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LAND OF THE BRAVE
BY SERVAAS VAN DEN BOSCH

It’s easy to get gloomy with the state of the nation every so often. When I see young graduates without initiative or innovative drive that just want to sit in an office and surf the web for the rest of their lives, I wonder why we bother keeping our tertiary institutions around. A few exceptions aside, for employers it is probably easier to just take Grade 12 learners and train them on the job than to work with our current crop of graduates. At least the learners haven’t been spoiled by four more years of horrid education, sex for marks and entitlement.

I wonder when someone finally realises turning education around requires a 30–year commitment that starts with decent teacher colleges and then working our way up through the school system starting at pre–primary. Yes, Home Affairs is probably right to keep a tight lid on work permits. Open the borders and the local workforce would find it impossible to compete. Not because foreigners are smarter, but because they are better educated, more proactive, harder working and generally require much less time investment from management. In short, because their schools, governments and families cared to equip them better. We need to open our eyes to the truth that we are failing an entire generation.

I get gloomy when I listen to a State of the Nation that is all over the place and to our leaders debating over what must happen with the cattle, like they are running a village instead of a country. I get depressed when babies drop straight from the womb onto a cold concrete hospital floor and die. Is that how we welcome our next generation? And does it really do to blame a bunch of embittered nurses over and over again? Blame everybody, except yourself, the person ultimately responsible?

We walk through the valley of the shadow of doubt and we are paralysed with fear, because we don’t know where to start. There is no real plan to solve education woes, bring healthcare back to standard or develop the small business sector.

And then I walk into a workshop about the Green Economy and see an entrepreneur that actually doesn’t have time to sit through deliberations with the paid conference goers, but really wants to know how his landscaping business can contribute to creating more green jobs, or how his Green Earth project can instil love for the environment in tomorrow’s workforce.

Or I walk into a SPAR supermarket that recently changed hands and is finally booming after the previous owners managed to alienate the neighbourhood. And in the parking lot I see the latest flagship in the fleet of a booming local tour operator and I know that any top executive being transported from the airport to Windhoek will be impressed.

I sit down after a long week at a new pizza place in Dorado Park. Modest, just established and not yet overrun by clients. But I see the owner fussing around and the pizzas are the best in town. My daughter celebrates her birthday and a lady who has a small but growing party business brings us a beautiful jumping castle. The service is impeccable, the price more than reasonable and she willingly refers us to a competitor for tables and chairs, which, she hastens to add, she will offer soon herself.

And I realise that the brave owners of Green Earth Farming and Trading, SPAR Hochland Park, Vulkan Ruine Tours & Transfers, Lemon Boom’s Pizza and Party Pals don’t spend their days whining about the state of the country or lamenting their leaders. They get on with business.

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ECONOMY NEWS FLASH

ECONOMY GROWS MARGINALY IN 2012

Namibia’s GDP has grown above expectations by 5 percent in 2012, show preliminary accounts of the Namibia Statistics Agency. Earlier, estimates by the Bank of Namibia and the Ministry of Finance put the growth at 4.6 and 4 percent respectively while most analysts forecasted growth of around 4.5 percent.

This means the Namibian economy grew by a marginal 0.1 percent up from 4.9 percent in 2011. The driver of growth was the primary sector, especially mining which grew by 11.2 percent last year. Overall primary industries expanded by 6.5 percent, with the only notable decline (4.7 percent) occurring in the fishing industry.

The secondary sector grew by 5.9 percent on the back of solid growth in the construction industry. The overall winner was the tertiary industry, which registered 6.9 percent growth and noted strong growth in the wholesale and retail segment, as well as financial services, real estate and transport and communications.

UNEMPLOYMENT AT 27 PERCENT

Latest data by the Namibia Statistics Agency (NSA) put the unemployment in the country at 27.4 percent. This is the outcome of the latest Labour Force Survey. The number is significantly lower than the 51.2 percent unemployment rate published in the last Labour Force Survey and also lower than the 37 percent unemployment suggested in the 2011 census.

While critics argue the drop in unemployment in the 2012 Namibia Labour Force Survey isn’t reflected in better social-economic conditions on the ground, NSA chief John Steytler counters that the survey used a different methodology compared to previous surveys. The unemployment percentage puts Namibia relatively on par with South Africa, while unemployment here is still higher than in Botswana.

Of an economically active population of 868,268 people, 238,174 were unemployed. Concerning, Steytler said, is that unemployment among youth is over 50 percent.

TRADE TALKS STALL

Several trade negotiations across the Region have come to a standstill along with stagnation of talks on the World Trade Organisation (WTO) level reports the Agricultural Trade Forum (ATF), an industry financed lobby mechanism of the agricultural sector. A breakthrough in the WTO’s Doha Round remains elusive as ever, while progress in the Tripartite Free Trade Area has been slow, although negotiators seem to have agreed on the modalities for the talks.

The Economic Partnership Agreements with the European Union saw an angered Minister of Trade telling parliament it will not stand for bullying from Brussels. Despite Calle Schlettwein’s concern on lack of consultation by the Europeans, insiders say that there are very few remaining issues that prevent Namibia from signing. It could be that Namibia is holding out to ride on a better deal than South Africa, which has joined the talks, might be able to realise on especially agricultural market access. The so-called Singapore issues, dealing with services remain, however, a stumbling block with the Region fearing unfair competition. There is little movement on the free trade agreements SACU is negotiating with India, South America and the US, but under the European Free Trade Area agreement Norwegian beef access quotas for Namibia could be increased, reports the ATF. Namibia ranks a worrying 140th position (out of 185) on the World Bank’s ‘Trading across borders’ index.
**BON GOES AFTER BANKING FEES**

In another effort to further financial access the Bank of Namibia has agreed with commercial banks to waive fees on cash deposits up to N$2,000. The measure will be in effect from end of July. Businesses with a turnover of over N$1 million can deposit up to N$10,000 free of charge per month as from the end of October. The BoN hopes relaxing the fees will stimulate savings in the economy.

**GLOOMY OUTLOOK FOR WORLD ECONOMY**

The long–term outlook for the world economy is gloomy if we are to believe the predictions of the 2052 forecast by the Centre for Climate Strategy of the Norwegian Business School. Fossil fuel use will peak around 2030 and a decade later, in 2040, we will see declines in consumption and global population growth, slowdown in world GDP and a peak in energy demand. Interestingly, disposable income will start to drop, first in the OECD countries, followed several decades later by a stagnation in China and developing economies.

**INFLATION DROPS, VEHICLES UP**

Inflation in February came in at 6.2 percent down from 6.4 percent in the previous month and below both the twelve–month and the 2012 average (6.4 and 6.5 percent respectively). Vehicle sales rose month on month by almost 10 percent to 1043 units, still 17 percent less than in February 2012. Broker IJG says the slow start of the year in the vehicle market is due to uncertainty in Government tenders and supply side constraints.

**NSX CLOSES LOWER**

The Namibia Stock Exchange (NSX) Overall Index closed at 966.21 points in March, a drop from 974.15 points a month earlier. Over a 12–month period the NSX Overall Index returned 12.22 percent, while the local index performed markedly better with a return of 29.76 percent. In February, Marencia with 33.33 percent was the best performing share, while Bannerman that saw a drop of 14.29 percent was the biggest loser.

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ARRIVALS

Diesho to head NIPAM?

Unconfirmed reports indicate that academic Joe Diescho might take over the reins at the Namibia Institute of Public Affairs Management (NIPAM).

The institute is currently led by Acting Director Elsie Nghikembua. Diescho has a long and distinguished track record as an academic and, at times, a vocal critic of Government policy. He has been based in South Africa for the past years, where he was affiliated to UNISA.

New director for NGCL

The Namibia German Centre for Logistics (NGCL), a Polytechnic of Namibia affiliated think tank, has appointed Neville Mbai as its new director.

Mbai climbed through the ranks, having worked as a manager with the organisation for the past four years. Mbai, who holds a Masters in Maritime Shipping, will oversee the growth of the organisation’s budget and its positioning as a leading organisation in transport and logistics in the Southern African region.

MISA Namibia gets new Head

Natascha Tibinyane takes over as the new national director of the Media Institute of Southern Africa.

The media watchdog, with branches in most SADC countries, said it was confident Tibinyane will ‘execute her duties diligently to ensure MISA Namibia becomes a force to be reckoned with again’. The local chapter of the organisation has been plagued by ineffectiveness. Tibinyane earned her colours as a human rights activist and media practitioner, heading Katutura Community Radio before joining the European Embassy in Windhoek as Head of Public Relations. Tibinyane’s priorities will be to rekindle interest in the organisation from the local media industry and spearhead access to information legislation.

