

Namibia's budget speech was held on 27 March 2019.

Below is a summary of the payroll-related proposed changes. **Please note that these proposed changes are not law yet and no proposed effective date has been made available.** Once these changes have been promulgated a tax update will be sent out to all Namibia users directly.

1.1 Increase in tax deduction limit for retirement fund contributions

Currently:

Employee contributions to a retirement fund (pension fund, provident fund and retirement annuity) and to a study policy is tax deductible limited to N\$40 000 per annum.

Proposed:

To encourage savings and provisions for retirement, it is proposed to increase the tax deduction limit to the lesser of –

- 27.5% of income, or
- N\$ 150 000 per annum.

1.2 Income from foreign sources

Currently:

Only income from a source within (or deemed to be within) Namibia is taxable in Namibia.

Proposed:

To deepen the current hybrid tax system, it is proposed to tax all income earned from foreign sources. Namibian tax residents will have to declare such income in their annual tax returns.

1.3 Tax administration reforms

- Continued rolling out and enhancing of the Integrated Tax Administration System (ITAS).
- Transitional arrangements for the establishment of the Namibia Revenue Agency (NAMRA) by 1 October 2019.
- Improving the tax administration to ensure compliance with tax law and improving the efficiency of domestic tax collection.
- Scaling-up the programme for targeted recovery of tax arrears for different types of tax revenues.

If you have questions, please send us an e-mail to Support.HRandPayroll@sage.com