

HEAD OFFICE

NamRA
Namibia Revenue Agency



**ANNUAL
REPORT**


2021/2



With Passion

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10000





A caterpillar has to transform to a butterfly to gain greater agility and mobility. Similarly, the NamRA transformation is in full swing, with the object of becoming a world-class revenue agency.



Contents

List of Tables	6
List of Figures.....	6
List of Abbreviations.....	7
1 Birth of the Namibia Revenue Agency.....	8
1.1 Promulgation of the Enabling Act	9
1.2 The Launch of NamRA.....	9
2 Key Messages	11
2.1 About this Report.....	12
2.2 Message from the Minister of Finance	12
2.3 Statement by the Chairperson of the Board	14
2.4 Overview by the NamRA Commissioner.....	15
3 Corporate Governance.....	16
3.1 Board Composition.....	17
3.2 Board Auxiliary Services	17
3.3 Board Business	17
3.4 Board Meetings	18
3.5 Board Fees.....	18
3.6 Board Member Profiles	20
4 Who and where we are.....	22
4.1 Executive Management.....	23
4.2 Organogram and Regional Offices.....	24
5 FY2021/3 Performance Highlights	26
6 Operations.....	31
6.1 Domestic Taxes Department	32
6.2 Customs and Excise Department.....	32
6.3 Human Capital and Business Strategy and Development Department.....	32
6.4 Finance and Corporate Services Department	32
6.5 Risk Management and Internal Audit Department.....	32
6.6 Legal Services and Board Secretariat Department.....	32
6.7 Strategic Communications and Support Engagements Department.....	32
6.8 Internal Affairs Department	33
6.9 Information and Communication Technology Department	33
7. Strategic Objectives	34
7.1 Strategic Pillar 1: Revenue Management	35
7.2 Pillar 2: Trade Facilitation	38
7.3 Pillar 3: Effective Governance and a Customer-Centric Focus.....	41
8 Risk management	42
9 Corporate Social Responsibility	47
10 Human Capital and Development	49
10.1 Human Capital Structure.....	50
10.2 Learning and Development.....	52



11	Stakeholder Engagement	53
12	International Relations	55
12.1	African Continental Free Trade Agreement	56
12.2	World Customs Organization	56
12.3	United Nations Conference on Trade and Development	57
12.4	International Monetary Fund	57
12.5	Her Majesty's Revenue and Customs	57
12.6	African Tax Administration Forum	58
12.7	Southern African Development Community	59
12.8	Southern African Customs Union	59
13	Where we are heading	60
13.1	Improving the Tax Morale	61
13.2	Living NamRA's Values and the NamRA Culture	61
13.3	Enhancing Data Science	61
13.4	Accelerating the Digital Transformation	61
14	Annual Financial Statements	62



List of Tables

Table 1: Attendance of Board and Board Committee meetings	18
Table 2.1: Board fees received.....	19
Table 2.2: Board fees received 01 April 2021 to 31 March 2022	19
Table 3: Domestic taxes revenue	35
Table 4: Customs and excise revenue	35
Table 5: Levels of Risk and Responses to them	44
Table 6: NamRA's top compliance risks	44
Table 7: Status and number of employees	50
Table 8: Staff development.....	52

List of Figures

Figure 1: About us	10
Figure 2: NamRA organogram	24
Figure 3: NamRA Regional Offices and border posts.....	25
Figure 4: Staff complement as at 31 March 2022.....	27
Figure 5: Active tax accounts as at 31 March 2022	27
Figure 6: Revenue collected as at 31 March 2022.....	27
Figure 7: Sources of revenue collected as at 31 March 2022	27
Figure 8: Non-intrusive customs inspections as at 31 March 2022	28
Figure 9: Total import and export values (free on board/FOB) as at 31 March 2022	28
Figure 10: Total customs declarations per the SAD 500 form as at 31 March 2022	29
Figure 11: Total import declarations per Regional Office as at 31 March 2022.....	29
Figure 12: Total export declarations per Regional Office as at 31 March 2022	30
Figure 13: Ratio of domestic tax revenue to GDP.....	36
Figure 14: Gender representation – all employees	50
Figure 15: Gender representation – Management cadre	50
Figure 16: Age distribution – all employees	51
Figure 17: Mean, median and mode age values – all employees.....	51
Figure 18: Age distribution	51