Auditor General reappointed

President Pohamba has asked parliament to endorse the reappointment of Junius Kandjeke as Auditor General for another five year term.

Kandjeke was first appointed in 2003. The AG office in the past has been criticised for its inability to complete audits of State Owned Enterprises and other public sector entities on time, but has shown improvement in recent years. The Office of the Auditor General announced the establishment of a forensic auditing unit in January to tackle fraud in the public sector.

Trustco revises EXCO

Micro–finance group Trustco has appointed several new members to its Executive Committee.

Among the appointments were chartered accountant Ryan McDougal who took over as the new Group Financial Director. Floors Abrahams, who used to occupy that role, was moved to head Trustco’s Treasury.

In a move designed to give shareholders of the JSE-listed group an indication of his succession planning, Trustco founder Quinton van Rooyen put his son Quinton Junior in charge of the Namibian operations. Van Rooyen junior has a BComm and a Bachelor of Law from the University of Pretoria. He joined the group in 2010 in the micro–finance and education division before being appointed to the exco.

DEPARTURES

Martin leaves PWC

After a decade, Patty Karuaihe–Martin, long-term tax partner at PWC, has left the firm to pursue other interests.

Martin is rumoured to go and head the Inland Revenue Department. Recently, she was in charge of the Global Fund account which pours millions into combatting HIV/AIDS, malaria and tuberculosis in the country.
Mutual Federal left in limbo

Two top officers of short-term insurer Mutual Federal resigned, causing confusion at the organisation and its South African parent.

CEO Marcelina Goases resigned suddenly early April while senior manager Japie le Roux tendered his resignation a week earlier. Newspaper Informanté reports that executives from South Africa flew in to sort out the succession at the top of the organisation.

Kaapanda moves to British High Commission

Tulimeyo Kaapanda resigned as business development and marketing manager at the Namibian Chamber of Commerce and Industry (NCCI) in March.

In this position she was responsible for growing the organisation and publicity, including the Namibia Business Journal. Before that she served at the NCCI as regional Trade Programme Manager. Kaapanda will move to the British High Commission to take up the role of manager of trade promotion.

What’s happening at NWR?

There seems no end to the problems at Namibia Wildlife Resorts (NWR)

After it transpired Acting Manager Zelna Hengari and Head of Operations and HR Seblon Chicalu suspended four managers last month, The Namibian early April reported that the top duo itself is the focus of an internal investigation. Reportedly the Board was advised of irregularities by the two and the suspensions of mid-level managers by Hengari and Chicalu would partly be of personnel that had aided the investigators in their research. The Board of NWR has stayed mum on the issue refusing to act on a recommendation for disciplinary action by Sauls and Company law chambers.

Snyman leaves Feedmaster

After being Managing Director of Feedmaster for eight years, André Snyman concludes his career in the agricultural sector. With the recent completion of two big projects, to the value of N$700 million in which Feedmaster played a key role, Snyman was instrumental in helping establish NMI’s broiler and the new feed factor for pigs and poultry.

Another bad month for SWAPO

The funeral of Education Minister Abraham Iyambo barely behind him, President Pohamba attended funerals of several more SWAPO stalwarts in March.

Early in March Kavango Governor Maurus Nekaro died. The former mayor of Rundu was found dead in his bedroom at only 57 years old. He leaves behind eight children.

Omaheke Governor Kamehozu (63) died two weeks later after a month-long sickbed. Kamehozu, a former mayor of Grootfontein, had a high profile role in the last SWAPO congress.

His death followed the passing of Grootfontein Regional Councillor Bromes Matheus. Early in April, former mayor of Ondangwa and northern businessman Otto Kapia died at Ongwediva Medipark. Kapia had cancer for the past decade and resigned his position at the helm of the town eight years ago for health reasons. He served as a mayor for eight years and was the owner of a funeral service, private school and Kapia Optics.

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NEW BUILDING FOR FNB

Namibia’s largest bank, FNB, is moving ahead with its long–term ambition to consolidate its different offices scattered over Windhoek into one building.

Mid–March the company announced that it will start construction on a new head office at Freedom Plaza, which will replace its four current office buildings. The developer of Freedom Plaza on Independence avenue is Freedom Square (Pty) Ltd. which is a joint venture between United Africa Group and JSE listed Redefine Properties. The N$425 million building will occupy a site area of 4595 square metres and a gross leasable area of 15,927 square meters spread over six office floors, featuring a gym and a restaurant. An additional six basement levels will provide 685 parking bays. The office will house 775 of FNB’s 1800 staff, with a maximum of 1100.

“We currently our Divisions and Business Units are scattered across Windhoek in four different property locations and this means that efficiencies and advantage of economies of scale are not achievable, resulting in a duplicating of cost structures to manage the greater business. We have also outgrown the current buildings from a future growth perspective,” commented FNB Namibia CEO Leyenaar.

According to insiders, FNB has put its other properties in the market, but has failed to acquire the desired asking prices so far. The building at Freedom Plaza will be completed in the first quarter of 2015.

BREWERS SUFFER FROM SA VENTURE

Although operating profit was up by 17.4 percent for Namibia Breweries (NBS) for the period ended 31 December, the South African returns continue to be loss–making with a 57 percent year–on–year increase in the equity loss in the South African DHN joint venture. Headline earnings per share came in at 0.7 percent, with the Board declaring an interim dividend of 31 cents per share. Local beer sales were up by 13 percent, mostly led by Tafel, resulting in a revenue increase of 13.9 percent for NBS that with a market cap of 2.7 billion is the largest of the Namibian caps. Export sales dropped and NBS encountered fierce competition in other SADC markets. The equity loss in the joint venture could surpass the N$100 million mark for the 2013 financial year and uncertainty reins around the acquisition of Sedibeng Brewery by DHN. During the six months NBS advanced N$98.6 million to the joint venture. Analysts are cautious, pointing at strong fundamentals in the NBS valuation, but sitting on the fence regarding the outcome of the Sedibeng deal which could turn out to be a high stakes gamble.

Earlier in March competitor SABMiller announced it will start construction on its 260,000 hectolitres Okahandja brewery in April at a cost of N$362 million. Despite this threat, NBS has a favourable enterprise to hectolitre ratio of US$129/hectolitre versus the estimated US$154/hectolitre at SAB’s Okahandja plant.
ORYX CONTINUES STRONG PERFORMANCE

Property group Oryx got a solid ‘buy’ recommendation from brokers upon the presentation of figures for the six months ended 31 December.

Headline earnings per unit grew by 12.6 percent to 72.65 cents. On the ground net rental income increased by 18.4 percent to N$76.8 million. The company, with a total market cap of N$792.6 million, saw occupancy levels of 99.6 percent, with vacancies decreasing to 0.4 percent. Profit dropped by 50 percent to N$17 million, mainly as a result of a lower change in the fair value of investment property. Total valuation of properties was N$1.27 billion, divided between retail (54 percent), industrial (37 percent) and offices (10 percent). Oryx completed the 2800 square metre Scania premises and secured a lease agreement for ten years.

The upgrade of Maerua Mall is on schedule and will be completed by November 2013, while the upgrade of Baines shopping centre in Pioneerspark should be completed this month. Oryx’s target price per share is N$15.30 and the expected total return is estimated by brokers at 15.8 percent.

AERIAL VIEW Maerua Mall with building going on in the background. Oryx Properties, which owns the mall, secured a N$420 million loan from Absa.

BIDVEST NAMIBIA IN TROUBLED WATER

Wholesale, retail, services and manufacturing group Bidvest Namibia presented subdued half year figures. For the six months ending 31 December, earnings per share dropped 22 percent compared to last year.

Although revenues grew by almost 36 percent to N$1.6 billion, the cost of sales also surged by 54 percent, while operating cost shot up by 80 percent to N$143 million. T&C was the big revenue earner, but also responsible for a large part of the cost. Additional cost came from renting of fishing quotas, after Namsov’s direct horse mackerel quota got cut by the Ministry.

Fishing, with 84 percent or N$211 million, was still responsible for the vast majority of Bidvest Namibia’s profit, but down substantially from last year’s N$280 million. Total profit shrunk substantially to 20 percent to N$250 million. The Angolan fishing operations are experiencing setbacks as well, while the Total Allowable Catch (TAC) for pilchards was also reduced significantly.

