

SECTORAL INCENTIVES GUIDELINES (LIST NOT EXHAUSTIVE)¹

Target Sector/Actor	Fiscal Incentives	Non-Fiscal Incentives
SEZ DEVELOPERS	<ul style="list-style-type: none"> a) Machinery and equipment to be fully depreciated for tax over a period of three years; b) All business expenditure deductible; c) No limitation on tax loss carried forward; d) Deductibility of interest on money borrowed to finance capital assets or operating expenditure; e) Deductibility of training expenditure; f) Deductibility of lease premiums and improvements in terms of a lease; g) Deduction of employer contributions to pension or provident fund; h) Deduction of expenditure on scientific research; i) Building allowance for buildings used in the trading activity (20% in the 1st year and 4% in subsequent 20 years); j) Exemption on import duties for materials imported from SACU Countries; k) Rebates for certain commodities as per SACU harmonized system codes; l) Reduction in customs duties by employing the duty remission schemes and single tariff ruling; m) Customs duties levied according to existing Economic Partnership Agreement (EPA) 	<ul style="list-style-type: none"> a) Foreign investors can invest on their own or in partnership with domestic investors in areas open for Foreign Direct Investment (FDI); b) Limited restrictions on equity ownership in joint investment; c) Investors will benefit from easily accessible and efficient one —stop-shop services; d) Licensing and registration services in relatively short timeframe; e) No Limitation on investment amounts.
GENERAL INDUSTRIAL DEVELOPMENT	<ul style="list-style-type: none"> a) Machinery and equipment to be fully depreciated over a period of three years; b) No taxes on exports except natural resources; c) No capital gains tax; d) All business expenditure deductible; e) No limitation on tax loss carried forward; f) Exemption on import duties for materials imported from SACU Countries; g) Customs duties levied according to the Economic Partnership Agreement (EPA); 	<ul style="list-style-type: none"> a) Foreign investors can invest on their own or in partnership with domestic investors in areas open for FDI; b) Limited restrictions on equity ownership in joint investment; c) Foreign investors can invest on their own or in partnership with domestic investors in areas open for FDI; d) Investors will benefit from easily accessible and efficient one —stop-shop services; e) Licensing and registration services in relatively short timeframe; f) Public sector provision of off-site infrastructure and services (utilities, connection, roads etc.) as an incentive for private sector investment within on-site infrastructure and facilities; o One -stop government services within the zone;

¹ These Sectoral incentives guidelines are not exhaustive nor are they definite. They are meant to help guide stakeholders in their submissions with respect to their views and suggestions pertaining to sectors in which they operate. The public is invited to provide enhancements and views as they deem fit.

	<ul style="list-style-type: none"> h) Support conditions consistent with Africa Free Trade Agreement and World Trade Organization (WTO). 	<ul style="list-style-type: none"> g) Custom clearance service for imported raw materials & exported products; h) Enhanced ability for granting of visas and work permits; i) Guarantees against nationalization, expropriation and price controls; j) No equity restrictions.
TRADERS AND EXPORTERS ECONOMIC ZONE	<ul style="list-style-type: none"> a) Building allowance for trading purposes of 20% in the 01st year and 4% in subsequent 20 years; b) Machinery and equipment to be fully depreciated for tax over a period of three years; c) All business expenditure deductible; d) No limitation on tax loss carried forward; e) Deductibility of interest on money borrowed to finance capital assets or operating expenditure; f) Deductibility of training expenditure; g) Refund of Value Added Tax paid by exporters shall be made within a period not exceeding 2 months from the date of receiving the relevant documentation. 	<ul style="list-style-type: none"> a) Single-window fast track clearances; b) 100% Repatriation of profits; c) Provision of one-stop-shop which can expedite the acquisition of licenses and fast-track clearance processes; d) Ease in regulations with regards to land ownership and land acquisition.
TOURISM ECONOMIC ZONE	<ul style="list-style-type: none"> a) Exemption from duties on imports of goods from within SACU; b) Machinery and equipment to be fully depreciated for tax over a period of three years; c) All business expenditure deductible; d) No limitation on tax loss carried forward; e) Customs duties levied according to the Economic Partnership Agreement (EPA) between Southern African Development Corporation (SADC) and the European Union (EU) in relation to products originating in SADC and EU; f) Support conditions consistent with World Trade Organization (WTO); g) 0% Value Added tax on services rendered by tour operators; 	<ul style="list-style-type: none"> a) Full repatriation of profits and capital; b) Facilitation with obtaining visa and work permits; c) There are no restrictions on investments - same level of rights protection as elsewhere in the world; d) Ease in regulations with regards to immigration foreign business people in the case of long term foreign direct investment; e) Strong and supportive banking system.
SPECIAL/STRATEGIC PROJECTS	<ul style="list-style-type: none"> a) Buildings used for trading are depreciated 20% in the 1st year and 4% in the subsequent years; 	<ul style="list-style-type: none"> a) Infrastructure support e.g. bulk services and transport routes. b) Limited prescription on joint investment equity;

