PKF International Limited

Doing Business in Namibia

SNAPSHOT

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COUNTRY OVERVIEW

The Republic of Namibia is a country in Southern Africa. Its western border is the Atlantic Ocean. It shares land borders with Zambia and Angola to the north, Botswana to the east and South Africa to the south and east. Although it does not border Zimbabwe, less than 200m of the Zambezi River separates the two countries.

Namibia gained independence from South Africa on 21 March 1990, following the Namibian War of Independence.

Its capital and largest city is Windhoek.

Namibia is a member state of the United Nations, the Southern African Development Community (SADC), the African Union and the Commonwealth of Nations.

Namibia's main export partners are South Africa, Botswana, Switzerland, Zambia, China and Italy. The main export commodities include diamonds, copper, gold, zinc, lead, uranium, cattle, white fish and molluscs.

Namibia's main import partner is South Africa.

GEOGRAPHY

Area	824,292km²
Population	2.5 million
Capital	Windhoek

POLITICS

Form of Government	Parliamentary
Republic Head of State	President Hage Geingob

LANGUAGES

Official Language	English
National Language	13 languages have been recognized as national languages, including ten indigenous African languages: Oshikwanyama, Oshindonga, Khoekhoegowab, Ju/'hoan, Rukwangali, Otjiherero, Rugciriku, Thimbukushu, Silozi and Setswana. Three Indo-European languages include English, German and Afrikaans.

ECONOMY

Gross Domestic Product 2019	US$ 12.37 billion
Per capita GDP 2019	US$ 4,957
GDP Real Growth Rate for 2019	-1.1%
Inflation Average Rate	3.72%
Currency	ISO code is NAD
Current exchange rate	1 South African Rand = 1 NAD

WHY NAMIBIA?

- Namibia has a high degree of political stability and a strong adherence to the rule of law.
- Labour regulations are relatively flexible.
- Enforcement of commercial regulations is effective and consistent.
- Namibia benefits from significant mineral resources, fisheries and has a good transport infrastructure.
- It has a liberal and generous investment regime.
- Namibia is strategically located and has a low-cost and efficient port.

INVESTMENT OPPORTUNITIES

- FISHING
- MINING
- MINERALS
- AGRICULTURE
- ENERGY
- EDUCATION
- TOURISM AND HOSPITALITY
- DESALINATION AND TRANSPORTATION OF WATER
- SADC MARKET ACCESS
- SOLAR POWER GENERATION

INVESTMENT INCENTIVES

- Tax and non-tax incentives.
- Full protection of investments.
- Duty-free access to the Southern African Customs Union (SACU).
- Duty-free access to the European Union for a wide range of manufactured and agricultural products.
- Duty-free and quota-free access to the United States.
- A sophisticated financial and banking sector.
- A pleasant environment for living and working.
- A low crime rate.

The Namibia Investment Centre within the Ministry of Trade and Industry facilitates the promotion and administration of foreign investments. This provides for:

- openness of all sectors for foreign investment;
- liberal foreign investment conditions;
- equal treatment of foreign and local investors; and
- the granting of a Certificate of Status Investment (CSI).

The CSI is granted if the following conditions are met:

- the foreign investment amount should be at least NAD$2 million;
- foreign investment in Namibian enterprise should not constitute less than 10% of its share capital;
- it contributes to Namibia's development objectives;
- it contributes to the Namibian economy in terms of employment opportunities, provision of training for Namibians, use of raw materials and locally produced goods;
- it has potential for earning foreign exchange; and
- it has a positive impact on the environment.

The CSI provides preferential access to foreign exchange in order to repay foreign debt, royalty, remit branch profits and dividends, as well as proceeds of sale of enterprise. It gives the right to retain abroad all part of foreign exchange earnings from export. It also provides the right to international arbitration in the event of dispute with the government, as well as payment of just compensation without undue delay and in freely convertible currency.

Foreign investors should take note that:

- direct or indirect ownership of 50% and more or beneficial control of agricultural land (farms) is prohibited in terms of legislation;
- dividends payable from companies or distributions from close corporations attract non-residents shareholders tax (NRST) at generally 10%, if at least 25% of shares are held in the Namibian company and the shareholder is a company, unless a double taxation agreement exists between the domicile country of the foreign investor and Namibia which provides for a different rate. In all other cases, the NRST payable is 20%;
- foreign exchange control mechanisms are in place and the repatriation of any funds to a country outside the Common Monetary Area (CMA – consisting of Namibia, South Africa, Lesotho and Swaziland) may be difficult if certain rules have not been followed before funds are invested in the CMA;
- local companies owned by foreign shareholders are restricted in terms of borrowing funds (for example, from a foreign holding company) to one-third of the issued share capital of the local entity;
- the Namibian Income Tax Act provides rules for transfer pricing issues;
- royalties paid to an entity outside Namibia attracts withholding tax at the rate of 10% / 5% depending on the country of residence of the recipient; and
- in terms of the Foreign Investment Act, 1990, the Minister of Trade & Industry has by notice in the Government Gazette (15 April 2010) prescribed that foreign nationals may only by special permission from the minister engage in any retailing business, public transport services or in a hair dressing salon or beauty care business.

COMPANY STRUCTURES

Requirement	LLC	PLC	IFSC (Offshore Company)
Duration			
Company setup	14 weeks	16 weeks	18 weeks
Bank account setup	2 weeks	3 weeks	4 weeks
Company structure	Shareholders Minimum: 1 Maximum: 50	Shareholders Minimum: 7 Maximum: unlimited	
Resident director required	No	No	No
Resident shareholder required	No	No	No
Corporate shareholders permitted	Yes	Yes	Yes
Wholly foreign owned	Yes	Yes	Yes
Minimum paid-up share capital	NAD1	NAD1	NAD1
Legal liability	Limited	Limited	Unlimited
Annual tax return submission	Yes	Yes	Yes
Tax registration certificate	Yes	Yes	Yes

VISAS

Not all visitors to Namibia require a tourist visa. Those nationalities that do **not** require a visa (for visits of less than 90 days) include:

- South African;
- Australian;
- British;
- German;
- American;
- Canadian; and
- Japanese.

The countries that require a tourist visa are:

- Greece;
- China;
- South Korea; and
- most Eastern European countries.

Due to the current pandemic, visa policies may have been temporarily suspended. Please see and overview of travel restrictions here and verify with local authorities.

TAX

Namibia has a source-based tax system, and income from a source within Namibia or deemed to be within Namibia will be subject to tax.

Standard Corporate Tax **32%**

Standard VAT Rate **15%**

Withholding tax

- Interest **10%**
- Royalties **10%**
- Dividends – non-resident shareholders tax **20%**

REGISTRATIONS REQUIRED FOR GENERAL BUSINESS

- Income tax
- Provisional tax
- Value-added tax
- Value-added tax on imports
- Pay-as-you-earn (PAYE)
- Social security
- Workmen's compensation
- Municipal registration
- Employment equity registration
- Vocational education levy for employers with an annual payroll above NAD1million
- Specific licenses

right people
right size
right solutions

TALK TO US

We'll help direct your enquiry to the right place. Contact us at:

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DBIsNA052021