The cash position decreased by 11 percent, with the company cutting into reserves and loans were raised of N$24 million. The company declared an interim dividend of 23 cent per share, with a forecasted full dividend of 51 cents per share.

Bidvest reports that the horse mackerel TAC for 2013 with 350,000 tonnes is slightly up from 2012’s 320,000t and that it is busy securing strategic partnerships with other quota holders. However, if unsuccessful it will have to redeploy vessels to other waters.

Broker IJG said it was surprised by these negative earnings and forecasts N$1.15 per share for financial year 2013 and a target price of N$10 per share at a price to earnings ratio of 8.5. Based on a total expected return of minus 16.3 percent, IJG downgraded Bidvest Namibia stock to ‘sell’ status.

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SMES GET BULK DBN FUNDING IN Q4

**INVESTMENT**

SMEs received N$54.3 million, or almost 60 percent of the total amount of loans the Development Bank of Namibia (DBN) extended in the last quarter of 2012, the bank announced. In the last quarter the DBN approved loans totalling N$91.1 million. Loans in the last three months of 2012 were down from the third quarter when DBN approved N$242.9 million, but averaged the loan amounts in the first and second quarter of last year. The transport and communication sector, with N$32.5 million was the biggest recipient, followed by wholesale, retail and repair with N$23 million.

According to Acting Head of Lending Heike Smith non-performing loans caused the loan book to stagnate at N$1.4 billion, N$100 million short of the targeted N$1.5 billion. Last year DBN revealed its non-performing loans were significantly higher than those of commercial banks, but still in line with regional trends regarding Development Finance Institutions (DFIs). For the current year DBN targets a loan book of N$1.7 billion.

According to Smith almost 27 percent of loans or N$24 million went to projects spanning several regions, while Khomas and Otjozondjupa were the biggest single region recipients with N$15.6 and N$13.1 million respectively. The funds will create 472 new jobs and 507 temporary jobs, she added.

Smith noted that the loans enable some SMEs to grow into sizeable enterprises, while at the same time reversing gender roles in business. “Gerlaine Landsberg of Landsberg Drilling and Blasting is challenging the perception that drilling and blasting is the domain of males,” Smith said. “Landsberg’s first major tender involved the supply of 300,000 tonnes of crushed stones for roads construction. The Roads Authority awarded a tender to Grinaker-LTA, who sub-contracted her company to provide the crushed stones for the road from Okahaoto Omakange.”

Later on in March, opposition Member of Parliament Arnold Tjihuiko of NUDO questioned the allocation of N$350 million to DBN stating that the bank was in danger of usurping the mandate of the newly established SME bank. He suggested SME programmes at DBN should be shifted to the SME Bank. At the moment DBN offers a range of facilities that can be used by SMEs, such as medium term finance, SME finance and bridging finance. These loans have different criteria than commercial loans at the SME Bank. The newly established SME Bank still has to release figures on its loans in the first quarter of 2013.

ROTARIANS CELEBRATE 60 YEARS

**ORGANISATION**

A Toast Eckart von Oehsen, President of the Rotary Club Windhoek, toasts with fellow Rotarians and spouses during the anniversary luncheon.

Rotary Club Windhoek (RCW) in early March started off a year of celebrations in honour of its 60th anniversary. Chartered on 31 March 1953, in the same year that clubs were created in Saigon, Vietnam, Ndola, Zambia and Mossel Bay, South Africa, Rotary Club Windhoek has been instrumental in providing support to numerous organisations and institutions. This included the establishment of SOS Children’s Village and Oponganda among others. Rotary has also been key in eradicating polio worldwide and in Namibia.

The Rotary Club Windhoek is the oldest of eight clubs in Namibia and focuses on giving back to the community, build goodwill and better friendships. Presently there is a focus on working with young people at school and tertiary educational level with the object being to help prepare the leaders of tomorrow.

Rotary Club Windhoek kicked-off its 60th anniversary celebrations with a luncheon on 3 March at a city centre hotel. At the event the club’s current president, Eckart von Oehsen, announced that several club and community service events would take place over the coming twelve months.

SMES VICTIM OF SA ADVERTISERS

An increasing number of SMEs fall victim to South Africa-based firms that use aggressive tactics in convincing a business to list in one of their business directories. Not only do the companies spam local businesses, but if the desired response is not forthcoming, the companies proceed to book the listing and invoice the company. The advertising companies often target employees in different departments, creating confusion in the hope that one staff member will sign the booking sheet in the assumption approval was obtained from another department.

Companies that are running scams with unsolicited advertising in Namibia include SADC Advertising that runs a publication called Classified Business Directory and Access Directory Services that purports to publish the Namibia Business Directory. Several organisations, including business development firm SMEs Compete, have vowed to report these operators to the South African High Commission and the Namibia Chamber of Commerce and Industry (NCCI). We encourage readers to send us their complaints regarding unsolicited listing, whether in directories or online, to info@emergo.com.na.
ARANDIS
GEM IN THE DESERT

FROM SMALL BEGINNINGS
Clothing Manufacturer Dantago is the biggest employer in Arandis, creating jobs for several hundred people and manufacturing clothes for retail giant Woolworths.

Like Las Vegas, the mining town of Arandis plans to shake off its dusty past and become a shining gem in the middle of the desert. Formerly a dormitory town for the nearby mines, Arandis is gearing up to attract significant investment for multi–million dollar developments.

Entering Arandis from the highway, the signs of activity are obvious with buildings going up on both sides of the main road. Always an industrious town, serving the nearby uranium mines, recently Arandis has truly spread its wings. “Arandis is known for its close relation with the mining industry, but has much more to offer,” says Town Council Chief Executive Officer Florida Husselmann.

“We see great potential in growing the town into an industrial hub that can serve the Erongo Region and is centrally located between major industry, the ports and the hinterland. With the Namibia Institute of Mining and Technology (NIMT) having its main campus here the town is also a centre of excellence for the furthering of education,” she notes. “Our desert landscape and the proximity of several large mines, also opens doors for niche–tourism, such as mining tours, eco–tourism, or desert adventure safaris.”

“Arandis is situated outside the rust belt, in the heartland of the industrial region and sporting an excellent skills base,” says long–time NIMT Director Eckhart Mueller, who is passionate about the town’s development. NIMT, with 3000 students is by far the largest supplier of skilled labour in the Erongo region and throughout the country. Some of the developments currently underway include a three storey hotel, a health centre and a shopping mall that is developed by Old Mutual. Earlier, the town saw the opening of retail facilities, a large petrol station, schools and banking outlets.

Offering an alternative to the expensive coastal property markets, residential developers have flocked to the town to build houses. Among them, young Namibian entrepreneur Tuna Willem who is building 120 low to middle income houses in the town. “Arandis is a no–brainer in terms of investment,” she comments. “The town has everything going for it, focussing on necessities that are in high demand in Namibia, such as a safe, affordable living environment. The Town Council is passionate and a dream to work with for developers.”

Residential development is one of the pillars in Arandis’ development strategy, notes Husselmann, who foresees a doubling of the town’s population over the next few years. “We have land in abundance and are able to develop it much cheaper than in other parts of the country, offering an affordable and prosperous living environment.” Apart from Tuna Willem’s Osho Living Park, another 600 houses are on the cards, as well as a power plant, a dry fishing plant, a mining museum, various accommodation facilities and an industrial park.

Several high–powered individuals such as Deputy Trade Minister Tjekero Tweya and Erongo Governor Cleophas Mutjavikua have staked their reputations on Arandis, attracting investment and calling it an ‘excellent opportunity for industrialisation’ as set out in NDP4 and Vision 2030. “Exciting new areas we are looking to develop are renewable energy and a polishing factory for the minerals that are found nearby,” Arandis Corporate Services Manager Aunie Gebhard explains. “With so many hours of sun and an abundance of minerals these are logical areas for development, showing that Arandis wants to add value locally and, in doing so, create jobs.”

“An Investment Conference in 2011 put Arandis on the map as an investment destination of choice, resulting in several development large projects.” The outcomes of the conference have been so positive that the Town Council has decided to organise a follow–up conference on 25–27 April to secure further financing for various projects. The conference, which will be hosted by NIMT is enriched by a Mineral, Mining and Energy Expo, where exhibitors will showcase the latest products and services in the field.
WE NEED MORE MENTORS IN NAMIBIA

By Vimbai Karumazondo

The Namibian business environment can be unwelcoming and even selfish, says self–made entrepreneur Naomi Natangwe Kefas of Magnetize, a Namibian–owned diversified services and manufacturing company.