List of Abbreviations

AfCFTA	African Continental Free Trade Agreement
AFS	Regional Technical Assistance Center for Southern Africa (AFRITAC South)
AEO	Authorised Economic Operator
ASYCUDA	Automated System for Customs Data
ATAF	African Tax Administration Forum
CCP	Container Control Programme
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COVID-19	Coronavirus disease 2019
EPA	Economic Partnership Agreement
FY	Financial Year
GDP	Gross Domestic Product
HS	Harmonised Commodity Description and Coding System
ICT	Information and Communication Technology
IMF	International Monetary Fund
ITAS	Integrated Tax Administration System
NamCode	Corporate Governance Code for Namibia
NamRA	Namibia Revenue Agency
PCU	Port Control Unit
PT	Preferred Trader
SACU	Southern African Customs Union
SAD	Single Administrative Document (customs declaration form)
SO	Strategic Objective
SP	Strategic Pillar
UCR	Unique Consignment Reference
UK	United Kingdom
VAT	Value Added Tax
WCO	World Customs Organization
WTO	World Trade Organization



1



BIRTH OF THE
NAMIBIA REVENUE
AGENCY

1. Birth of the Namibia Revenue Agency

1.1 Promulgation of the Enabling Act

The Namibia Revenue Agency Act, 2017 (Act No. 12 of 2017) (NamRA Act) was passed by Parliament and signed by the President on 21 November 2017, gazetted on 12 December 2017. On 1 April 2021, the Minister of Finance gave notice in the *Government Gazette* to determine that the NamRA Act would take effect on 6 April 2021.

1.2 The Launch of NamRA



HE the President of the Republic of Namibia, Dr Hage G. Geingob, is joined by the incumbent Minister of Finance Hon. Ipumbu Shiimi and his predecessor, Hon. Calle Schlettwein, in toasting the new world-class Namibia Revenue Agency (NamRA) at its official launch on 7 April 2021.

NamRA was officially launched in Windhoek on 7 April 2021. The glamorous event was attended by the Head of State HE Dr Hage G Geingob, Vice President Dr Nangolo Mbumba, Minister of Finance Ipumbu Shiimi, several Cabinet Ministers and members of the diplomatic community.

In his keynote address, President Geingob described NamRA as a critical institution for the country's development, saying the Agency would go a long way towards improving revenue collection and infrastructure development. Other speakers at the occasion included Finance Minister Ipumbu Shiimi, former Executive Director in the Ministry of Finance Ericah Shafudah, NamRA Board Chairperson Anna Nakale-Kawana, and NamRA Commissioner Sam SHIVUTE.

The ceremony invitees were treated to spectacular

performances by Namibian musician Suzie Eises, Black Melody Cultural Group, and the NamRA Choir led by Commissioner SHIVUTE.

At the time of the launch, only three executives had been employed. The recruitment process was therefore in full swing, consisting mainly of absorbing the 1242 staff members serving in the Ministry of Finance's Customs and Excise Directorate and its Inland Revenue Department.

Since its launch, NamRA has worked hard to inspire its staff as they go through the change management process, encouraging them to continue serving with passion and striving to impact people's lives positively through revenue collection, in accordance with NamRA's Vision. Figure 1 encapsulates the Agency's Vision, Mandate, Mission and Values.



ABOUT US



VISION

We aspire to be a world-class Revenue Agency, serving with passion to positively impact the livelihood of every Namibian.



MANDATE

The Namibia Revenue Agency, governed by the Namibia Revenue Agency Act, 12 of 2017, is responsible for improving service delivery and administering the tax laws of Namibia.



MISSION

We administer and enforce the tax and customs laws of Namibia with consistency, fairness, efficiency and effectiveness, in an effort to mobilise domestic revenue.



VALUES

- Integrity
- Fairness
- Diversity
- Efficiency
- Agility



2



KEY
MESSAGES

2. Key Messages

2.1 About this Report

This is the inaugural Annual Report for NamRA and its Financial Statements for the financial year beginning from the date of its launch on 7 April 2021 and ending on 31 March 2022. This Report is prepared in accordance with section 31 of the NamRA Act and details NamRA's operations for the year under review.

