



NCCI

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NCCI tackles tax matters

The position of Commissioner of Inland Revenue within the Ministry of Finance has been vacant for a long time, and this status is blamed for delays in tax and vat refunds amounting to hundreds of millions of dollars, which resulted in continuous private sector frustration.

The NCCI held a National corporate forum as part of its advocacy activities at a local hotel earlier this month, with a focus on taxation and improvements in vat returns. The main speaker at the event was the Commissioner of Inland Revenue – Mr. Justus Mwafongwe, who addressed corporate Namibia, especially representatives of the accounting firms and representatives of finance divisions from most businesses around Windhoek.

The NCCI's President Mrs. Martha Namundjembo -Tilahum and the CEO, Mr. Tarah Shaanika all expressed a need for an interaction of this nature, noting that taxation and vat returns concerns topped the list of members' challenges and these pertinent issues needed to be addressed.

"Delays in vat refunds affect cash flows and this causes frustrations among the business community. Let's not get involved in the blame or act in offensive and defensive game, but engage in a constructive discussion which leads to solutions", says Namundjembo -Tilahun.

Backing the Ministry's stand, Mwafongwe says processing of vat refunds is subjected to auditing and verification procedures due to fraudulent activities and sometimes

human errors, and as a result this leads to delays. This problem is further exacerbated by insufficient staff.

"There are thresholds, and all refunds above N\$50 000 will be subjected to verification. The audits are necessary because the Ministry discovered mistakes due to human error. The system became vulnerable to manipulation. The auditing process would still continue, but with measures to avoid delays. The Ministry is continuously searching for better mechanisms, and in the immediate future there will be an improvement", says Mwafongwe.

He further states that in line with the VAT Act, vat would be paid when the Inland Revenue Commission is satisfied, and the situation will be like that until the law is amended. He added that the Ministry is working with private sector to carry out forensic audit to reduce the backlog on vat returns.

According to Mwafongwe, the International Monetary Fund (IMF) study to determine Namibia's competitiveness revealed that Namibia's tax system is still competitive in the region, and has come up with recommendations to uplift the vat threshold and broaden tax revenue.

"IMF proposed a number of options for consideration, such as minerals taxation, environmental tax, manufacturing taxation, etc during the ongoing restructuring process of the division", he says.

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Our National corporate members

Air Namibia; Bidvest Namibia; BP Namibia; Castle Brewing Namibia; FNB Namibia; GIPF; J & P Group; LLD Diamonds Namibia; Mobile Telecommunications; Namibia Breweries Limited; Namdeb Diamond Corporation; NAAHI; Namport; NamPower; Namwater; Nedbank Namibia; Ohlthaver & ...

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At this high level dialogue business executives and other stakeholders raised a number of concerns. Amongst others was the fact that the government was not prioritising staff attraction and retention. The feeling is that if the government offers competence-based salaries, it would attract talented employees who would act efficiently.

To the suggestions that Namibia need to outsource the revenue collection component, similar to what happened in South Africa, Mwafongwe says it is not yet an option. Some suggested that the Ministry should pay in good faith and institute the verification process afterwards, while others suggested paying import duties at the border, which was immediately, rejected from the floor on the basis that it will not work for Namibia because the systems at the border are not yet efficient to handle the volume and the amount of money. It may even open up more crime options, they hinted.

Among the suggestions is that Ministry of Finance needs to communicate all new changes and measures to the stakeholders and not wait for the business people to be surprisingly notified at the counters. Another option is to segment the industries so that the officials who handle enquiries on the matters understand the industries related issues.

It is not only private sector which has issues, but the Ministry of Finance is equally concerned about companies owing government money, especially State Owned Enterprises.

As a measure, the Ministry has started with the process of restructuring to create a fully fledged division of large (bigger contributors), and to be able to come after the defaulters in full force countrywide and also address the backlog. This will entail profiling tax payers looking at the legitimacy, trading nature, defaulting tendency, filing delays and will cover pay as you earn and other areas of tax components. This will include both small and medium enterprises and large corporates.

Shaanika was satisfied with the interactions, and promised continuous communication with stakeholders on relevant topics through the NCCI Corporate Forums and other events. This Forum was supported by PWC and Deloitte & Touche.

AfriSam Withdrawal

The Namibia Chamber of Commerce and Industry is disappointed to learn the decision of the AfriSam Board to close the AfriSam office and depot in Namibia.

The NCCI is aware and understands AfriSam's predicament, and appreciate that the company has not neglected the Namibian market entirely, but will service it from the Johannesburg office. AfriSam has been a devoted large member of NCCI, and has participated immensely in the activities of the Chamber in Namibia, thus its closure will leave a regretted gap in the business community. NCCI would like to take this opportunity to thank AfriSam for its exceptional support, and express its wish to receive AfriSam back in Namibia soon.