Magnetize, started in 2007, has its head office in the downtown BPI House and a factory in Windhoek’s SME incubation centre. The company, which employs five people, specialises in the manufacturing of cleaning agents, trades in medical supplies and recently ventured off into property development.

“Since last year we manufacture our own cleaning agents right here in Windhoek, instead of importing them from abroad,” says 32–year old Kefas, whose biggest customers are government institutions in Windhoek and Luanda, Angola.

Other activities include supplying medical equipment, such as beds, oxygen machines and chairs to hospitals, surgeries, dentist offices and even prisons. Lately, Kefas turned her attention to property development. “In July we will start developing 250 townhouses along Shanghai Street in Katutura,” says Kefas. The deal is valued north of N$60 million and the units will be sold at N$510,000–N$520,000. In addition to development Kefas offers property management services, taking care of leases and rental collection.

The married mother of a 3–year old was born as one of a pair of twins in the Oshikoto Region, but grew up in Walvis Bay, where she attended Kuisebmond Secondary School, before studying for a business degree.

Although the business is taking strides and is growing, Kefas remembers the tough early days well. “The start–up phase of a business is a challenge. Most, if not all, the banks do not want to give capital, because they need some form of collateral.”

But more than that, she was shocked by the spiteful attitude of some fellow business people. “Established business owners in Namibia refuse to help newcomers. That is something that stops the SMEs from expanding; those that can help, don’t help. “I find this selfish. We do not have enough mentors in business to guide those that are coming up without a business background. A lot of business owners are only concerned about themselves,” she adds.

However, beginning entrepreneurs are not without blame. “One of the pitfalls of startups is that they are too quick to start big. They don’t see the value of starting small and growing the business patiently. SMEs have to learn to save. We do not have a culture of saving. When entrepreneurs actually make money they will spend it in a ridiculous manner, unaware that they can use that very same money to make further investments into the business.”

She advises starting entrepreneurs to be diligent and organised. “Have your priorities straight and keep a daily schedule. Delegate some functions to employees and ask your family to assist now and then with the house chores,” she says. “Success is about working hard and being committed. Business owners, especially startups, should learn as much as they can and acquire wide knowledge in their business, be patient and not be discouraged easily.”
New broom
SWEEPS NORTH CLEAN
By Vimbai Karumazondo

Most SMEs have a grand opening and an equally grand closing.

Marketing is essential for a new business, says young entrepreneur Fidel Nambundunga of the fledgling business Chain Trading in Oshakati. The firm, which opened its doors at the beginning of 2013, provides cleaning services and training on hygiene and the use of cleaning materials.

Like many entrepreneurs, Nambundunga, worked professionally in the same sector, learning the ropes, before starting up his own show. “I worked my way up at a trading company specialising in cleaning materials from sales agent, to administrator and eventually manager. It’s a sector that is not exploited in the northern part of Namibia and by being in the industry I have learnt what the customer or client really needs and that is what I am providing.

The company being still in its infancy, a lot of time is spent visiting potential clients and securing new contracts. “The challenge in this sector is finding the right marketing strategies that appeal to the northern market,” he says. “An important aspect is distinguishing yourself from the competition. There are two or three other companies doing what we do, but we try to be different.

“For instance, our prices are reasonable; the products are made in Namibia and of high quality; we do after sales service, consultation and training and we supply to small businesses, households level and to the ordinary men on the street.”

Like for many other starting entrepreneurs time and money were a scarce commodity for Nambundunga and his two fellow shareholders, but there were others. “It is important to have a good company order system to process requests and we invested in our relationship with suppliers to secure credit terms. The beginning will always be difficult no matter the startup capital you put in and even if you have all your equipment and documents in place,” he comments.

“Things like marketing, branding, advertising, finding qualified employees, building a network, customer service and training are overlooked by most business owners. That’s the reason most SMEs have a grand opening and an equally grand closing.”

Despite the difficulties they encounter startups should not hold back in the realisation of their dreams, says Nambundunga, and be willing to share that dream with others. “Often, people are afraid to share ideas and plans, but you can never make it if you don’t do market research. Talk to your family about the business idea to drum up support and different views. Gather as much information regarding the sector you want to get into, so it becomes easier to break through the challenges you most certainly will face.

Apart from being fully being committed to his business and seeing it grow, Nambundunga adds that he still manages to squeeze in time for his daughter, dropping her off at school and offering his time as the president of Ongwediva Youth Club.
A match made in heaven?
Choosing the right accountant for your business

It pays off to spend some time choosing the right accountant says experts. Increasingly a good accountant is a jack of all trades who can help with tax planning, risk management and business development, as well as counting the beans.

By law all registered companies need to submit audited annual accounts to the Department of Inland Revenue. Depending on whether the firm is a closed corporation (cc) or a proprietary limited company (Pty Ltd.) the books need to be signed off by an accounting officer or a chartered accountant.

Just like in any other profession there are differences between accounting firms when it comes to service delivery, expertise, sticking to deadlines and even accuracy. The range of services on offer also varies from pure bookkeeping and auditing, to tax advisory services, risk management and business consulting services, as well as a range of secretarial services.

As your accountant has detailed knowledge of your business and in many cases is the custodian of parts of your financial administration, changing accountants can be a nightmare that should be avoided.

“Selecting an accountant is a delicate process,” says Gerda Brand, Tax Director at Deloitte Namibia. “A business–owner should not just select on professionalism, but there needs to be a certain chemistry. It is very important to have a relationship with your accountant. You need to know your auditor”

Behind the number crunching

“A business, even an SME, shouldn’t just look at the smallest fee, but should ask themselves the question: who is with me in this business?” says Brand. “Because of increasingly complex regulations, the trend is away from just auditing, companies more and more require a business advisor.”

This is especially true for growing businesses that are for instance expanding, building or buying property. “Whenever something big is happening with your company, an advisor can help. For instance if a business is expanding the entrepreneur could be worried about cash flow. The business advisor can then have a look at the debtors list and help fix issues. In other instances an accountant can help you structure a sale to be more tax beneficial.”

In Brand’s experience, however, clients often plod along and only ask for help at a very late stage when the legal gaps have become obvious.

“It is imperative that you consult your accountant before you go into any big business,” she says.

“A business should always look at the package an accountant offers, because smaller firms will offer you one service while bigger accountants will charge you more, but will also offer more services,” says BDO marketing and communications officer Nicole Heimstadt. “A firm that offers more services is more likely to attract long–term clients,” she adds.

The selection process

According to BDO Namibia Chairman Wayne McTeer, businesses looking for accounting firms should start by deciding whether they want a big or a small firm.

“Once you have decided on that I suggest you go and visit them and see if they offer good service. They should also give the impression that they know what they are talking about,” he says. When the choice is made, a firm usually offers an engagement letter outlining the services it will look after for the client. “We also advise clients that are starting out. We talk to them about their capital and their vision and tell them whether to trade as a sole proprietor, a company, a partnership or a closed corporation,” he adds.

“Accounting is not such a clever thing, if you can understand the basics around receipts and expenses then you can run a business. You can prepare financial statements that have fancy things in them, but at the end of the day you must just make sure that your cash coming in is more than cash going out,” notes McTeer. “Usually for small start–up it’s not worthwhile getting themselves into a lot of expenses.”

According to KPMG Audit Manager Ruswe Verengai companies are mainly driven by the need to get value for their money, be it on procurement of goods, or services. “Audit and accounting services are definitely no exception. Although it seems relatively easy and straightforward to hire an accountant, you really want someone with the appropriate level of technical skills and experience. Failure to choose the right accountant can result in businesses losing hundreds of thousands of dollars,” he says.

Verengai advises companies to draw up a check list when looking for an auditor or accountant. “Does the accountant understand the client’s needs? You need a firm that fully understands the client’s operations and goes the extra mile to respond to your needs. The accountant needs to invest in a relationship that values you as the client. You want to know that your auditor thinks of you as if you were his only client.”

Knowledge is also a very important aspect. Verengai: “Auditing is a technical service, you do not want to pay for a service where the auditor seems not to have an idea of what they are doing. Accounting and audit services cost money. Business people need to make sure that they make the right decision right from the start. There is absolutely no point in paying for an audit service or an accountant who adds no value to the business.”

16 / Issue 2 / April 2013
Anybody home?
Your accountant can be the best in Namibia, but if he or she is buried beneath a mountain of work, you are going to get frustrated as deadlines whizz by and accounts have to be returned because they are full of errors. “Availability is almost always on the top of the list for bigger clients,” reveals Brand. “Some clients will sit you down and interview you on your personal life and other commitments to satisfy themselves that you are available when your services are needed.”

