

Inland Revenue Department

Mission Statement

To administer the tax laws in an efficient and effective manner to maximize State Revenue from internal taxation sources

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REPUBLIC OF NAMIBIA



MINISTRY OF FINANCE

INLAND REVENUE DEPARTMENT



Taxation of Business Income

*Strengthening Knowledge of
Tax Laws and Procedures*

Taxation of Business Income

For tax purposes, all income earned from any business activities carried out in Namibia is taxable. This income is regarded as ordinary income for tax purposes.

Informal businesses include:

- 1. Hair Salon:** Whether the salon is operated from city centre, town, informal market, incubator centre, or at home – **such income is taxable;**
- 2. Taxi or bus business:** If you earn income from a taxi or bus that transports passengers to any place, the **income you receive is taxable;**
- 3. Hawker:** If you sell products from door to door, in an open market, on the side of the road, under a tree, in the neighborhood, from the back of the car – **you must pay tax on such income;**
- 4. Plumbing Services:** If you have people who call you to fix their broken taps and pipes for a fee – **record such income and pay tax.**
- 5. Kapana (Selling meat):** If you roast meat and sell it, you are **required to pay tax on such income.**

If you are conducting any business in Namibia, being in a formal or informal set up, know that the income you receive is subject to tax.

Applicable Tax Rates

The tax year-end for individuals runs from 01 March to 28 February each year.

The lowest income tax rate for individuals is 18%

The highest income tax rate for individuals is 37%

Trusts are taxable as individuals, which means any income earned during any year that is above N\$50,000 is taxable.

Companies and Close Corporations pay tax on each dollar of profit earned at a rate of 32% (this rate does not apply to mining companies).

For a full list of tax rates see our brochure “General Tax Information”.

Due date for submission of tax returns:

Individual business owners – 30 June

Companies and Close Corporations – 7 months after year end

Formal Businesses include:

- 1. Companies:** mainly registered for income tax purposes upon incorporation in Namibia;
- 2. Close Corporations:** mainly registered for income tax purposes upon incorporation in Namibia;
- 3. Trusts:** Trustees or duly appointed representatives have the obligation to register Trusts for applicable taxes;
- 4. Joint Ventures:** operate as a partnership and are mainly registered for Value Added Tax as income tax is borne by individual parties to the joint venture and
- 5. Sole Proprietors “trading as”:** a sole proprietor should apply for tax registration of applicable taxes.

Registration for Tax Purposes

Income Tax:

All persons who earn income of more than N\$50,000 in a year from one or multiple sources should complete an application for registration as a taxpayer.

Value Added Tax:

All businesses that make annual taxable supplies of more than N\$500,000 must apply for Value Added Tax registration.