

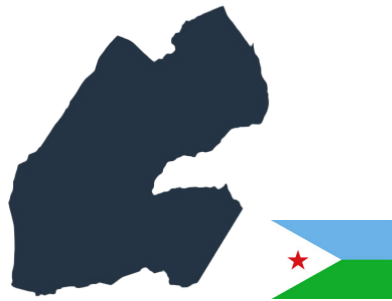
Business in Namibia



Namibia's economy has been categorized as a lower-middle-income economy, with its gross domestic product yielding a significantly larger value per capita on average in contrast to other sub-Saharan African countries.


Namibia is described as political stable with peaceful transitions of power between every state election. Its economic management is sound, which has helped develop the country and its infrastructure over the country's 32 years of independence.

Namibia finds wealth in its mineral resources, which extraction thereof has contributed largely to its growth and international trade.



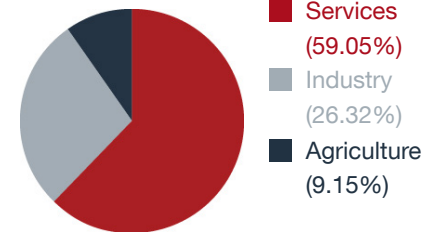
Population

2.6
million

 = 500,000



GDP Breakdown by Sector



Currency

Namibian
Dollar (N\$)

Foreign Direct Investment

932 million (USD)

GDP Growth (2022)

7.6%

Business Climate

Namibia is located in Southern Africa and covers an area of 825,615 km² with an estimated population of 2.6 million. It is bordered by the Atlantic Ocean on the west and shares land borders with Zambia and Angola to the north, Zimbabwe and Botswana to the east, and South Africa to the south and east. The economy is mostly export driven with mining, tourism, fishing, and agriculture as its key industries. Namibia is a member of the South African Customs Union, which consists of Botswana, Lesotho, Namibia, South Africa, and Eswatini, and the Southern Africa Development Community (SADC). Namibia forms part of the Common Monetary Area (CMA) which is made up of Namibia, Kingdom of Lesotho, South Africa, and Kingdom of Eswatini.

Banking System

The Bank of Namibia regulates commercial banks and the government regulates publicly owned banks - the Development Bank of Namibia (DBN) and Agricultural Bank of Namibia (Agribank). The Namibian dollar (N\$) is linked to the South African Rand (ZAR), which is also accepted as legal tender in Namibia.

All foreign exchange transactions outside the Common Monetary Area (CMA) are subject to comply foreign exchange regulations. The

Republic of Namibia, Kingdom of Lesotho, South Africa and Kingdom of Eswatini are collectively known as the Common Monetary Area.

Business and Intellectual Property

The Business and Intellectual Property Authority (BIPA) is a State-Owned Enterprise (SOE) established in terms of the BIPA Act (Act No. 8 of 2016). BIPA is tasked with the registration, administration and protection of businesses, commercial and industrial properties rights (IPRs). It also acts as the legal depository of information, documents and data required to be lodged under the applicable legislations administered.

Namibia is party to the World Intellectual Property Organization (WIPO) Convention, the Berne Convention for the Protection of Literary and Artistic Works, and the Paris Convention for the Protection of Industrial Property and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks and the Patent Cooperation Treaty (PCT). Namibia is also a signatory to the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT).

International Trade

Trade Regulations, Customs & Standards

Namibia's economy is highly dependent on international trade, the country has been a World Trade Organization (WTO) member since January 1, 1995 and a member of GATT since September 15, 1992. Namibia is an important partner of the European Union (EU); Namibia has participated in Economic Partnership Agreements (EPAs) negotiations with the EU and other members of the SADC- PA Group. Within the framework of this agreement, Namibia will continue to enjoy duty and quota free access to the EU market, complemented with enhanced regulations, industry protection and various safeguards.

Trade Agreements

Namibia is among the 31 African Union member states that ratified the African Continental Free Trade Area (AfCFTA). As a result, the agreement requires members to remove tariffs from 90% of goods, allowing free access to commodities, goods, and services across the continent. Furthermore, Namibia is a member of the Southern African Customs Union (SACU), which ensures the free movement of goods among member states, including Botswana, Lesotho, Eswatini and South Africa.

Foreign Trade Zones

Export Processing Zone (EPZ) regime was established to serve as a tax haven for export-oriented manufacturing enterprises in the country. The

objects and purposes of export processing zones are (a) to attract, promote or increase the manufacture of export goods; (b) to create or increase industrial employment; (c) to create or expand export earnings; (d) to create or expand industrial investment, including foreign investment; and (e) to encourage technology transfer and the development of management and labour skills, in Namibia.

Foreign Direct Investment Policy

The Foreign Investment Act of 1993 (FIA) currently governs FDI in Namibia and guarantees equal treatment for foreign investors and Namibian firms. The Act created Namibia investment center within the Ministry of Industrialization and Trade (MIT). In addition, its mandate is to facilitate the promotion and administration of foreign investments.

The Namibia Investment Promotion and Development Board took over the activities of the Namibian Investment Centre (NIC) and SME Development programmes from the Ministry of Industrialization and Trade (MIT). In addition, its mandate is to promote and facilitate investment by foreign and Namibian investors and new ventures that contributes to economic development and job creation, to promote regional Special Economic Zones that leverage the geographic comparative advantages of each region, and to facilitate collaborative roles between government and private sector, including foreign

Namibia's
economy is highly
dependent on
international trade.