As a rule, a good firm doesn’t take on more clients than it can service well, without compromising on quality and eye for detail. Therefore, you should make sure the firm has the resources required to finalise your audit and keep track of how they spend their time. For instance, if a firm sends a couple of people to your premises to work on your files and they spend the first hour of the day reading the newspapers, you are likely to get billed for that. In these cases immediately alert the managing partner of the firm.

Value for Money
What should I reserve for the yearly audit and additional accounting services, is a question that lies on the lips of most entrepreneurs? Surprisingly, large firms like Deloitte, PWC, EY and KPMG (also dubbed the Big Four) are not necessarily more expensive than their smaller counterparts, although access can be a problem for SMEs.

“There is no internal policy on the turnover of a client,” comments Brand. “But a process of natural selection that takes place. Bigger firms as a rule do the bigger audits. It’s not that we don’t want to audit a closed corporation, but do we have the time? Again, it would be detrimental to the business to take on clients that we cannot service. Usually we refer smaller companies to qualified accountants around town, but that doesn’t mean we are necessarily more expensive than these guys.”

Brand cautions against selecting an accountant based on cost alone. “Discuss what you are going to get for the price and give preference to accountants that can offer both auditing and advisory services.” She adds that some listed companies have restrictions on letting their accountants handle both, but this usually doesn’t apply smaller companies.

HOW MUCH?
Accountants charge by the hour, although based on previous experience they will usually be able to give you a ballpark figure beforehand. The rates are chartered and vary per trainee, manager, or partner, which is another reason that rates between firms usually don’t differ hugely. Depending on the size, the number of transactions, regulations in your sector and complexity of your business, the accounts will be assigned to a person in the firm. This can vary from a junior accounting officer to a senior partner or an entire team and that choice will affect the bill at the end of the day.

As a closed corporation expect to pay at least a few thousand Namibian dollars for a straightforward review of your books. An audit of a Pty Ltd. easily starts around the N$45,000 mark and can run into millions, depending on the size of the company and, the complexity of the audit. “Mostly we underestimate the amount of time involved in the first year and will adjust the quote the next time around based on the actual amount of hours spent on the audit as well as taking into account the growth of the company and the extra work that entails,” comments Gerda Brand, Tax Director at Deloitte & Touche Namibia.

“On the other hand there are what we call ‘Vanilla’ clients, where the amount of work in year five is the same as when we started out with them. Complexity of audits and, therefore, price varies also per sector. “Mining companies are usually quite complex, so are banks and companies in the telecoms sector. A retailer on the other hand is usually quite straightforward.”

EXPERTS’ ADVICE
BRANCH
The 2010 Companies Act put an end to the ambiguity regarding auditing requirement for branches of foreign firms. External companies with local branches are now required to list on the Company Registrar and have to be audited by a Chartered Accountant.

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TAX 101 What to know...

HOW DOES AN AUDITOR WORK?

The impression of an auditor is often of someone that meticulously sifts through every file looking for the minutest fault. This is incorrect, no accountant looks at each and every piece of paper.

An accountant will generally look at an industry and decide what the risk areas are and what controls are in place and then focus on certain components that can vary per sector. For diamond mining for instance revenue and stock are of great importance, while stock hardly plays a role in the services industry.

Upon completion of the audit the auditor compiles a so-called “overs and unders list”. This means that the accountant can sign, but there are some issues that need to be fixed. If the issues are huge, however, then the auditor can’t sign off the books. In that case the firm will give a “qualified audit opinion”.

The purpose of an audit report is merely to state whether the financial statements prepared by the firm are correct, says Audit Manager Ruswa Verengai of KPMG. It is not the primary role of accountants to prevent fraud. That task lies with management and the accountant or auditor can help to a certain extent.

He adds that it is important for businesses to know the difference between an accountant and an auditor.

"The term accountant is thrown around very generously these days. An auditor is an accountant with special audit qualification and accreditation. Normally an Auditor is a Chartered Accountant accredited by the Public Accountants and Auditors Board (PAAB). An accountant is responsible for preparing and reporting a company’s financial records while an auditor reviews these records independently. An accountant on the other hand can possess any accounting qualification. So in short, an Auditor is an Accountant but an Accountant is not necessarily an Auditor," he says.

Businesses often ask their accountants how long to keep tax records.

The easy answer is: FOREVER.

When it comes to keeping records, there is a difference between statutory requirements and practice. “In terms of the VAT Act you have to keep records for five years,” says one tax expert. “Some other Acts require people to keep files for seven years, but to be honest the Receiver of Revenue doesn’t care. When they want to see a document, you better be able to produce it.”

As a result many accountants have strong rooms where they keep client files ‘indefinitely’. If your accountant doesn’t offer this service and you don’t want the boxes stacked up in the corner of your office there are good document management services around, such as the Document Warehouse. Such companies specialise in document management which entails more than stacking boxes neatly and includes services like organising files, scanning documents, pickup and delivery.

HOW LONG TO KEEP DOCUMENTS?

Avoiding taxes can help your business in many ways, but it is important to start planning on time.

Tax mitigation, more popularly known as tax avoidance, means nothing more than reducing the amount of tax payable. Unlike tax evasion, which means not paying taxes that are legally due, tax avoidance is legal if practised within the space provided by fiscal legislation. Tax evasion on the other hand is a criminal Act for which you can be jailed.

Tax mitigation requires planning and some expert advice. The basic aim is to reduce the amount paid over to the Receiver and rather allocate it within the business. Every business pays a set amount (currently 34 percent for most sectors) of its profits to the State. Especially for younger companies or those that are going through a growth phase, reducing the profits before tax can be helpful. While the percentage of tax stays the same, the amount that is taxed will be less and thus you pay a smaller amount over to the Receiver.

There are several ways to do this. An important one is buying assets, like buildings or vehicles that can be written off over several years. The depreciation is calculated per calendar year, so even if you buy a vehicle one month before the financial year end, you can still write off one third of the purchase amount in that financial year. As an aside, note that you can also claim the VAT back on business vehicles (single or Xtra cab bakkies).

Others ways of mitigation are making reservations for outstanding leave days or future business expenses, or to deduct prior losses. With all of these it is important to consult your accountant so that your mitigation happens in an orderly and legal fashion.

Many small businesses make the mistake of just spending as much as possible before year end to avoid paying tax. The result is that they wind up in a cash flow crisis and go bust. So sometimes it is better to bite the bullet and pay your dues.

Companies that year after year declare losses in order to avoid paying tax throw the baby away with the bathwater and can have Inland Revenue come knocking on their door, wondering if you are actually running a for-profit enterprise. In the worst case it will trigger an audit.
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Do not delay get there right away!
Whether on purpose or through ignorance, many companies at some point or another find themselves in trouble with the Office of Inland Revenue. In some cases the tax man himself is at fault. In all instances there is nothing to be afraid of, says Deloitte & Touche Tax Director Gerda Brand.

As a company you will need to register for all taxes that are applicable to your current situation, starting with corporate tax and provisional tax. This doesn't happen automatically says Gerda Brand, Tax Director at Deloitte Namibia. “When you register your business at the Ministry of Trade and Industry, you still need to go to Inland Revenue and register for tax there.” Brand warns that authorities might not go out of their way to inform entrepreneurs about this, but that the rules apply nevertheless. “For the tax department it is very simple, ignorance of the law is no excuse.”

COVER YOUR BASES
A big issue is that many people only pay when they receive a form, but many forms get sent to the wrong address or wind up in the inbox of an accountant that the company no longer uses. Therefore it is important to be proactive. “Inland revenue should normally send statements, listing all your transactions with them, but this doesn’t always happen,” says Brand. She, therefore, advises entrepreneurs to go to Inland Revenue and obtain a balance statement at least once every three months, but preferably every month. With the statement it is easier to pick up on any processing errors that might have happened and would result in a wrong assessment. Inland Revenue sends these assessments to tax payers stating how much money is owed.

It’s also very important to make copies of every form submitted to Inland Revenue and ask them to date stamp it, so that the SME always has proof of submission as forms and cheques often get misplaced at the department. Experts estimate that every company is asked at least once a year to resubmit a form that got lost in the ‘Bermuda Triangle’ of the tax department.

Businesses should also get into the habit of starting a tax compliance calendar that lists which taxes need to be submitted on what date and who is responsible. Brand also advises companies to reduce their overall compliance. “Once you are registered for a tax you need to file your returns and they need to be in on time. Companies are better off only registering for the taxes that are applicable to them.”