2011 NCCI Calendar of Activities

DATE	EVENT
Thursday, 26 May	Namibian Business & Investment Climate Survey 2010
Friday, 17 June	Annual Business Summit
Saturday, 18 June	Annual General Meeting Annual Gala Dinner
July	Land Conference
Thursday, 11 August	National Corporate Forum
Thursday – Friday, 25-26 August	SME Development Practitioners' Summit
Thursday, 10 November	National Corporate Forum
Saturday, 12 November	National Council Meeting

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NCCI begs to differ with President Pohamba

The NCCI has a different opinion on the business activities done by some foreign businesses most of whom are Chinese. We were, in fact surprised by the remarks made H.E. President Hifikepunye Pohamba in the media regarding concerns expressed by the Namibian business community about the way in which some Chinese businesses conduct their commercial activities in Namibia. The remarks were reportedly made during President Pohamba's recent visit to the north.

If media reports interpreted President Pohamba's speech correctly, the President reportedly criticized businesspeople who complain about business activities of Chinese business and explained that Chinese are doing business in Namibia because they supported Namibians during their liberation struggle. It is clear from these media reports that there is a misunderstanding on the part of the President with regard to the concerns which the business community has been expressing for some time now. It is therefore important that the NCCI explain once again, these concerns on behalf of its members.

Our members have nothing against Chinese businesses and are NOT against Chinese investments in Namibia. We value the contribution that the Chinese Government and people made to our liberation struggle just as we value the contribution of so many other nations such as Cubans, Russians, Germans (East) Angolans, Zambians, Tanzanians, Zimbabweans, Nigerians to mention but a few.

Our members' concerns have absolutely nothing to do with the level of our appreciations of our Chinese brothers' and sisters' contributions to our liberation struggle. And these concerns are also NOT just directed at Chinese businesses but at many other foreign businesses operating in our country including South African businesses which have little or no respect for our laws and policies. Obviously, there are good and genuine Chinese investors but there are also bad Chinese investors. Similarly, there are good and credible South African investors and there are bad South African investors. But as a nation we should expect all investors who come to Namibia to be guided by our national interests and priorities. They should genuinely come here to add value to our efforts aimed at reducing unemployment, empowering Namibians, improve our exports earnings, expand our economy and diversify Namibia's economic activities.

We are however, worried about business practices by some of these foreign businesses which are unethical and in most instances illegal in this country. Some of these foreign businesses (NOT only Chinese) make every effort possible to avoid paying taxes to the state, some pay ridiculous wages to our people working for them, some get foreign nationals to do petty jobs which can be done by Namibians such as pushing wheelbarrows while some engage in foreign exchange dealings illegally.

Many do not even bank their money here because they prefer to ship whatever money they make here to their respective countries. We also question the manner and the pace at which some of these businesses acquire work permits and other documents while other businesses find it difficult.

foreign businesses in this country which come and engage in business activities which drive so many Namibians out of business. Some of these businesspeople set up bottle stores, bars, bakeries, small retailing outlets as far as the remotest villages, hair saloons and public transport. Those Namibians who are driven out of business by allowing investments in business activities which should be reserved for them are now jobless and poor. This is increasing poverty and unemployment levels which are already high and increasing.

These are the concerns which we have and which we would like the Government to address without delay. Having contributed to our liberation struggle should not be an open door for any nation to sidestep our laws and national priorities. Those businesses which conduct their affairs in an honest, respectful manner should be encouraged to do their business and we support them. As NCCI, we have engaged our Chinese counterparts to increase investment flow from China but in areas where we need such investments most. But those investors which engage themselves in a manner which is disempowering Namibians economically should be stopped from doing so forthwith.

Our Government should promote Foreign Direct Investments but should also be firm about promoting our national priorities and empowering the Namibian citizens. Our friendship with others should not disadvantage our citizens.

We would like to urge H.E. President Pohamba and the Government to engage the private sector seriously so that we design and pursue a clear policy and strategy of engaging superpowers such as China and their businesses in a manner that will generate maximum benefits for our economy and our people.

In the same vein, we feel that the President's remarks about South African businesses operating in Namibia may not be in line with our regional integration efforts within SADC. We concur that there are some South African businesses which are as guilty as Chinese and other foreign businesses and we have said it before that these businesses should be dealt with so that they comply with our legal provisions and our expectations from them as their host country. We would also like the Government to expedite the Black Economic Empowerment policy so that the ownership of these companies is also addressed and include Namibian investors.