Tax Regime

Residence and Basis

The Namibian tax system is source based. The basis of taxation is that only income derived, or deemed to be derived from sources within Namibia is subject to tax. Tax liability is not dependent on the place of residence; both residents of Namibia and non-residents are taxable on income derived from a source within or deemed to be within Namibia. The Income Tax Act does not define the term source; case law provides guidelines according to which the source of income must be determined.

Business Tax

Companies are liable to tax at a fixed rate, currently 32% of the taxable income of the company. Companies that carry on mining activities are taxed at rates ranging from 35% to 55% of the taxable income of the company. Close corporations are taxed in the same manner as companies.

Corporate and Foreign Taxes

All dividend and royalty payments and any similar payments made to non-Namibia residents are subjected to pay withholding taxes of 10% of the amount. Dividends declared by a Namibian company to a non-resident holding company are subject to the non-resident shareholder tax at a rate of 20% if such company holds less than 25% shareholding in the Namibian company and at a rate of 10% if such company holds more than 25% shareholding.

Personal Taxes

Individuals are taxed at progressive rates, the minimum rate is nil percent and the maximum rate applied is 37 percent The Namibian tax year for individuals commences on March 1 to the last day of February that subsequent year. The Namibian tax authority is known as the Namibian Revenue Authority (NamRA).

Income Tax

The basis of tax is the amount of gross income that is received by or accrues to a company during the year of assessment from a source within or deemed to be within Namibia, excluding receipts or accruals of a capital nature. Gross income is reduced to income by the deduction of exempt income. Income is further reduced to taxable income by the deduction of allowable deductions.

Value Added Tax (VAT)

The VAT Act provides for compulsory registration in respect of anyone who carries on any taxable activity where the turnover from that activity exceeds N\$500,000 over any 12-month period. A person whose supplies do not exceed N\$500,000 in a 12-month period may choose to register voluntarily where the supplies are expected to exceed N\$200,000 in a period of 12 months. Every registered person is required to charge VAT at a rate of 15% on the supply of goods or services in the course or furtherance of its business.

Establishing a Business

The most common types of corporate structures are:

- Partnership is a legal relationship established by virtue of a partnership agreement between two to 20 persons, in terms of which they agree to contribute to a common business, with the object of making a profit.
- Business trust is the legal arrangement for the contact of business or the halting of assets for the benefits of beneficiaries.
- Close Corporations: The Close Corporations Act 26 of 1988 regulate close corporations. Only natural persons can be a member and obtain members' interest in a close corporation.
- Companies: The Companies Act 28 of 2004 regulate companies and provides for two types of companies, namely a company having a share capital or a company limited by guarantee. A company having a share capital may be either a public company, or a private company having shares of par value or shares of no par value. There is a requirement for a minimum of one shareholder and three directors for public company and one director and one shareholder for private companies. All companies are required to be audited annually.

Employment Affairs

Work Permits

A non-Namibian citizen or someone who does not have permanent residence permit and intends to work in Namibia for a period less than three months is required to apply for a work visa beforehand. If the period exceeds three months, the person would be required to apply for a work permit – the work permit may be approved for a maximum period of two years.

Employment for Foreign Individuals

Foreign individuals with valid work visas are eligible to be employed in Namibia.

Social Security

Every employer is required to register as an employer and every employee employed by the employer should register as an employee for purposes of the Social Security Act 34 of 1994. Social security is payable on a 50:50 contributions from employers and employees. The contributions are calculated at 0.9% of the basic wage of the employee, with a minimum monthly contribution of N\$2.70, calculated on a minimum monthly earnings of N\$300, and a maximum monthly contribution of N\$81.00 by each, calculated on the maximum monthly earnings of N\$9,000.


Contact Us

Dr Weder, Kauta & Hoveka Inc., Namibia

A collaborating firm of Andersen Global

For more information, please contact your Andersen advisor or visit global.Andersen.com to view our global office locations.

 @AndersenGlobal1

 Andersen Global

 @AndersenGlobal

 ANDERSEN®

Updated: August 2022

**Andersen Global is an international association of legally separate, independent member firms
comprised of tax and legal professionals around the world.**

Visit global.Andersen.com for more locations.

The opinions and analyses expressed herein are subject to change at any time. Any suggestions contained herein are general, and do not take into account an individual's or entity's specific circumstances or applicable governing law, which may vary from jurisdiction to jurisdiction and be subject to change. Dr Weder, Kauta & Hoveka Inc. is the Namibian collaborating firm of Andersen Global, a Swiss Verein comprised of legally separate, independent member firms located throughout the world providing services under their own name. Andersen Global does not provide any services and has no responsibility for any actions of the member firms, and the member firms have no responsibility for any actions of Andersen Global. No warranty or representation, express or implied, is made by Dr Weder, Kauta & Hoveka Inc., nor does Dr Weder, Kauta & Hoveka Inc. accept any liability with respect to the information and data set forth herein. Distribution hereof does not constitute legal, tax, accounting, investment or other professional advice. Recipients should consult their professional advisors prior to acting on the information set forth herein. © 2022 Dr Weder, Kauta & Hoveka Inc. All rights reserved.