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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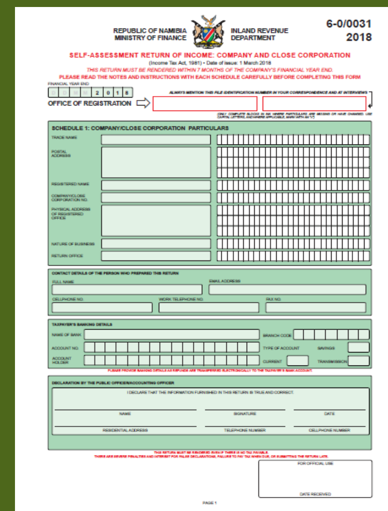
REPUBLIC OF NAMIBIA

MINISTRY OF FINANCE

INLAND REVENUE DEPARTMENT



Companies and Close Corporations

Strengthening Knowledge of Tax Laws and Procedures

TAXATION ON COMPANIES AND CLOSE CORPORATIONS

Companies and Close Corporations are required to pay tax on the profit earned and submit annual financial statements.

Companies that do **not** trade in mining activities are taxed at a flat rate of 32%.

Companies are required to make two provisional payments and must submit two provisional tax returns, the first one within 6 months after the start of the financial year and a second one at end of the financial

A company carrying on business in Namibia is required to appoint a Public officer to represent it for its tax affairs.

Expenditure that can be deducted from income includes:

1. Expenditure (excluding capital expenditure) that are incurred to produce income;
2. Expenditure incurred on repairs made to the place of business;
3. One third (for three years) of the cost of capital expenditure such as vehicle and machinery, but no deduction will be allowed if the item is sold; and
4. An allowance of 20% of the cost of erecting a building is deductible in the year the building was brought into use, and 4% for each of the following 20 years.

For a full list of general deductions, see section 17 of the Income Tax Act.

Expenditure that is not allowed as a deduction from income includes:

1) Domestic or private expenses including repair of house;
2) Expenses not relating to the production of income;
3) Amount paid in respect of land tax; and
4) Loss or expense which is recoverable from an insurance contract.

For a full list of expenses not allowed, see section 24 of the Income Tax Act.

Companies paying dividends to non-resident shareholders or paying interest to non-residents or paying royalties must withhold tax on such amounts.

A Company must submit a **self-assessment return of income: Company and Close Corporation** within 7 months of the company's year-end.