2.2 Message from the Minister of Finance



Hon. Ipumbu Shiimi, Minister of Finance

I am delighted to present the inaugural Annual Report and Financial Statements of the Namibia Revenue Agency (NamRA) for the financial year ended 31 March 2022. On 7 April 2021, I had the honour of overseeing the final step marking the transformation of the Department of Inland Revenue and the Directorate of Customs and Excise into a combined Revenue Agency and to provide stewardship for the newly formed body from its infancy.

Much groundwork was done by my predecessors, who conceived and performed the necessary mediation required to produce what has become NamRA. More than ten years ago, discussions began between the Bank of Namibia and the Ministry of Finance on the need for an independent tax administration body for the country. Prior to this discourse, both local and international experts made a similar recommendation in several tax administration assessments for Namibia.

The objective was to establish an institution capable of

attracting skills that could match those being employed by taxpayers as well as to accommodate the changing complexity of the business environment. Without the requisite skills, the competency and effectiveness of tax administration are limited.

A decision was therefore taken to establish NamRA. Since its launch, the Agency has progressed well, and expectations are that its recruitment process will have been rounded up by September 2022. The Government has directed the new tax-collection Agency to prioritise facilitating the ease of paying tax as well as improve tax compliance across the board. In these respects, Government's only remaining focus is on its role as policymaker. Hence, the Ministry of Finance has commenced with the creation of its own Tax Policy Unit and the recruitment of staff to capacitate the structure.

The years spanning the ambit of this Annual Report were unprecedented due to the impact of the coronavirus disease 2019 (COVID-19) and its variants, which have wreaked global havoc. Despite these catastrophic events, the country is obliged to continue strengthening its efforts to collect revenue. Indeed, our time spent as a nation during the 2020 and 2021 lockdowns indicated how much we could still achieve through working together. NamRA, for example, already made its mark during the lockdown by facilitating the importation of oxygen to save lives.

Turning to the fiscal aggregates, the revenue outlook remains weak in the near future, although recovery is projected over the medium term. The increase in revenue for the remaining duration of the Medium-term Expenditure Framework (MTEF) (2022/3–2024/5) launched in February 2022 will stem from the expected post-COVID-19 recovery in economic activity and domestic demand as the impact of the pandemic wanes, coupled with the anticipated comeback in global commodity prices. In this regard, total revenue and grants for FY2022/3 are projected at N\$59.7 billion, some 11.7% higher than the estimated revenue for FY2021/2. These forecasts have been boosted by deliberate efforts to conserve and mobilise non-tax revenue for FY2022/3, while tax revenue is projected to remain rather flat.

The Ministry of Finance has managed major organisational changes during the reporting period, mainly due to the transfer of two of its legacy structures – the Customs and Excise Directorate and the Department of Inland