I AM IN TROUBLE, NOW WHAT?
Many companies at some point or another will face a situation in which returns have not been submitted on time or Inland Revenue finds a reason to start investigations into the company. This is nothing to fear, say the experts. “People are afraid of the tax department,” says Gerda Brand. “That is unnecessary. Entrepreneurs should accord Inland Revenue the respect it deserves, but there is no reason for fear.”
While there are penalties on the late submission of all taxes, Inland Revenue has the authority to remit every cent. “The people at the tax department are open to explanations and discussion,” says Brand. “If you file an objection letter listing the reason for non-compliance, there is a likelihood that penalties will be waived. Of course their patience is not endless. If you file three letters in a year, without good cause, Inland Revenue will likely not remit everything,” she says. Last year the department remitted about 80 percent of penalties.

Before applying for a remittance, do pay the interest amount on the penalties as the Office of Inland Revenue doesn’t have the authority to remit these and by doing so you also show that, despite dropping the ball, inherently you are a good tax citizen. Of course compliance is better as the penalties and interest are based on 1980s inflation rates and therefore are very high. Contrary to popular belief the tax authority doesn’t blacklist companies for past transgressions, say the experts.

But if the tax department has reason to believe you are not paying what you should they can and in many cases will investigate. There are basically three kind of audits that can take place. The first is a Field Audit, where tax department comes to your premises and has a look at the books. Secondly, a Desk Audit can be undertaken, where you are asked to bring in files for review. This is often the case when a company has applied for a tax refund. In that case it is important to confirm with the department which paper to bring as often people bring their entire bookkeeping where a simple general ledger for the period under review suffices. And then there is the forensic audit, which is the heaviest weapon in the tax department’s arsenal. You won’t even know that you are being audited until officers arrive at your doorstep or ask you to come in, but then be sure that they have done their homework. Forensic audits are usually instigated after a tip-off or the tax department has decided to scrutinise a certain sector such as the construction industry, fishing companies or farmers.

“Whatever happens, just cooperate,” says Brand “but always make sure your tax advisor is there so the questions are answered in the right way. “For instance Inland Revenue can argue that all money coming into your account is taxable revenue. Your advisor will be able to help you demonstrate which income streams are earmarked as non-revenue.”

According to Price Waterhouse Coopers Partner Stefan Hugo, SME owners could make use of tax training sessions provided by Namibian consultants to make sure they get their compliance under control. “They can also appoint skilled accountants or tax consultants to manage their taxes, or alternatively approach the Inland Revenue Customer service desk if and when they need assistance,” he says. “In any case business-owners need to ensure that they are registered for the correct taxes, meet the deadlines, understand the implications of non-compliance and ultimately are honest when it comes to paying their taxes.”
THE TAX MAN

The Ministry of Finance has for several years announced it wants to improve revenue collection. Roughly half of the State’s revenue comes from SACU (35 percent) and Mining (15 percent). This means that the other half of the revenue comes from individuals and the business community and according to estimates, billions go uncollected.

This is partly because of a lack of capacity and partly because of the methodology Inland Revenue follows. Astonishingly there is for instance not one chartered accountant in the entire government apparatus. This might now change as last year the Ministry of Finance earmarked four CA positions to help increase revenue collection. Even more importantly, the Government mulls establishing an Independent Revenue Authority. In many countries this has led to a more streamlined and effective collection of taxes and there is no reason to believe why Namibia should be different.

Business that are currently evading tax for whatever reason should prepare themselves for closer scrutiny in the future, but this will not happen overnight. “One of the biggest stumbling blocks is the absence of a proper electronic filing and processing system,” says one tax expert. “Everything still happens manually, that’s also the reason they lose the paperwork so often. As long as that isn’t solved there is no way the Receiver can free up the manpower for more audits. Because we are in a self-assessment system audits are the only way you going to remedy tax evasion on a large scale.”

Experts add that with an independent authority there should be a change in mindset. “Currently officials can sometimes be unreasonable,” comments a tax professional. “Even if they are right legally speaking, that is not necessarily the right approach. The Revenue Authority should tax payers as their clients and then you will see their compliance increases.”

WHAT TO DO WITH NEW INCOME TAX REGULATIONS?

The Minister of Finance announced some sweeping changes in corporate tax and individual income tax brackets. What do you need to do as a business?

The simple answer is: nothing yet. Just like the increase on the VAT threshold the measure is not yet in force. “Please note that this is the proposed income tax adjustment. These income tax bracket changes first need to be approved by cabinet and thereafter published in the Government Gazette,” says Daleen Greeff of payroll services provider Integrated Software Solutions (ISS). “As per legislation, we may only update the current income tax brackets on the payroll system once the 2013/2014 income tax brackets have been published in the Government Gazette,” she adds.

“The taxes are not effective yet,” concurs Deloitte Namibia Tax Director Gerda Brand. “They might be gazetted by the first of January 2014, but we have to wait for the actual publication.” According to her the income tax changes might be retrospective, but this doesn’t mean entrepreneurs can start implementing, because if the changes are not backdated they wind up having to claim the money back from employees.

In the new regulations income tax will be adjusted for the different brackets, while the PAYE threshold will also be increased and corporate tax will be lowered from 34 percent to 33 percent this year and then to 32 percent the year after, which is still significantly higher than in neighbouring countries.

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<th>TAXABLE AMOUNT N$</th>
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PROPOSED INDIVIDUAL INCOME TAX BRACKETS.
SOURCE: DELIOTTE NAMIBIA

CORPORATE TAXES
SOURCE: DELIOTTE NAMIBIA

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<tr>
<th>Corporates</th>
<th>34 percent (going down to 32 percent over 2 years)</th>
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<tr>
<td>Manufacturing</td>
<td>18 percent (for first 10 years)</td>
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<td>Hardrock mining</td>
<td>37.5 percent (includes services companies for mines)</td>
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<td>Diamond mining</td>
<td>55 percent</td>
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<td>Oil and gas sector</td>
<td>35 percent</td>
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<td>Insurance industry</td>
<td>Taxable income is 40 percent of interest and dividend plus 34 percent</td>
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Rising oil and commodity prices; slow growth, recession, rising interest rates and inflation - these are all expressions that could destabilise the thoughtful planning process of even the most astute and optimistic business leaders.

In Namibia, the terms doubt and insecurity are loathed by our people almost as much as drought. The government has therefore delivered a national budget for the 2013/14 financial year which is pro-business, pro-consumer and filled with opportunities. Highlights of the budget proposals include:

- a reduction in the individual tax rate to give the consumer some breathing space;
- a reduction in the corporate tax rate to 33% for 2013 and then 32% for 2014;
- a reduction of transfer duty and stamp duty on properties;
- the introduction of Environmental taxes.

To determine the impact of these changes on your business and Namibian investments, speak to one of our tax experts.

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Financial Literacy Initiative CELEBRATES ONE YEAR

On 15 March, on World Consumer Rights Day, the Financial Literacy Initiative (FLI) celebrated its first year of campaigning. The FLI was started by the Ministry of Finance, the Bank of Namibia and German development agency GIZ to promote financial literacy and empower Namibians to make smart financial decisions. In the first year over forty platform partners from the financial sector joined the initiative.

The FLI announced that the campaign theme for the coming year will be ‘Consumer Justice Now!’ The theme will highlight the importance of consumer protection in building a safer, fairer world, says FLI in a statement.

“The initiative together with its platform partners reiterates its continued commitment to empowering the Namibian population by conveying in an easy to understand fashion, information on the essentials of managing finance, information on existing and emerging financial products and services offerings in the market, consumer needs, rights and responsibility,” the FLI said.

Since its official launch on 15 March 2012, the initiative has rolled out the “Be Wise” financial education campaigns to ten regions. This campaign covers financial topics around saving, budgeting and spending behaviour, directed to individuals, youth as well as micro-, small- and medium sized enterprises in Namibia. The FLI campaign combines theatre plays, TV and radio shows and a nationwide print campaign, with cooperation with schools and training for entrepreneurs through business acceleration agency SMES Compete. Over 45,000 educational booklets and more than 3,500 posters in six languages were distributed at various events throughout the country, especially to entrepreneurs, youth and the general public.

In cooperation with the Namibia Chamber of Commerce and Industry (NCCI) and SMEs Compete, 40 trainers have been trained to conduct financial management trainings to Micro, Small & Medium Enterprises (MSME) in various regions. More than 700 entrepreneurs have participated in the basic business financial management trainings.

