FOREWORD

A country’s tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions. This handy reference guide provides clients and professional practitioners with comprehensive tax and business information for over 90 countries throughout the world.

As you will appreciate, the production of the WWTG is a huge team effort and I would like to thank all tax experts within PFK member firms who gave up their time to contribute the vital information on their country’s taxes that forms the heart of this publication.

I hope that the combination of the WWTG and assistance from your local PFK member firm will provide you with the advice you need to make the right decisions for your international business.

Richard Sackin
Chairman, PKF International Tax Committee
Eisner Amper LLP
richard.sackin@eisneramper.com
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This publication should not be regarded as offering a complete explanation of the taxation matters that are contained within this publication. This publication has been sold or distributed on the express terms and understanding that the publishers and the authors are not responsible for the results of any actions which are undertaken on the basis of the information which is contained within this publication, nor for any error in, or omission from, this publication.

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PREFACE

The PKF Worldwide Tax Guide 2013 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world’s most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 1 January 2013, while also noting imminent changes where necessary.

On a country-by-country basis, each summary addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country’s personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

In addition to the printed version of the WWTG, individual country taxation guides are available in PDF format which can be downloaded from the PKF website at www.pkf.com

PKF INTERNATIONAL LIMITED
MAY 2013

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ABOUT PKF INTERNATIONAL LIMITED

PKF International Limited (PKFI) administers the PKF network of legally independent member firms. There are around 300 member firms and correspondents in 440 locations in around 125 countries providing accounting and business advisory services. PKFI member firms employ around 2,270 partners and more than 22,000 staff. PKFI is the 11th largest global accountancy network and its member firms have $2.68 billion aggregate fee income (year end June 2012). The network is a member of the Forum of Firms, an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.

Services provided by member firms include:

- Assurance & Advisory
- Insolvency – Corporate & Personal
- Financial Planning/Wealth management
- Taxation
- Corporate Finance
- Forensic Accounting
- Management Consultancy
- Hotel Consultancy
- IT Consultancy

PKF member firms are organised into five geographical regions covering Africa; Latin America; Asia Pacific; Europe, the Middle East & India (EMEI); and North America & the Caribbean. Each region elects representatives to the board of PKF International Limited which administers the network. While the member firms remain separate and independent, international tax, corporate finance, professional standards, audit, hotel consultancy and business development committees work together to improve quality standards, develop initiatives and share knowledge and best practice cross the network.

Please visit www.pkf.com for more information.
STRUCTURE OF COUNTRY DESCRIPTIONS

A. TAXES PAYABLE
   FEDERAL TAXES AND LEVIES
   COMPANY TAX
   CAPITAL GAINS TAX
   BRANCH PROFITS TAX
   SALES TAX/VALUE ADDED TAX
   FRINGE BENEFITS TAX
   LOCAL TAXES
   OTHER TAXES

B. DETERMINATION OF TAXABLE INCOME
   CAPITAL ALLOWANCES
   DEPRECIATION
   STOCK/INVENTORY
   CAPITAL GAINS AND LOSSES
   DIVIDENDS
   INTEREST DEDUCTIONS
   LOSSES
   FOREIGN SOURCED INCOME
   INCENTIVES

C. FOREIGN TAX RELIEF

D. CORPORATE GROUPS

E. RELATED PARTY TRANSACTIONS

F. WITHHOLDING TAX

G. EXCHANGE CONTROL

H. PERSONAL TAX

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES
INTERNATIONAL TIME ZONES

AT 12 NOON, GREENWICH MEAN TIME, THE STANDARD TIME ELSEWHERE IS:

A
Algeria .................. 1 pm
Angola .................. 1 pm
Argentina ................ 9 am
Australia -
   Melbourne ............ 10 pm
   Sydney ............... 10 pm
   Adelaide ............ 9.30 pm
   Perth ............... 8 pm
   Austria ............. 1 pm

B
Bahamas ................ 7 am
Bahrain ................ 3 pm
Belgium ................ 1 pm
Belize .................. 6 am
Bermuda ............... 8 am
Brazil ................ 7 am
British Virgin Islands . 8 am

C
Canada -
   Toronto ............ 7 am
   Winnipeg .......... 6 am
   Calgary .......... 5 am
   Vancouver ........ 4 am
   Cayman Islands . 7 am
   Chile ............. 8 am
   China - Beijing . 10 pm
   Colombia .......... 7 am
   Cyprus ........... 2 pm
   Czech Republic ... 1 pm

D
Denmark ............... 1 pm
Dominican Republic .. 7 am

E
Ecuador ............... 7 am
Egypt ................ 2 pm
El Salvador .......... 6 am
Estonia ............. 2 pm