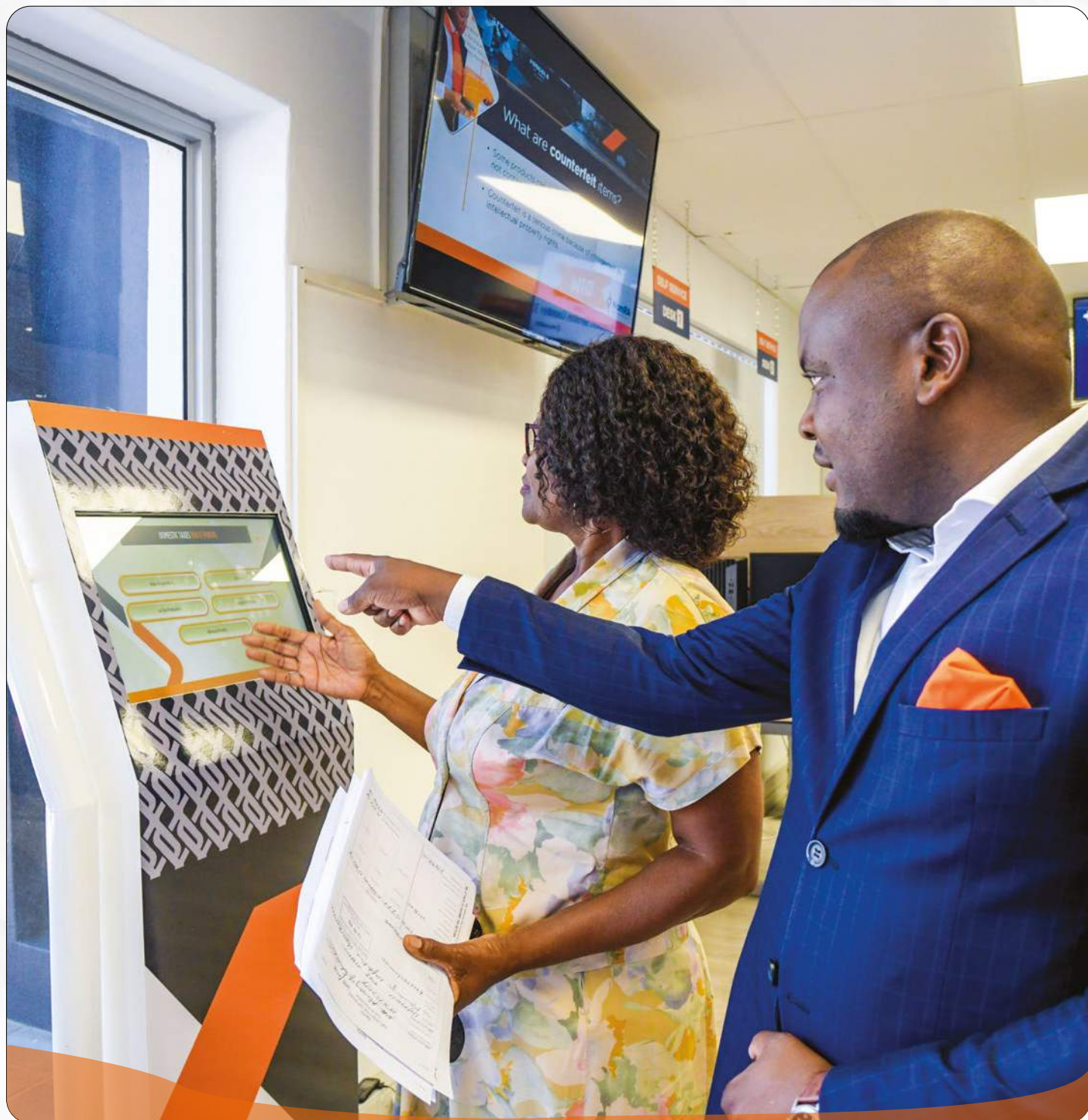
Revenue Department – but also because it has reset its focus on policy and the development of legislation. I would like to acknowledge the great work that NamRA’s Management and staff have been doing in getting their institution off the ground. I am proud of what has been achieved so far and optimistic about our ability to build a strong, cohesive institution that can work with diverse taxpayers and trader communities to strengthen revenue collection – ultimately for the development of our nation.

I therefore wish to take this opportunity to thank

NamRA’s Board of Members, its Management and its staff for navigating this new institution to achieve its objectives. NamRA is for all of us, so it requires our support.

As we engage second gear in NamRA’s existence, we do so with excitement and confidence that it will become a paragon of excellence.

Ipumbu Shiimi
Minister of Finance



2.3 Statement by the Chairperson of the Board



Ms Anna Nakale-Kawana, Chairperson of the NamRA Board of Members

On behalf of the NamRA Board of Members, I am delighted to express our deepest gratitude and appreciation to the government and to the Minister of Finance for the opportunity to serve as the founding Board Chairperson. I am further delighted to present the Agency's inaugural Annual Report and Financial Statements for the 2021/2 financial year as required by the NamRA Act and good corporate governance principles.

Domestic and global developments have necessitated essential changes in tax administration regimes. These led to the setting up of NamRA as a semi-autonomous revenue agency responsible for collecting taxes and enforcing tax, customs and excise laws in Namibia. The process commenced with the appointment of the NamRA Board of Members in December 2018, to take charge of the transitional process towards establishing the Agency.

The reporting period marks the inception of NamRA's Strategic Plan. The NamRA's Annual Report 2021/2 financial year offers a detailed analysis of the main achievements and prevailing challenges.

NamRA was established with the specific objective of assessing and collecting tax revenue and duties. To do so, it must employ efficient and effective operational systems, promote compliance with tax laws, adopt business principles and practices in its management, while attracting and retaining the right skilled staff.

