



Consolidated Tax Statements

Sections 34A to 34E in the Namibian Income Tax Act deals with Withholding tax (WHT) on Interest.

These sections stipulates that 10% WHT must be withheld from the Interest paid by a Namibian Unit Trust to a Namibia Natural person. It is therefore required that the Unit Trust issue a proof of any tax withheld to every investor.

You will note on the Consolidated Income Tax Statement there is a line "Local interest: Exempt for Individuals". This line refers to Section 34A which allows for interest earned which is non-taxable, e.g. Interest earned from a Treasury Bill issued by the Government of Namibia.

Note that no WHT is deducted on interest received by a Namibian Company (as defined in the Act). The Company must include this interest received in the taxable income of the Company.

What to do with your Consolidated Income Tax Statement

A copy of the Consolidated Income Tax Statement should be attached to your Income Tax Return.

It is important to know that for Individual Tax payers, all investors except Namibian Companies, the WHT which is already deducted is a Final Tax and that no further tax needs to be paid on the interest

earned. Therefore it is important to ensure that your Income Tax Return is completed correctly.

How to indicate this income on your Income Tax Return

The current Income Tax Return for individuals does not have schedules and lines to complete for all possible events.

With regards to the interest and dividends received on Namibian Unit Trusts, the Income Tax Return could be completed as follows:

- **Local Dividends:**
Add this to Schedule 21: Dividends (Not Subject to Taxation) in the line "Dividends received from Namibian sources".
- **Local interest & Local interest: Exempt for Individuals:**
Add the combined value in Schedule 20: Namibian Income Not subject to Taxation in the line "Other Income (excluding dividends)".

Foreign Interest & Dividends

Capricorn Asset Management (CAM) advises that you consult with your Tax Advisor on the correct treatment of foreign income received from 3rd party manager funds available on our investment platform.

CAM does not deduct any WHT on the foreign interest or foreign dividends. As the foreign income is from a South African source, the Double Taxation Agreement (DTA) between South Africa and Namibia should be taken into consideration.

NRST on Dividends

The Namibia Non-Resident Shareholder Tax (NRST) is a withholding tax that is deducted from the dividends earned by Unit Holders whom are not Namibia Tax Residents.

The % WHT that is deducted depends on Tax Residency of the Unit Holder and the specific DTA Namibia has with that country.

Where to download your Consolidated Tax Statement

The Consolidated Income Tax Statement was distributed during April 2021 for the period 01 March 2020 to 28 February 2021.

It is also available for download on Capricorn Online.

Benefit from the extended cut-off time on Capricorn Online

Capricorn Online enables you to transact and view your investment portfolio with ease and comfort.

The digital platform allows extended time to submit transactions. The cut-off time for all transactions submitted via Capricorn Online is at **12:00** on business days.

Therefore, no need to complete a form to do a transaction or open a new additional unit trust fund, simply submit it directly via Capricorn Online.

To register for Capricorn Online, email the completed registration form to cam.service@capricorn.com.na

Economic Update

The global economy is chomping at the bit to boom, but just like a horse, it is being held back by the bridle of lockdown uncertainty, while the financial markets have already run a round or two.

From the depths of the lockdown lows of March 2020, the 10-year RSA bond yield firmed from 12.4% to 9.2%, the global equity market is up by 80%, the JSE is up 75%, the N\$ against the US\$ appreciated from 19.11 all the way back to pre-Covid levels of 14.30, or 25%, while the total return on JSE listed property was 70%.

Markets are due a pause, while waiting for the real economy to catch up more. Some of the catch up has however materialised. For instance, the Purchasing Managers Indices of many countries have bounced strongly, such as that of the USA, which at 64.7 is at the highest level in two and a half decades. The International Monetary Fund (IMF) recently upped its global growth expectation to 6%, with the USA at 6.4% and China, the most notable, at 8.4%.

However, a sizeable amount of good news that is priced into markets is yet to materialize, while being subject to significant uncertainty. One should have the view that the markets are vulnerable to disappointment on the fundamental economic front, such as a peak in company profits or a double dip recession brought about by a renewed, vigorous outbreak of Covid-variants and associated lockdowns.

One cannot help but sense that the potential benefits of a global boom, albeit of short duration, will pass Namibia and South Africa by if policy makers are unable to establish a convincing path of economic reform to assist in the exit from recession. The recovery of

confidence and trust is crucial to stimulate investments and real economic growth.

Consumer confidence is likely to recover a bit while being assisted by low interest rates to release pent-up demand. There should be somewhat of a lift in consumption and credit uptake. However, indebtedness and high unemployment remain a drag on the consumer.

Similarly, investors and entrepreneurs must sense an improved outlook so as to mobilise the resources of capital and labour, that is to create jobs and infrastructure in order to meet the needs of consumers, both domestic and foreign. In these decisions, the risk-return equation is central. Authorities can do a great deal to lower perceived risk in the investment decision.

On balance, we expect the Namibian economy to grow by 2.5% in 2021 in real terms and average around 3% over the next five years. Inflation should pick up quite a bit from an average of 2.2% in 2020 to 3.7% in 2021, ending the year at around 4.1%. In SA, the recovery is also expected to be muted, but inflation looks set to accelerate at a faster pace to average 4.3% in 2021, compared to 3.3% in 2020.

If these macro-trends materialise as we expect, it will bring about quite a bit of relief compared to the past five-year period of recessionary conditions. However, it will not make much difference to unemployment and other socioeconomic ailments that plague our nations. Furthermore, given that the demand for credit from the private sector remains very weak, our view is that monetary policy makers will make little, if any, changes to interest rates for as long as possible. We see unchanged interest rates for at least this year and probably longer.