	<ul style="list-style-type: none"> b) Machinery and equipment to be fully depreciated over a period of three years; c) No taxes on exports except natural resources; d) No capital gains tax; e) Machinery and equipment to be fully depreciated for f) tax over a period of three years; g) All business expenditure deductible; h) No limitation on tax loss carried forward; i) No customs duties on imports from Southern African Customs Union (SACU); j) Customs duties levied according to the Economic Partnership Agreement (EPA); 	<ul style="list-style-type: none"> c) Optional funding by national institutions (e.g. Development Bank); d) There are no restrictions on investments - same level of rights protection as elsewhere in the world; e) Strong and supportive banking system.
FILM AND CREATIVE INDUSTRIES Economic Zones	<ul style="list-style-type: none"> a) Exemption from duties on imports of goods from within SACU; b) Machinery and equipment to be fully depreciated for tax over a period of three years; c) All business expenditure deductible; d) No limitation on tax loss carried forward; e) Customs duties levied according to the Economic Partnership Agreement (EPA) between Southern African Development Corporation (SADC) and the European Union (EU) in relation to products originating in SADC and EU; f) Support conditions consistent with World Trade Organization (WTO); 	<ul style="list-style-type: none"> a) Full repatriation of profits and capital; b) Facilitation with obtaining visa and work permits; c) There are no restrictions on investments - same level of rights protection as elsewhere in the world; d) Ease in regulations with regards to immigration foreign business people in the case of long term foreign direct investment; e) Strong and supportive banking system.
DIAMOND CUTTING AND POLISHING INDUSTRY	<ul style="list-style-type: none"> a) Zero percent value added tax (VAT) on purchasing of rough diamonds into Namibia and sources in Namibia. b) Zero percent import VAT and duty-free rough diamonds imported into Namibia. c) Duty free import for machinery and equipment into Namibia and when buying from other sources in Namibia. d) Exemption from export levies for both polished and rough diamonds used for cutting and polishing. 	<ul style="list-style-type: none"> a) A flexible strategy and exemption for the disposal of old vehicles, dilapidated machinery and equipment. b) A simplified process for making local sales of finished polished diamonds to local clients. c) SEZ recognition for companies and manufacturers that are not located in the geographic SEZ zone.

	e) Corporate income tax for 15 percent to be applied for diamond cutting and polishing companies.	
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BASIC INCENTIVE REGIME FOR SPECIAL ECONOMIC ZONES (As per approved National Policy)