The year under review was both fulfilling and challenging because the process of establishing NamRA has been momentous and ongoing. Some significant milestones have already been reached in the process. For example, NamRA has made substantial progress towards fulfilling the goals set out in its Strategic Plan, which is aligned with the Government's five-year National Development Plans. NamRA also continues to innovate and bring forward new ways of facilitating trade, whilst simultaneously collecting the correct revenue.

The transformation and alignment of revenue collection from the Ministry of Finance to NamRA also demanded a significant change in work practices and structures, coupled with technological innovation – all aimed at enhancing compliance. This remodeling of revenue collection operations aims to boost efficient service delivery and develop taxpayer trust. As NamRA's governing body, the Board of Members, puts emphasis on corporate governance by focusing on integrating collaborative leadership, building a unique organizational culture, monitoring to maintain desirable standards of performance, conducting good financial performance and managing identified risks.

In closing, I would like to appreciate the support and policy guidance accorded by the Honourable Minister of Finance Ipumbu Shiimi to the Board during this fledgling phase of NamRA's establishment. I wish to express my gratitude to the NamRA Board of Members for their invaluable inputs and commitment. The Management of the Ministry of Finance and staff have been of great assistance in the whole transitional process. I thank the Commissioner, NamRA Management and the staff. My special gratitude goes to the seconded staff members for their dedication, commitment, perseverance and hard work. Most importantly, I wish to acknowledge and express gratitude to all the Namibian taxpayers, for their patience, understanding and continued patriotism during all transitional phases at NamRA. Our goal remains focused on providing superior services to our customers and on maximizing revenue collection to impact the livelihood of every Namibian.

A handwritten signature in black ink, appearing to be 'A. Nakale-Kawana', written over a horizontal line.

Anna Nakale-Kawana
Chairperson
NamRA Board of Members



2.4 Overview by the NamRA Commissioner



Mr Sam SHIVUTE, NamRA's Founding Commissioner

The year 2022 marks the first anniversary of the Namibia Revenue Agency (NamRA). Thus, it is my distinct honour to present our stakeholders with the Agency's inaugural Annual Report and Financial Statements for the financial year ended 31 March 2022. The Report has been prepared in accordance with section 31 of the NamRA Act, and presents information on NamRA's governance, management and operations, as well as its audited Financial Statements indicating its financial position as at 31 March 2022.

Despite the economic crisis due to the COVID-19 pandemic, which affected many individual and corporate taxpayers, our revenue collection efforts yielded positive results – even surpassing our revised revenue target of N\$49.44 billion. The actual revenue total was N\$52.9 billion, some N\$3.5 billion over that target. This noteworthy achievement is thanks to the staff across the country at our various Regional Offices, who remained committed to positively impacting the livelihood of every Namibian.

Our Vision to serve with passion was implemented on Day One. We immediately took over the reins of the Ministry of Finance's Electronic Filing Tax Relief Programme, for example, successfully bringing it to its conclusion on 31 January 2022. The Programme was

two-pronged. Firstly, NamRA offered financial relief to taxpayers suffering from the adverse economic impacts of the COVID-19 pandemic by writing off a percentage of the interest and penalties due if arrears taxes were fully paid. Secondly, the Programme promoted the general use of the new Integrated Tax Administration System (ITAS), especially the filing of tax returns online. Thanks to the Tax Relief Programme, a total of N\$1,320,528,999 was collected from taxpayers and paid into the State Account. This amount represented 7% of the opening tax debt for FY 2021/2.

The third tenet of our Vision – aspiring to be a world-class Revenue Agency – makes our journey a bold, steep and ambitious one. However, we trust that, together with our clients and stakeholders, we will persist until we succeed. We are currently seized with the recruitment process to ensure that the right people are in the right positions. We are also addressing several challenges of our nascent systems with their new technology, including the ITAS portal and the Automated System for Customs Data (ASYCUDA). In doing so, we have committed ourselves to bringing about efficiency and to developing a professional culture aligned with our corporate values.

NamRA is also compelled to enforce tax, customs and excise legislation as well as improve revenue collection in line with its maiden Strategic Plan spanning the years 2021/2 to 2023/4. To these ends, we have developed a Compliance and Enforcement Strategy aimed at curbing tax evasion and enhancing revenue collection. Another strategy is to strengthen our stakeholder engagements and taxpayer/trader education campaigns to ensure that taxpayers are compliant and able to contribute to State revenue for our nation's development.