F
Fiji .................. 12 midnight
Finland ................ 2 pm
France ................ 1 pm

G
Gambia (The) ........ 12 noon
Germany ................ 1 pm
Ghana ................ 12 noon
Greece ............... 2 pm
Grenada ............. 8 am
Guatemala .......... 6 am
Guernsey ............ 12 noon
Guysey ............... 12 noon

H
Hong Kong ............ 8 pm
Hungary .............. 1 pm

I
India ................ 5.30 pm
Indonesia ............ 7 pm
Ireland ............. 12 noon
Isle of Man ........ 12 noon
Israel ............. 2 pm
Italy ............... 1 pm

J
Jamaica ............ 7 am
Japan .............. 9 pm
Jordan ............ 2 pm

K
Kenya ................ 3 pm

L
Latvia .............. 2 pm
Lebanon ............ 2 pm
Luxembourg ........ 1 pm

M
Malaysia ............ 8 pm
Malta .............. 1 pm
Mexico ............ 6 am
Morocco .......... 12 noon

N
Namibia ............ 2 pm
Netherlands (The) . 1 pm
New Zealand ....... 12 midnight
Nigeria ............ 1 pm
Norway ............ 1 pm

O
Oman ................ 4 pm

P
Panama ............ 7 am
Papua New Guinea . 10 pm
Peru ............... 7 am
Philippines ........ 8 pm
Poland ............ 1 pm
Portugal .......... 1 pm
Q
Qatar ............ 8 am

R
Romania .......... 2 pm
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<thead>
<tr>
<th>Country</th>
<th>Time Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>3 pm</td>
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<tr>
<td></td>
<td>3 pm</td>
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<tr>
<td>S</td>
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<tr>
<td>Singapore</td>
<td>7 pm</td>
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<tr>
<td>Slovak Republic</td>
<td>1 pm</td>
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<tr>
<td>Slovenia</td>
<td>1 pm</td>
</tr>
<tr>
<td>South Africa</td>
<td>2 pm</td>
</tr>
<tr>
<td>Spain</td>
<td>1 pm</td>
</tr>
<tr>
<td>Sweden</td>
<td>1 pm</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1 pm</td>
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<tr>
<td>T</td>
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</tr>
<tr>
<td>Taiwan</td>
<td>8 pm</td>
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<tr>
<td>Thailand</td>
<td>8 pm</td>
</tr>
<tr>
<td>Tunisia</td>
<td>12 noon</td>
</tr>
<tr>
<td>Turkey</td>
<td>2 pm</td>
</tr>
<tr>
<td>Turks and Caicos Islands</td>
<td>7 am</td>
</tr>
<tr>
<td>U</td>
<td></td>
</tr>
<tr>
<td>Uganda</td>
<td>3 pm</td>
</tr>
<tr>
<td>Ukraine</td>
<td>2 pm</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>4 pm</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>(GMT) 12 noon</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>United States of America</td>
<td></td>
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<td>7 am</td>
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<td>V</td>
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<tr>
<td>Venezuela</td>
<td>8 am</td>
</tr>
<tr>
<td>Z</td>
<td></td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>2 pm</td>
</tr>
</tbody>
</table>
NAMIBIA

Currency: Dollar ($)  
Dial Code To: 264  
Dial Code Out: 09

Member Firm:  
City: Windhoek  
Name: Uwe Wolff  
Contact Information: +264 61 220662  
          uwe.wolff@pkf.co.na

A. TAXES PAYABLE

FEDERAL TAXES AND LEVIES

INCOME TAX
Income tax is source-based with certain incomes deemed to be from a Namibian source, eg interest derived from financial institutions. Tax is imposed on all receipts and accruals from a Namibian source, other than receipts or accruals of a capital nature. The taxable income of external companies is computed in the same way as for local companies. The current rate of corporate income tax is 34% commencing on or after 1 January 2009.

The tax year is the same as the financial year of the company. Tax liabilities are calculated on a self-assessment basis.

The collection of taxes is made as follows:
• Provisional Payments (1st and 2nd) are due after the first six months of the financial year and on the last day of the financial year
• A top-up payment is payable on due date for the return of Income – seven months after the end of the financial year.

CAPITAL GAINS TAX
There is no capital gains tax in Namibia.

BRANCH PROFITS TAX
Normal company income tax rules apply to the Namibian branch tax profits of overseas companies.

VALUE ADDED TAX (VAT)
VAT applies to the supply of goods and services by taxable persons in Namibia and on the import of goods and services into the country.

