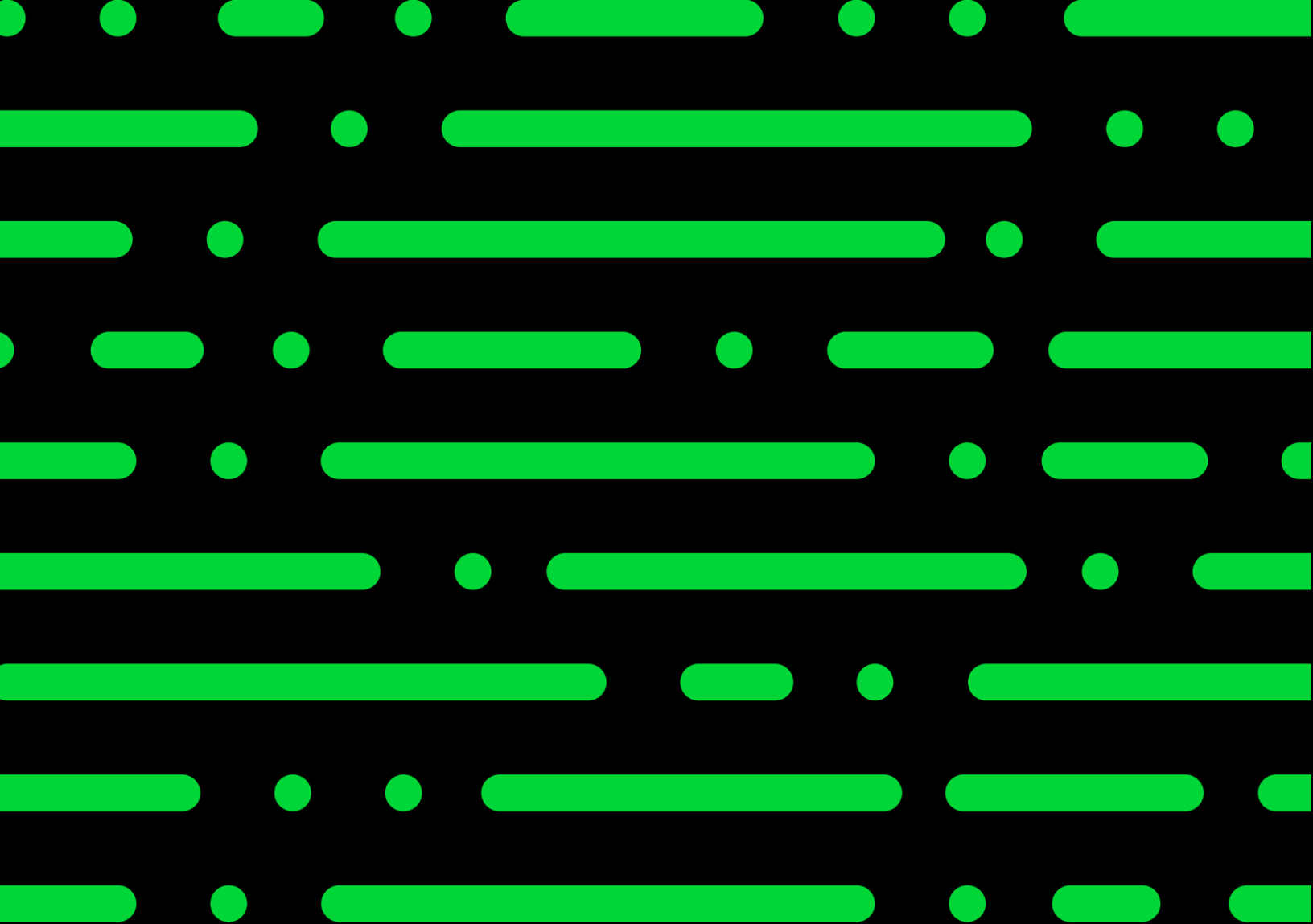
More information regarding Namibia legislation is available on Share Point:

Share Point → Payroll → Africa → Namibia

## **Sources**

- Income Tax Act
- PAYE10, Vol.18
- Practice Note 3
- Practice Note 6
- Social Security Act
- <https://www.ssc.org.na>
- Employee Compensation Act
- E.As.6 Form

- Vocational Education and Training Act
- Government Gazette 5395 (No.5 and No.6)
- Government Gazette 7498 (No. 67)
- <http://www.nta.com.na>



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