I wish to take this opportunity to thank NamRA's Management and staff for their passion and hard work, enabling the Agency to realise its goals during the year under review. I am also grateful to the Board of Members and the Minister of Finance for their support and guidance.

Sam SHIVUTE
Commissioner



3



CORPORATE
GOVERNANCE

3. Corporate Governance

The NamRA Board was established per the NamRA Act in December 2018 to serve as the governing body for the Revenue Agency and to advise the Minister of Finance on any policy relating to the collection of revenue. In turn, the Board provides leadership, guidance and oversight on NamRA's governance and operational matters by challenging and supporting Management to ensure that the Agency's Vision, Mandate, Mission and Values are successfully realised. The Board also assisted with NamRA's institution, which took place on 7 April 2021.

Besides being obliged to adhere to the relevant legislative instruments, the Board ensures it exercises effective corporate governance and compliance by ascribing to the NamRa Act, and the Code of Corporate Practices and Conduct as set out in the King Report III on Corporate Governance for South Africa, 2009 (King Code), although the latter is not implemented in its entirety.

3.1 Board Composition

All but one of the Members of the Board who oversaw NamRA's establishment since 2018 were reinstated during the year under review. The vacancy that arose was duly filled. Furthermore, the Ministry of Finance's *ex-officio* Membership on the Board was assumed by three different incumbents during the course of the year under review, as indicated below:

- **Chairperson:** Ms Anna Nakale-Kawana
- **Deputy Chairperson:** Mr Stefan Hugo
- **Member:** Ms Shirene Bampton
- **Member:** Adv. Dennis Khama
- **Member:** Mr Pieter Kruger
- **Ex-officio Member:** Ms Ericah Shafudah (first incumbent, then Executive Director, Ministry of Finance)
- **Ex-officio Member:** Mr Francois Brand (second incumbent, subsequent Acting Executive Director, Ministry of Finance)
- **Ex-officio Member:** Mr Titus Ndove (current incumbent, current Executive Director, Ministry of Finance)
- **Ex-officio Member:** Mr Sam SHIVUTE (NamRA Commissioner)

3.2 Board Auxiliary Services

To ensure Board duties are executed timeously and

effectively, its Members need to be kept abreast of developments by the NamRA Executive through its Company Secretary. The Chief Legal Officer, who concurrently serves as the Company Secretary, was appointed on 1 April 2021.

3.3 Board Business

The following governance documents were approved during the year under review:

- Strategic Plan 2021/2 –2023/4
- Administration Budget FY2021/2
- Administration Budget FY 2022/3
- Overarching Board Charter
- Various Charters for the Board Committees

Various agreements were also approved during the year under review, as follows:

- Overall Board Performance Agreement with the Minister of Finance
- Individual Board Performance Agreements with the Minister of Finance
- Performance Agreement of the Commissioner

The following policies and frameworks were approved during the period under review:

- Resolution on the Secondment Allowance
- Organisational Scorecard
- Executive Performance Scorecards
- Tools of Trade Policy
- Liquidation Resolution
- Accounting Policy
- Cash Handling Policy
- Travel Policy
- Delegation of Authority Framework
- Financial Policy
- Organisational Structure
- Leave of Absence Policy
- Internship Policy
- Employment Contract
- Board Resolution on Employee Medical Aid Contribution
- Declaration of Assets Form



3.4 Board Meetings

In compliance with section 14 of the NamRA Act, the agenda for each Board meeting keeps declarations of a conflict of interest as a standing item. Thus, Board Members are required to declare any such conflict and recuse themselves from the meeting when the point causing the conflict is discussed. All Board Members have voting rights except the *ex-officio* Members, which

include the Commissioner and the Executive Director of the Ministry of Finance.

Table 1 indicates the composition of the Board during the reporting period and attendance by its Members at Board and Board Committee meetings. The latter meetings were held towards the end of the reporting year, i.e. only once the respective Charters establishing the Committees had been approved.

