

MEDIA RELEASE

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LIFTING THE MORATORIUM ON THE PAYMENT OF TAX REFUNDS - PROVISIONAL TAXPAYERS

On 24 March 2022, the Namibia Revenue Agency (NamRA) imposed a moratorium on the payment of tax refunds for provisional taxpayers, following the detection of a scam related to the payment of refunds in this regard.

The halting of processing tax refund claims for provisional taxpayers until 30 June 2022, was intended to enable NamRA to determine the full extent of the scam and its real impact on the public purse. While the investigation is yet to be concluded, NamRA has been able to narrow the probe to an identified target group.

Our records indicate that by 28 February 2022, 43 166 natural persons were registered as provisional taxpayers, being a person deriving any amount as income which does not constitute remuneration. From March 2018 to February 2022, only 6 268 of these taxpayers claimed and received tax refunds for the different types of taxes, being worth more than N\$950 million.

Of the above stated amount, N\$496 million was in respect of income tax refunds paid to 4746 taxpayers (target group). This group of taxpayers remains the subject of the continuing investigation, which in some instances has been concluded and criminal cases have been lodged with the Namibian Police.

Therefore, NamRA hereby announces the lifting of the moratorium in relation to refund claims from provisional taxpayers who are not part of the target group and hence such claims will be processed from today. Further, no tax directives will be issued for taxpayers in the target group while the investigation continues.

At this point, we can indicate that tax refund claims of over N\$36 million is linked to this scam and is expected to increase further, as opposed to the previously indicated N\$15 million. 409 taxpayers from 17 institutions have so far been identified as recipients of fraudulently claimed income tax refunds.

As an immediate intervention, NamRA will invoke section 91 of the Income Tax Act 1981 (Act No. 24 of 1981) to recover paid refunds where the facts show no basis for such claims, by appointing financial institutions and employers as agents to collect such amounts.

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The observed trend is that several individual taxpayers' profiles are changed (mostly by taxpayer representatives or bookkeepers) to provisional taxpayers' status, which is associated with taxpayers earning income from sources additional to their employment, such as farming. Subsequently, revised returns would be submitted with inflated deductions, which then result in tax refunds becoming due to the affected taxpayer.

The evidence gathered also points to the involvement of our staff and therefore such employees are also being investigated for possible disciplinary action and criminal charges where applicable.

We reiterate our call on all taxpayers who might have unwittingly benefited from this scam to engage our offices across the country and aid the investigation to expose the true masterminds of this scam.

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Issued by:

Sam SHIVUTE

Commissioner

Namibia Revenue Agency