Again, we would like to have an opportunity with His Excellency to engage in serious discussions about these matters and find solutions which are beneficial to our national priorities and economic development agenda.



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Flooded north and north-east

The NCCI Board of Directors has expressed its deepest sympathy to the people affected by severe floods in the north and north-east of the country. At its ordinary meeting in March, the NCCI Board raised its concern about the floods and the country's inability to find long term solutions which can minimise and mitigate the impacts of heavy rains and flood water from Angola.

"These floods have dire consequences on our economy and social conditions of our people. Many businesses estimated to be about 1000 were closed completely due to floods while many others are only operating partially. This is the fourth consecutive year of unusually heavy rains in southern Angola and northern Namibia which caused floods. We should make concerted efforts to find lasting solutions to the impact of floods as unusual rainfalls are expected in the future. "

The NCCI Board therefore urged the Government to provide leadership in this regard and committed to mobilise the private sector to fully participate in this exercise. The current state of affairs cannot be allowed to continue and we should not relax after the water subsides as has been the case in previous years.

The NCCI Board applauds its members who have already made financial, material and other contributions towards alleviating the plight of flood victims and further urges other members of the business community to continue making whatever contributions possible towards these efforts.



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NCCI and GIZ join forces to boost business environment

The Namibia Chamber of Commerce and Industry (NCCI) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) have agreed to further intensify cooperation in the field of economic promotion. GIZ will, on behalf of the German government, support NCCI financially as well as through the deployment of three technical advisors to Windhoek, Walvis Bay and Ongwediva.

GIZ's Program Manager Dr. Henning Austmann explained "With this intervention, NCCI and GIZ aim at further improving the business environment in Namibia and thus helping to create jobs and income across the nation." Following a five-month-assessment process with several stakeholder interviews and mutual planning sessions, the key objective of the recently agreed cooperation is to capacitate the NCCI to successfully collect and communicate their members' needs in a fruitful policy dialogue with political decision makers in Namibia.

NCCI-President Martha Namundjebo-Tilahun stated her excitement regarding the joint effort. "We strongly believe that this collaboration will help us to increase our capacity in providing services at both headquarter as well as branch level and thus add value to our members throughout the country."

GIZ Country Director Dr. Christian Peters added "This is a very logical cooperation to us, as GIZ is one of the few donor agencies with a mandate in sustainable economic development and NCCI is one of the most relevant local players in this field."

After a merger on 1 January 2011, GIZ brings together under one roof the long-standing expertise of former Deutscher Entwicklungsdienst (DED), Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and InWEnt. As an enterprise owned and funded by the German government, GIZ supports people and societies in more than 130 countries in shaping their own futures and improving their living conditions.

The NCCI, with its nationwide network of branches and a unique outreach to the private sector, represents one of Namibia's most relevant organizations in the field of advocacy for the interests of the Namibian business sector. Through its regular liaisons with political decision makers on local, regional and national levels, NCCI constitutes a distinct connection between businesses and different government layers.

Elimination of Non – Tariff barriers to trade

Non Tariff barriers remain a stumbling block in the consolidation of SADC FTA. While member states are making headway in the implementation of tariffs phase downs in accordance with the 2010 commitments, these are slowly replaced by the introduction of non-tariff barriers.

In an effort to address the problem, the three regional economic blocks – SADC, COMESA and EAC have introduced a Tripartite Online NTBs Reporting and Monitoring Mechanism, which provides for a dynamic database which allows for real time monitoring of barriers effecting trade movements between countries within the three regional blocks. The mechanism provides for active stakeholder involvement in eliminating NTBs and enhances cooperation among the Tripartite Member States, government and private sector partners.

Although there is a concern on the legal bearing enforcing the implementation and use of the mechanism for the elimination of Non-Tariff Barriers within the Tripartite arrangement since it is an annex to the FTA whose negotiations are yet to commence;

the Tripartite Member States were already utilizing the system and taking cognizance of the negative effects of NTBs, Member States made a commitment to fast-track the implementation of the Mechanism.

Namibia is among countries imposing less NTBs, but despite that the country is required to mobilize resources to fast-track implementation of the NTBs Mechanism and contribute towards and report any change in legislations which may constitute a barrier. Namibia, as per Tripartite requirement, has National Monitoring Committee where the NCCI serves as the Private Sector Focal Point.

Business people who encounter any form of barrier when doing business within the tripartite countries can report the problem on the Tripartite Online NTBs Reporting and Monitoring Mechanism available at:
ntb.africonnect.com
www.sadc.int
www.comesa.int

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