Table 1: Attendance of Board and Board Committee meetings

Incumbent	Membership status	Attendance of meetings	
		Board	
Ms Anna Nakale-Kawana	Chairperson	3/3 (Chair)	
Mr Stefan Hugo	Deputy Chairperson	2/3	
Ms Shirene Bampton	Member	3/3	
Adv. Dennis Khama	Member	3/3	
Mr Pieter Kruger	Member	1/3	
Ms Ericah Shafudah	<i>Ex-officio</i> Member	2/3	
Mr Francois Brand	<i>Ex-officio</i> Member	1/3	
Mr Titus Ndove	<i>Ex-officio</i> Member	0/3	
Mr Sam SHIVUTE	<i>Ex-officio</i> Member	3/3	

3.5 Board Fees

The remuneration of the Board of Members is guided by the Directives in Relation to Remuneration Levels for Chief Executive Officers and Senior Managers of State-Owned Enterprises and Annual Fees and Sitting Allowance for Board Members: Public Enterprises Governance Act, 2006 (Act No. 2 of 2006), published in *Government Notice* No. 69 of 16 April 2018, which survived the repeal of the Public Enterprises Governance Act, 2006 by the Public Enterprises Governance Act, 2019 (Act No. 1 of 2019). Table 2 indicates all Members' fees paid during the reporting period.



The Members were appointed on 1 December 2018 in terms of Part 3, Section (4) and Section (8) of the NamRA Act (Act No. 12 of 2017), read with Section 12 (3) (a) of the Interpretation of Laws Proclamation 37 of 1920. NamRA was only gazetted on 6 April 2021 and this is the date on which it was established as a juristic person.

Mrs. Melanie Tjijenda resigned from the NamRA board on 31 January 2020.

The Members fees earned are disclosed below for the period before the establishment of NamRA, these figures are not audited.

Table 2.1: Board fees received

Incumbent	Membership status	Fee (N\$)		
		Financial Year 2019/2020	Financial Year 2020/2021	Financial Year 2021/2022
Ms Anna Nakale-Kawana	Chairperson	44,290.18	128,079.85	128,080.08
Mr Stefan Hugo	Deputy Chairperson	36,480.47	93,185.90	95,895.16
Adv. Dennis Khama	Member	36,480.47	95,895.14	98,604.41
Ms Shirene Bampton	Member	36,480.47	98,604.40	98,604.41
Ms Melanie Tjijenda	Member	19,703.88	-	-
Mr Pieter Kruger	Member	-	-	28,352.72
Ms Ericah Shafudah	<i>Ex-officio</i> Member	-	-	-
Mr Francois Brand	<i>Ex-officio</i> Member	-	-	-
Mr Titus Ndove	<i>Ex-officio</i> Member	-	-	-
Mr Sam SHIVUTE	<i>Ex-officio</i> Member	-	-	-

The Members fees earned are disclosed below for the period after the establishment of NamRA, these figures are audited.

Table 2.2: Board fees received 01 April 2021 to 31 March 2022

Incumbent	Membership status	Fee (N\$)
Ms Anna Nakale-Kawana	Chairperson	128,080.08
Mr Stefan Hugo	Deputy Member	95,895.16
Ms Shirene Bampton	Member	98,604.41
Adv. Dennis Khama	Member	98,604.41
Mr Pieter Kruger	Member	28,352.72
Ms Melanie Tjijenda	Member	-
Ms Ericah Shafudah	<i>Ex-officio</i> Member	-
Mr Francois Brand	<i>Ex-officio</i> Member	-
Mr Titus Ndove	<i>Ex-officio</i> Member	-
Mr Sam SHIVUTE	<i>Ex-officio</i> Member	-
TOTAL		449,536.78



3.6 Board Member Profiles

ANNA NAKALE-KAWANA, CHAIRPERSON

Anna is an accomplished, self-made Namibian businesswoman. Her expertise in public finance empowered her to head the Secretariat of the then Tender Board of Namibia (now the Central Procurement Board of Namibia) as well as the Department of Revenue Management in the Ministry of Finance, before being appointed as the Managing Director of the Namibia National Reinsurance Corporation Ltd. She holds a Master of Financial Economics degree from London University and a joint Honours in Economics and Agricultural Economics from the University of Aberdeen, among other qualifications. Anna is the founding Chairperson of NamRA and will serve in that position until 2024. She also served as the founding Chairperson of the NAMFISA Board of Members



SHIRENE BAMPTON, MEMBER

Shirene is a seasoned human resources professional with more than 25 years' experience in all related fields. She has spent much time in the financial services industry and is currently Head of Organisational Development and Learning at the Bank of Namibia. Shirene holds a Master of Science Degree in Global Human Resources Management from the University of Liverpool, among other qualifications.



