



NAMIBIA TRAINING AUTHORITY



Notice

DEFINITION OF REMUNERATION FOR VET LEVY PURPOSES

Dear VET Levy Employer,

The Minister of Higher Education, Technology and Innovation, on 1 April 2021, published two notices (Notices 66 and 67) in the Government Gazette. Notice 67 amended, among others, the definition of remuneration to 'remuneration means remuneration as defined in Part I of Schedule 2 of the Income Tax Act, 1981 (Act No. 24 of 1981)'. Previously, remuneration was aligned to the definition of remuneration in the Labour Act, 2007.

The new definition of remuneration has seemingly brought about different interpretations, specifically with regard to what employers are to include in the computation of remuneration for purposes of the levy. This communique serves to clarify this particular amendment. The term remuneration as defined in the Income Tax Act, is for purposes of arriving at taxable income, which tax payers and employers use to determine tax payable by, or due to a tax payer. However, for purposes of the VET levy, the focus is strictly on the definition of remuneration. There is no need to apply other sections of the Income Tax Act, which are aimed at giving meaning to "remuneration" for purposes of tax.

The NTA's intention with the adopted definition of remuneration is that remuneration includes any amount of income which is paid or is payable to any person by way of any salary, leave pay, allowance, wage, overtime pay, bonus, gratuity, commission, fee, emolument, pension, superannuation allowance, retiring allowance or stipend, whether in cash or otherwise, and whether or not in respect of services rendered (as listed under definition of remuneration).

Based on this interpretation and the NTA's intention in adopting the Income Tax Act definition of remuneration, all payments listed under the remuneration definition should form part of the amount to be declared for purposes of the VET levy, without applying other parts of the Income Tax Act dealing with deductions and exclusions for purposes of tax. The NTA trusts that employers have realigned their internal administration arrangements, accordingly. Kindly contact us should you require any further clarification.

Yours in Vocational Training and Training,

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