



**REPUBLIC OF NAMIBIA**

**Notice of Question by Hon Jan J. van Wyk**

**Responses by**

**Honourable Ipumbu Shiimi, MP**

**Minister of Finance**

**25 February 2021**

Notice of questions by Hon Jan J. Van Wyk

*Honourable Minister, taxpayers were encouraged to submit their tax returns online. However during June 2020, taxpayers were informed through text messages that due to certain processes some tax returns MAY be put on hold until such a time that “employers returns are fully assessed” During January 2021 your Ministry announced tax relief to all e-filing taxpayers with outstanding tax balances.*

*Question 1*

*Could the Honourable Minister brief this August House and the taxpayers at large about the status of tax returns submitted for the period 2018/19 and 2019/20 financial years?*

1. Honourable Speaker, Honourable Members, the status of tax returns submitted for 2018/19 and 2019/20 tax years is presented in as follow:

Tax Year	Issued	Received		Outstanding
		Assessed	In-progress	
2018/19	515,353	182,365	85,747	247,241
2019/20	549,667	22,999	109,305	417,363
<b>Total</b>	<b>1,065,020</b>	<b>205,364</b>	<b>195,052</b>	<b>664,604</b>

**Table 1: Individual Tax Returns Status**

2. As reflected in Table 1 above, 515,353 returns for 2018/19 have been issued to taxpayers for filing obligation. Of this amount, 268,112 returns have been submitted, which is a sum of 182,365 (assessed returns) and 85,747 (returns in progress), representing 52% of issued returns. The returns not submitted yet amount to 247,241 or 48% of issued returns.
3. For 2019/20 tax year, 549,667 returns have been issued, of which 132,304 (22,999 + 109,305) or 24% have been submitted, leaving out 417,363 or 76% outstanding.
4. The category of returns in-progress is for those returns still being processed. This means, the assessment process has started but not completed yet due to various reasons such as: pending supporting documents, cases flagged for an audit, audit is under way, cases being revised, etc.

5. We have observed that some taxpayers do not understand well the new requirements that have been introduced under the new system, Integrated Tax Administration System (ITAS), and this lack of understanding caused the delay in submitting the tax returns.
  
8. One of the new critical requirements is the automatic validation of information submitted by individual taxpayers against payroll information submitted by employers which is a mandatory requirement for calculating the tax liability of a taxpayer. This means that the employer must first fully submit the employees tax return (i.e. detailed payroll reconciliation, also known as Employee Tax Return or PAYE Spreadsheet or PAYE Return) online before employees of that particular employer can file their annual tax returns. This requirement is a control measure to mitigate the risk associated with a fully-fledged self-assessment system. Under a fully-fledged self-assessment system, the taxpayer is responsible to submit accurate tax information online and the assessment is automatically raised based on this information. However, before the assessment is approved, the information submitted by the taxpayer is verified against corresponding information submitted by the employer.

9. Table 2 below depicts the status of Employees Tax Returns.

Return Period	Issued	Received		Outstanding
		Assessed	In-progress	
2020	157,449	110,657	31,769	15,023
2021	200,824	105,907	15,822	79,095
<b>Total</b>	<b>358,273</b>	<b>216,564</b>	<b>47,591</b>	<b>94,118</b>

**Table 2: Employee Tax Returns (PAYE Returns) Status**

10. In respect of employees Tax Reform, 2, 157,449 PAYE Returns have been issued for 2020 Tax Year, of which 142, 426 or **91%** are filed, while 15, 023 or 9% are yet to be filed. Of the filed returns, 110, 657 (**77.7%**) are assessed and 31,769 (**22.3%**) are being processed.

11. For 2021, 200,824 returns have been issued, 121,729 or 59% are filed and 79,095 or 41% are outstanding. 105,907 (**87%**) of the filed returns are assessed and 15, 822 (**13%**) are being processed.

12. Even though it is expected from all employers to file their PAYE Returns electronically, many of these returns were submitted manually and still need to be uploaded on the portal in line with the system new requirements.

### ***Question 2***

***Honourable Minister, since government is broke, as confirmed by yourself. When will those taxpayers who are supposed to get refunds on their return receive their refund?***

13. Hon Speaker, Hon Members, we are all aware of the prevailing dire economic situation and I acknowledge that Government is experiencing a challenge of reduced revenue at the time of great need to increase expenditure in order to stimulate economic recovery and cater for unexpected expenditure induced by the outbreak of COVID-19 pandemic. However, despite this difficulty, government has maintained the capacity to honour its financial obligations towards its creditors, suppliers and employees as well as statutory obligations including payment of tax refunds. Refunds are