To commemorate its first anniversary the FLI launched a facebook page (www.facebook.com/finlitnam). Other highlights for 2013 include a weekly radio program on NBC National starting around May, the kick-off of the “Borrow–Wise” Campaign and the piloting of a workplace programme on financial education.

FLI MANAGER SAYS GOODBYE

Simone Iitgen, of the Partnership for Economic Growth at GIZ will say goodbye to the FLI campaign after two busy years.

Iitgen was instrumental in establishing the initiative and the launch on 15 March 2012, as well as the first year of operations that saw the establishment of the FLI secretariat under Namibian secretariat manager Francois Brand. Iitgen will take up a post at Financial Systems Development Department of GIZ in Frankfurt, Germany. Her successor is expected to start in April. “After two exciting years in Namibia it is time for me to move on and say goodbye to a great and strong platform and to so many fantastic colleagues and project partners I met through my work at the Ministry of Finance. This experience is unforgettable and I would like to thank each and every one for their contribution to FLI and for making my stay here very special,” Iitgen commented.

BORROW–WISE CAMPAIGN LAUNCHES

The FLI will soon launch its Borrow–Wise Campaign. After educating the public on budgeting, saving and spending, the campaign will focus on a big area of concern for Namibia, which is borrowing.

A substantial part of Namibians have borrowed too much and find themselves on the treadmill of servicing compounded interest on loans. Some have committed up to 80 or 90 percent of their disposable income to servicing loans and find themselves unable to meet the daily cost of living. The campaign will focus on basic principles behind a loan to make people understand that borrowing money actually costs money, and in some cases a lot of money. The campaign explains the difference between the loan amount or principal, the repayment period and interest. The FLI will also cover such topics as collateral, the Information Trust Corporation (ITC) and instalments. It then goes into the different types of secured loans such as a vehicle loan, home loan, business loan or agricultural loan. Unsecured loans on the other hand would include credit card debt, bank overdrafts, personal loans, lines of credit or study loans. Very important, the FLI will educate consumers on the negative consequences of borrowing money such as withdrawal of the loans and repossession. The campaign, therefore, urges people to consider the affordability of a loan carefully beforehand.
The Financial Literacy Initiative is a national platform to enhance financial education and comprises over 40 platform partners from the financial sector.

Every month, the Financial Literacy Initiative offers you useful and valuable tips and information on financial matters for businesses.

**THIS MONTH: MANAGING YOUR CASH FLOW**

**WHAT IS CASH FLOW?**

Cash flow is basically the money that flows in and out of the business. This includes paying taxes, salaries, suppliers, creditors, savings as well as receiving cash through sales, loans etc. One of the reasons why an SME can fail is because of poor management of its cash flow.

**HOW TO MANAGE YOUR CASH FLOW:**

1. Always prepare a cash flow projection, which will help you to plan for your cash flow.
2. Keep a record of your finances by noting them down, this will help you to better control your finances and keep track of the cash flowing into and out of your business.
3. Make it a priority to open a reserve account that will be used for unexpected emergencies for your business.
4. Do not combine your personal and business finances in one account. You may end up using cash that was intended for the business growth for personal items.
TRAINING LEVY DELAYED

The SME Gazette reported last month that cabinet had passed the training levy for employers.

This news was based on a cabinet resolution that was published on 13 December. However, according to the Namibian Employers’ Federation (NEF) the actual gazetting of the measure has been delayed.

“The gazetting of the NTA training levy has been delayed for a variety of unavoidable circumstances,” commented NEF Secretary General Tim Parkhouse. “The latest information available is that the implementation of the collection of the levy is delayed until September.”

Anyone wishing to make comment through the NEF can contact the Secretary General at 061 24 4089 or mail nefsecgen@nef.com.na for a copy of the questionnaire.

BIPA getting closer

Consultations on the establishment of a semi-government agency that will take over some functions of the Registrar of Companies in the Ministry of Trade and Industry are nearing a close.

The Business and Intellectual Property Authority (BIPA) as the agency, will be known consulted stakeholders on the proposed Bill in March and incorporated the comments. According to Trade Minister Calle Schlettwein, in response to World Bank reports that Namibia is dropping in the country rankings on ease of doing business, BIPA is progressing well. According to the draft Bill, the agency will ‘facilitate, streamline, simplify, harmonise and expedite business and intellectual property procedures, registrations, filings and searches’.

BIPA will be the central focal point for the registration, administration and protection of businesses and industrial properties. The agency will govern companies, close corporations, patents, industrial designs, trade marks, trade names and collective certification. Interestingly, the Act also makes provision for the establishment of sophisticated electronic information and transaction systems. In theory this should greatly shorten the time of business registration, which in countries like Estonia is as little as twenty minutes, but can take up to three months or more in Namibia. The legislation also undertakes an expedited flow of information between BIPA and the business community at large.

BIPA will also set the levies required for the different functions it will execute. New is a clause on the protection of traditional knowledge systems, which conceivably lends protection to the intellectual property rights communities like the San hold on medicinal uses of plants and herbs. The BIPA Commissioners will consist of two Government appointees, a representative of the business community, a chartered accountant and a lawyer. The BIPA CEO serves as an ex officio member on the Board for a five year term.

EMployers held AGM

The NEF held its Annual General Meeting on Tuesday 16th April. The Guest of Honour was Brent Wilton, Secretary General of the International Organisation of Employers (IOE).

The IOE represents the interests of employers from over 140 countries and is the official representative of employers at the International Labour Organisation, G20 and many other similar bodies.

The IOE is highly recognised by governments, and inter alia, has a seat on the Board of the United Nations Global Compact based in New York, of which the NEF is the Namibian Focal Point. During his short stay in Namibia Mr. Wilton met with the Deputy Prime Minister and the Ministers of Trade & Industry and Labour & Social Welfare.
ON THE CLOUD WITH
OFFICE 2013

SOFTWARE GIANT MICROSOFT RECENTLY RELEASED ITS NEW OFFICE SUITE. OFFICE BEING THE NUMBER 1 SOFTWARE PACKAGE THAT BUSINESSES WILL USE, SME GAZETTE HAD A CLOSE LOOK AT THE NEW FEATURES AND USABILITY.

THE CLOUD
One of the most striking features of Office 2013 is its online integration. While the cloud is nothing new and Microsoft’s skydrive has been around for years, users in lagging markets like Namibia have stuck to single platform based applications. In other words, we work on a document on our PC or laptop then we save it to the network, email it, or worse put it on a USB stick and drive out to a client or colleague. This is an inefficient way of working when files can simply be saved on the web ‘cloud’ to be accessed and worked on from different locations and by different people.

With internet connection in Namibia becoming more reliable this is really the way forward. And even during those rare downtimes, you can work on your cloud documents, with changes being automatically synced when you are back online. The reason this way of working is becoming more prevalent is because people feel the need to work on their documents in different places, on their phone, work and home computer, or tablet and it is not practical to keep transferring files in an old fashioned way. In line with this, Office 2013 applications are also easier to navigate on platforms fitted with touch screens.

Perhaps the biggest advantage is that by mainstreaming the cloud, Office 2013 eliminates the need for SMEs to have expensive servers or networks, provided ISPs can guarantee 99.9 percent up-time.

NEW FEATURES
Editing and tracking features in Word have vastly improved both in readability and usability by different users, which again will expedite online sharing of and collaboration on files. Online picture and video integration has been vastly improved, as has PDF editing leading to less actions and distractions to get a better result. Excel now offers options and recommendations which should allow SMEs to use the product at a much deeper level and gain more from this massively underrated spreadsheet application. Microsoft also made significant tweaks in Outlook and Powerpoint which will enable you to get more from these applications.

ALL SAID AND DONE
For advanced users Office 2013 probably doesn’t go far enough, especially where it concerns usability on smaller touch devices, but for small business owners this is a good and affordable update from its predecessor Office 2010. Although it should have been done more seamlessly, we like the mainstreaming of the cloud as this is an area where SMEs can save serious time and money. We also like the fact that Microsoft offers the Office 365 subscription packages. This means you don’t have to invest in expensive boxes of software that clutter your archive but you can simply pay per month or per year and download a package for up to five PCs.

EMAIL US AND WIN!