VAT is payable at the rate of 15% of the value of the goods supplied or imported. Certain supplies are eligible for a 0% rate. These include:
• Export of goods and services and related supplies
• International transport
• Sale of a going concern
• Sale of land and buildings for residential purposes and erection of residential buildings
• Supply of municipal services to residential accounts
• Supply of mahango and maize meal
• Supply of agricultural land to be used for resettlement purposes
• Supplies made in respect of guarantees
• Supply of funeral undertaking services
• Supply of services physically rendered elsewhere than in Namibia
• Petrol, diesel and paraffin
• Certain food supplies
• Postage stamps, but excluding postage stamps supplied as a collector’s piece;
• Telecommunication services to residential accounts
• Supplies by charitable organisation and similar institutions
• Supply of livestock (on the hoof)
• The supply of goods, and the repair thereof, to be used as aids by physically handicapped persons who are blind, deaf, crippled or a chronic invalid.

Services for any adjustment or modification in respect of a vehicle used for these purposes.

EXEMPT SUPPLIES
• Financial services
• Medical services and services provided by hospitals
• Group finance/management companies and inter-company loans
• Residential leases and fringe-benefit accommodation
• Public transport services
• Educational services
• Management of group housing and commercial premises
• Employee organisations  
• Local authorities  
• Fringe benefits  
• Supplies to foreign heads of State

LOCAL TAXES  
Municipal taxes are payable on the value of fixed property.

OTHER TAXES  
Other taxes include:
• stamp duty (on documents and marketable securities)  
• transfer duties payable on property transactions  
• motor vehicle licences  
• royalty on minerals  
• Customs and Excise duties  
• Royalty tax  
• non-resident’s shareholders tax.  
• withholding tax on interest  
• withholding tax on services.

B. DETERMINATION OF TAXABLE INCOME

CAPITAL ALLOWANCES  
Allowances are available on plant and machinery. Tax relief is allowed on the cost of assets used in the trade, claimed over a three-year period (excluding finance charges on Hire Purchase or Lease).

Allowances on buildings used in the trade are 20% in the year they were taken into use, balance at 4% per annum for the next 20 years.

Allowances on buildings used for manufacturing purposes are 20% in the year they were taken into use, balance at 8% per annum for the next ten years. This is only applicable for ‘registered manufacturers’ and must be applied for.

DEPRECIATION  
No depreciation is allowed in Namibia for tax purposes.

STOCK/INVENTORY  
Stock is to be valued at the lower of cost or market price, usually FIFO method. LIFO may be applied for.

CAPITAL GAINS AND LOSSES  
Capital gains are taxable if they arise from an activity that is considered to be a trade. Losses are also allowed in that case.

DIVIDENDS  
Dividends are not taxable except if paid to foreign taxpayers. Double Taxation Agreements are applicable.

INTEREST DEDUCTIONS  
Interest deductions are allowed in Namibia if they are incurred in the production of income.

LOSSES  
Losses and profits generated by a taxpayer may be set off against each other. A net loss may be carried forward to utilise in future tax years.

Assessed losses incurred in a year of assessment from a trade carried on by a natural person may not be set off against other income of that person with effect from years of assessment commencing 1 March 2012.

FOREIGN SOURCED INCOME  
Foreign income is not taxable in Namibia, except that deemed to be from a Namibian source.

INCENTIVES  
MANUFACTURING INCENTIVES  
A manufacturer may qualify for registered manufacturer status if its activities are beneficial to the economic development of Namibia by way of net employment creation, net value addition, replacement of imports or an increase in net exports. The benefits available to registered manufacturers include accelerated capital allowances in respect of industrial buildings and enhanced allowances for training costs and pension contributions.
EXPORT PROCESSING ZONES/STATUS
A registered manufacturer deriving income from the export of goods manufactured or produced by it to another country is entitled to an additional deduction of 25% of specified types of expenses.

INDIVIDUALS
Incentives for individuals include housing subsidies, study bursaries or loans and travelling allowances. Special deductions for contributions to pension and other retirement funds and tertiary education policies are available up to N$40,000 in total.

C. FOREIGN TAX RELIEF
A tax credit is available for foreign tax paid in respect of dividends, royalties and similar income which is also taxable in Namibia, subject to a maximum of the Namibian tax payable on the overseas income concerned.

D. CORPORATE GROUPS
Corporate groups are not taxed as groups in Namibia. The individual legal entities in a group are taxed.