Key theme	Incentives	Rate Applicable/Elucidation	Other
	Incentives on Corporate Income Tax	Sector based reductions	..
	Incentives on import duties/customs tariffs.	Applicable under as per SACU regime and any other International Agreements: -General duties drawbacks and rebate-e.g. Bonded Warehouse under the Duty Remission Scheme. -SACU Infant Industry Protection Regime	As per the Income Tax Act's provisions.
	Investment Allowance and Capital Deductions Allowance	Allowing SEZ businesses to expense all of their investments in equipment, structures, and intangibles.	..As per the Income Tax Act's provisions.
	Research and Development Incentive	Allowing SEZ business to receive tax credit for their research and development activities.	As per the Income Tax Act's provisions.
	Land Premium	Either through subsidized rentals and or in case of PPP developed and fully serviced land.	..
	Establishment of One-Stop Shop	A centralized location to assist investors with the requirements of the various investment-related Government agencies.	
	Competitive Utility Tariffs	Where feasible, negotiations for industrial tariffs administrative prices-e.g. electricity.	..
	Supportive and directed approach to provision of Visa for non-resident foreign investors	Through normal established channels as well as through the One Stop Shop.	..

BASIC SEZ FISCAL INCENTIVE PACKAGE

Tax Incentives	SEZ			Current EPZ	Previous Manufacturing
	Others	Manufacturing-General	Exporters		
Corporate Income Tax (CIT) Rate	28% as earlier discussed MOF-MIT, further reduced to 25%.	28%, further reduced to 25%. Manufacturer Definition: There must be an explicit definition of	28%, further reduced to 25%.	0%	18% for 10 year period.

		Manufacturer agreed upon by MOF and MIT.			
Exporters Rebate	None	None	1. 50% reduction of income derived from exporting goods manufactured in Namibia. 2. 25% reduction of income derived from exporting goods manufactured outside Namibia but exported from a permanent establishment or base in Namibia. 3. Fish and meat products are excluded.	None	80% reduction of export income of Namibian produced products.
Capital Expenditure Depreciation	Allow retrospective.	Allowed	Allowed	Uncertain	Allowed
Accumulated Loss Carry Forward	Allow retrospective.	Allowed	Allowed	Uncertain	Allowed
Building Allowance	Normal Building Allowance	Factory building written off at 20% in first year and balance at 8% for 10 years.	Normal Building Allowance	Uncertain	Factory building written off at 20% in first year and balance at 8% for 10 years.
Training and Remuneration Allowance	None	Additional 25% of (a) remuneration or contribution to pension fund (b) training, deduction	None	Uncertain	Additional 25% of (a) remuneration or contribution to pension fund (b) training, deduction from taxable income.
Transport Allowance	None	Deduction from taxable income of 25% of total land- based transportation costs, over a period of 10 years.	None	Uncertain	Deduction from taxable income of 25% of total land-based transportation costs, over a period of 10 years.
Export Promotion Allowance	None	Additional 25% of export expenditure deduction from taxable income.	Additional 25% of export expenditure deduction from taxable income.	Uncertain	Additional 25% of export expenditure deduction from taxable income.
VAT Exemption	None	None	Zero rate supplies and exempt imports for exclusive exporters.	Exemption	None
VAT Refunds	VAT Refunds efficiency.	VAT Refunds efficiency.	Exemption from VAT obligation.	Exemption	Situational
Industrial Rebates and registration of bonded	Leverage on industrial rebates available under SACU (e.g on key	Leverage on industrial rebates available under SACU (e.g on key	Leverage industrial rebates available under SACU (e.g on key	Leverage on industrial rebates available under SACU (e.g on key	Leverage on industrial rebates available under SACU (e.g on key inputs for

warehouse opportunity	inputs for production). Bonded Warehouse	inputs for production). Bonded Warehouse	inputs for production). Bonded Warehouse on rebates under	inputs for production). Bonded Warehouse	production). Bonded Warehouse
VAT Inputs	Allowed to claim VAT inputs based on taxable activities.	Allowed to claim VAT inputs based on taxable activities.	Allowed to claim VAT inputs based on taxable activities.	Exemption	Allowed to claim VAT inputs based on taxable activities.
Customs & Excise Duties	None	None	None	Exemption	None
Stamp Duty and Transfer Duty Exemption	None	None	None	Exemption	None
Export Levy Exemption	None	None	None	None	None
Refund of Training Expenditure (Training Levy is administered by NTA)	None	None	None	None	None