SME GAZETTE IS GIVING AWAY 5 FREE OFFICE 2013 PACKAGES, COURTESY OF MICROSOFT AFRICA.
Answer the following question and send your reply to infor@emergo.com.na

What is the predecessor of Office 2013 called?
A. Office 2012 • B. Office 2010 • C. Office 2007
APRIL

5 APRIL
NBIC Innovation Week
Contact NBIC

8 APRIL
Business Plan & Funding Proposal Compilation
Walvis Bay
08:30 – 13:30
Coastal Branch Training Centre
Contact SMEs Compete

9 APRIL
Financial Literacy Initiative
Coastal Review Meeting
Swakopmund
08:30 to 17:00
Contact SMEs Compete

10 APRIL
Marketing Strategy and Development
Walvis Bay
08:30 – 13:30
Coastal Branch Training Centre
Contact SMEs Compete

12 APRIL
NBIC Fablab Official Opening
Contact NBIC

15 – 21 APRIL
NBIC Innovation Week
Contact NBIC

16 – 17 APRIL
Business Plan & Funding Proposal Compilation
Windhoek
08:30 – 13:30
Navin Morar Centre
Contact SMEs Compete

17 APRIL
Entrepreneurs’ Circle
Developers Circle
Contact NBIC

18 APRIL
Your Brand, Your Identity Module
Windhoek
18:00 – 20:00
NBIC Innovation Village
Contact NBIC

19 APRIL
Bootcamp Finance Day
Contact NBIC

22 – 24 APRIL
Western Africa Oil, Gas and Energy Conference
This important meeting will focus on the oil and gas opportunities and potential across the West African offshore and onshore for hydrocarbon exploration.

Windhoek
Hilton Hotel
Exhibition
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Babette van Gessel
+31 70 324 6154
babette@glopac-partners.com
www.petro21.com

25 APRIL
NCCI SME Conference
Rundu
Contact NCCI

22 – 27 APRIL
2013 Investment Conference
Mineral, Mining and Energy Expo
The conference is aimed at attracting potential investors and creating a platform for networking, cooperation and discussions about development issues in the town and the region. The event also brings together local, regional and national SMEs, mining, mineral and energy sectors to showcase their products and services.

General Enquiries
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corporate@atc.iway.a
www.arandistown.com
MAY

1 MAY
Workers Day
Public Holiday

4 MAY
Cassinga Day
Public Holiday

22 – 23 MAY
2013 Mining Expo & Conference
Chamber of Mines

With this EXPO the Chamber of Mines would like to achieve the following objectives:

- Showcase the Namibian mining industry
- Showcase and discuss industry contributions to the Namibian economy / society
- Learn from experiences of mining leaders and meet industry experts
- Learn about the latest technology and developments in mining in Namibia
- Network and engage with stakeholders

The primary target markets for this exhibition are the Namibian Government, local and international mining companies, the public, investors and interest groups. The event presents an ideal opportunity to those who wish to network with the industry and make face-to-face contact to identify new business prospects.

Windhoek
Safari Hotel and Conference Centre
Wednesday, 22 May, 09:00 – 18:00
Thursday, 23 May, 09:00 – 20:00

General Enquiries
Tel: +264 61 237925

29 – 31 MAY
The 8th eLearning Africa Conference

Whilst Tradition, Change and Innovation are the overall themes for eLearning Africa 2013, the dominant focus of our conversations this year is on local innovation in education, on tablets, mobiles and MOOCs, on healthcare delivery and on livelihoods and agriculture, especially for rural communities. Additionally, the eLearning Africa debate on sustainability promises to be a lively discussion.

Windhoek
Safari Hotel and Conference Centre
08:30 – 19:30

General Enquiries
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Leibnizstrasse 32
10625 Berlin, Germany
Tel: +49 (0)30 310 18 18 0
Fax: +49 (0)30 324 98 33
E-Mail: info@elearning-africa.com

29 MAY – 1 JUNE
2013 Namibia Tourism Expo

The 15th Annual Namibia Tourism Expo is organised by Republikein and is supported by all Namibian Tourism Organisations, including the Namibian Tourism Board (NTB). Our aim is to provide a platform for Namibia’s Hospitality Industry to promote and market their products and services to all involved in the Industry as well as the general public.

Windhoek
Windhoek Show Grounds

Trade Day
Wednesday, 29 May, 15:00 – 22:00

Public Days
Thursday, 30 May 12:00 – 21:00
Friday, 31 May, 12:00 – 21:00
Saturday, 01 June, 10:00 – 17:00

General Enquiries
Glenda Manthe-Grobler
Tel: 061 297 2009
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Email: glenda@dmh.com.na
http://nte.republikein.com.na

FOR MORE INFORMATION ON SME RELATED EVENTS, PLEASE CONTACT THE RESPECTIVE ORGANISATION

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Namibia Chamber of Commerce and Industry (NCCI)
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Israel Tobias
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E: itobias@polytechnic.edu.na or shortcourses@polytechnic.edu.na
THE SOCIAL SECURITY COMMISSION

Coming to an expo near you...

Trade fairs and agricultural shows offer the opportunity to provide services to the hundreds of thousands of clients visiting these events. This year strong emphasis will be placed on promoting the activities of the Development Fund, the Electronic Data Interface project (EDI) and the newly adjusted benefits for both MSD and ECF Fund.

Other activities to be carried out at the shows includes the printing and distribution of SSC cards, registration of Employers and Employees, printing of good standing certificate as well as general customer service.

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<tr>
<th>TRADE FAIRS AND EXPO SCHEDULE 2013</th>
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<td><strong>Otavi Expo</strong></td>
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<td><strong>Copper Festival</strong></td>
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FOR MORE INFORMATION CONTACT

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Tel.: +264 61 280 7085 | Fax.: +264 61 280 7367 | www.ssc.org.na
Cnr. A. Kloppers& J. Haupt Streets Khomasdal, Windhoek | Private Bag 13223, Windhoek, NAMIBIA
The Social Security Commission (SSC) hereby informs employers/businesses registered with the Maternity Leave, Sick leave and Death Benefits Fund (MSD Fund) and the Employees’ Compensation Fund (ECF) of the following ceiling adjustments:

1. Wage ceiling adjustment – Maternity leave, Sick leave and Death benefits Fund (MSD Fund)

The wage contribution ceiling will be adjusted from the current N$6,000 to N$9,000 per month with effect from 01 March 2013. The contribution rate remains unchanged at 1.8% of the employee's basic wage. This means that for employees earning up to N$9,000 per month, their contributions will be calculated on a (total) formula of 1.8%, which will be equally contributed by the employee (0.9%) and the employer (0.9%).

Employers are reminded that it is obligatory to pay the monthly contributions over to the Commission within the prescribed period (30 days after month end). Employers are therefore requested to ensure that contributions are paid on time and should be accompanied by a contribution return as required by the Social Security Act. The SSC does not and shall not send an invoice, only a statement will be sent to enable employers to update their data on our records.

2. Wage ceiling adjustment – Employees’ Compensation Fund (ECF)

The wage ceiling for persons covered under the employees’ Compensation Act, 1941 has been adjusted from the maximum of N$72,000 per annum to N$76,000 per annum per employee, while the ceiling for wages to be declared have been adjusted from N$60,000 per annum to N$66,000 per annum per employee with effect from 1 March 2012.

This means that all employees who earn up to N$76,000 per annum are now included into the mandatory cover for work related injuries and/or accidents under section 3 (2) b of the Employees’ Compensation Act. The maximum wages to be declared should be N$66,000 per annum per employee. For an employee who earns below N$66,000 per annum, then actual wage earned should be declared.

However, employers who wish to enter into a special arrangement with the SSC to cover employees whose earnings are above N$76,000 per annum may still do so by completing the application form also known as Form E.As 10 obtainable from all the SSC offices. The due date for submitting the 2012 Wage Returns is 31 March 2013.

For enquiries, kindly contact your nearest SSC office or Ms H. Hinda at Hansina.Hinda@ssc.org.na, Tel: 061 280 7088 or Ms I. Haingura at Irene.Haingura@ssc.org.na, Tel: 061 280 7132.
When you look at this picture, do you see

A) a sack?
B) a product of Namibia?
C) a reasonable basis for economic growth?

If you answered A or B, you got it right. If you answered C, you think the way we do. Without sacks, bags and other packaging material, large parts of the economy will grind to a halt. Which is why the Development Bank of Namibia financed the expansion of Quality Bag Manufacturers in Ondangwa. And why we have financed a number of companies in the field of packaging, and projects and infrastructure in the field of transport.

Good business is good for development. So are bags and sacks.

Visit www.dbn.com.na for more information
and sign up for our monthly newsletter.
Or call us on + 264 61 290 8000.