E. RELATED PARTY TRANSACTIONS
There are no special rules in Namibia other than those contained in tax treaties.

F. WITHHOLDING TAX
Generally, a withholding tax (NRST) at 20% must be deducted from any dividend distributed by a company to a shareholder who is a non-resident and not carrying on business in Namibia. This rate may be reduced to 10% if the beneficial owner of the dividends is a company who holds directly or indirectly at least 25% of the share capital of the company paying the dividends.

The rate of tax can be reduced to 5% in terms of the provisions of a double taxation agreement between Namibia and a foreign country.

Royalty payments to non-residents are subject to a withholding tax based on the company tax rate applicable to the recipient company’s year-end (currently 34% commencing on or after 1 January 2009) on 30% of the gross royalty tax payable.

The Ministry of Finance in Namibia introduced a withholding tax on interest, which will be levied on any interest earned or accrued to any person (other than a Namibian company) from a Namibian banking institution and/or a unit trust. The 10% tax will be deducted from interest earned by any person on bank accounts and applicable unit trust investments. Namibian companies will, however, be taxed at the normal corporate tax rates applicable.

The 10% withholding tax on interest is a final tax and, as from the 28 February 2010 tax year, interest from a Namibian banking institution and/or a unit trust will no longer be included in taxable income on the tax returns of affected persons.

Although account holders are liable for the payment of the withholding tax, Section 34C of the Income Tax Act requires Namibian banking institutions and unit trust schemes to withhold and pay the tax on interest directly to Inland Revenue, within 20 days after the month in which the interest accrued or was received by the account holder.

The Ministry of Finance introduced a withholding tax on services rendered by non-residents and non-resident shareholder’s tax. The effective date for the commencement of withholding tax on services i.e. Section 35A is 30 December 2011 for any resident in Namibia (resident and juristic persons) to withhold tax on payments for services rendered by non-residents.

The payment of management fees, consultancy fees, entertainment fees or directors’ fees by a Namibian resident to a non-resident is subject to withholding tax at a rate of 25%. Amounts that have been subject to the 25% tax rate do not fall into the gross income of the recipient of the amount.

The Namibian resident must pay the withholding tax to the Revenue authorities within 20 days after the end of the month during which the withholding tax was deducted or withheld. Late payment of the withholding tax is subject to a penalty of 10% and interest as a rate of 20% per year.
G. EXCHANGE CONTROL

Exchange controls apply in Namibia.

H. PERSONAL TAX

Individuals are taxed under the same statute as companies, i.e. the Income Tax Act 1981, as amended. Generally, the income of a non-resident which derives from Namibia is taxed in the same manner as that of a resident. Only income from a source within Namibia will be included in taxable income. Profits of a capital nature are not taxed. All individuals are taxed on income at progressive marginal rates over a series of income brackets as follows:

<table>
<thead>
<tr>
<th>Taxable income (N$)</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 40,000</td>
<td>0%</td>
</tr>
<tr>
<td>40,001 to 80,000</td>
<td>27% on amount exceeding N$40,000</td>
</tr>
<tr>
<td>80,001 to 200,000</td>
<td>N$10,800 plus 32% on amount exceeding N$80,000</td>
</tr>
<tr>
<td>200,001 to 750,000</td>
<td>N$49,200 plus 34% on amount exceeding N$200,000</td>
</tr>
<tr>
<td>Over 750,000</td>
<td>N$236,200 plus 37% on amount exceeding N$750,000</td>
</tr>
</tbody>
</table>

The tax year runs from 1 March to 28 February.

Tax is determined by self-assessment with a final tax due for qualifying salaried taxpayers.

The due date for returns of Income is 30 June for most taxpayers although this is 30 September for others such as sole proprietors.

The collection of taxes is as follows:
- provisional taxes are to be paid in instalments after the first six months of the tax year and on the last day of the tax year
- a top-up payment is due on the tax return filing date.

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

The treaty withholding rates are made as follows:

<table>
<thead>
<tr>
<th>Treaty Countries:</th>
<th>Dividends</th>
<th>Interest</th>
<th>Royalties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Individuals/companies (%)</td>
<td>Qualifying companies (%)</td>
<td>(%)</td>
</tr>
<tr>
<td>Botswana</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>France</td>
<td>15</td>
<td>5</td>
<td>10</td>
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<tr>
<td>Germany</td>
<td>15</td>
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<td>– (1)</td>
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<tr>
<td>India</td>
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<td>10</td>
<td>10</td>
</tr>
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<td>Malaysia</td>
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<td>Mauritius</td>
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<td>10</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>15</td>
<td>5</td>
<td>20</td>
</tr>
</tbody>
</table>

1 Taxable only in the state of residence of the recipient.