STEFAN HUGO, DEPUTY CHAIRPERSON

Stefan is a Chartered Accountant, having qualified in taxation at the University of South Africa. He previously served as Partner and Tax Practice Leader at PwC Namibia and is currently the Chief Executive Officer of One Africa Television as well as its holding company, TribeFire Studios.



ADV. DENNIS KHAMA, MEMBER

Dennis holds a Bachelor of Jurisprudence degree from the University of Fort Hare and a Bachelor of Laws from the University of South Africa. He was admitted as a Legal Practitioner of the High Court of Namibia in 2004 and joined the Namibian Bar in July 2011, after having been in State practice. Dennis also served as a Deputy Director at the Financial Intelligence Centre. He is a member of the Society of Advocates of Namibia and the Law Society of Namibia.



TITUS NDOVE, MEMBER

On 1 February 2022, Titus assumed the role of Executive Director of the Ministry of Finance. For four years prior to that, he served as the Head of Public Sector and Market Intelligence at Standard Bank Namibia. He also served as the Deputy Permanent Secretary responsible for State Accounts (Treasury) in the Ministry of Finance. Prior to his Treasury appointment, he worked at the Bank of Namibia for 16 years in various capacities, including that of Director of Financial Markets. Titus brings a wealth of knowledge to the Board, gleaned from over 20 years' experience in public financial management, research, public procurement, central and commercial banking, financial markets, and corporate governance.



SAM SHIVUTE, COMMISSIONER

Sam is the founding Commissioner of NamRA. Before joining the Agency, he worked for the Bank of Namibia for 18 years. He also served in the Namibian Police as a Detective for eight years, during which time he was temporarily seconded to the United Nations Mission in East Timor as Deputy Chief of the Office of Professional Standards, Audit and Evaluation from 2000 to 2002. He is a law graduate from the University of Namibia and holds a Master of Law in International Finance and Banking Law degree from the University of Liverpool. Sam is also an accredited Transformative Coach, trained by Animas Centre for Coaching in the United Kingdom.



PIETER KRUGER, MEMBER

Pieter is a financial services executive with over 24 years' experience in assisting financial institutions around the world with digital and other technological transformation. Pieter holds a Master of Computer Science degree from the University of Stellenbosch and is currently a doctoral candidate in Business Administration at the Universidad Católica San Antonia du Murcia.



FRANCOIS BRAND

Francios currently serves as the acting Executive Director in the Ministry of Finance, having headed the Procurement Unit within the Ministry. He is the former Director of the Financial Literacy Initiative.



MS ERICAH SHAFUDAH

Ericah served as the Executive Director (Permanent Secretary) in the Ministry of Finance from June 2010 to July 2021, having previously been an Under Secretary, Treasury and then promoted to Deputy Permanent Secretary in the same Ministry. She holds a Master's Degree in Leadership and Change Management from the Leeds Metropolitan University in the United Kingdom and two others in Biostatistics and Education from the Limburg University in Belgium and ISP Enrique José Varona University in Cuba respectively, together with a Diploma in Accounting and Finance from the then Polytechnic of Namibia. Ericah is the Deputy Country Director and Head of Partnerships and Resource Mobilisation with the United Nations World Food Programme, Namibia.



4



WHO AND
WHERE WE ARE

4. Who and Where We Are

4.1 Executive Management

The following incumbents served as NamRA's Executive during the period under review:



MR SAM SHIVUTE
Commissioner



MS MELANIE TJIENDA
Chief Information Officer



MS SALMI KASITA
Acting Chief Financial Officer



MS NADINE DU PREEZ
Chief Legal Officer



MR WILLBROAD PONISO
Interim Head of Customs & Excise



MR ANANIAS IYAMBO
Acting Chief of Internal Affairs



MR IDI ITOPE
Head of Domestic Taxes



MR FANUEL UUGWANGA
Chief of Human Capital &
Strategy



**MR STEVEN YARUKEEKURO
NDOROKAZE**
Chief of Strategic Communications,
Stakeholder Engagements,
Taxpayer Education and
International Relations



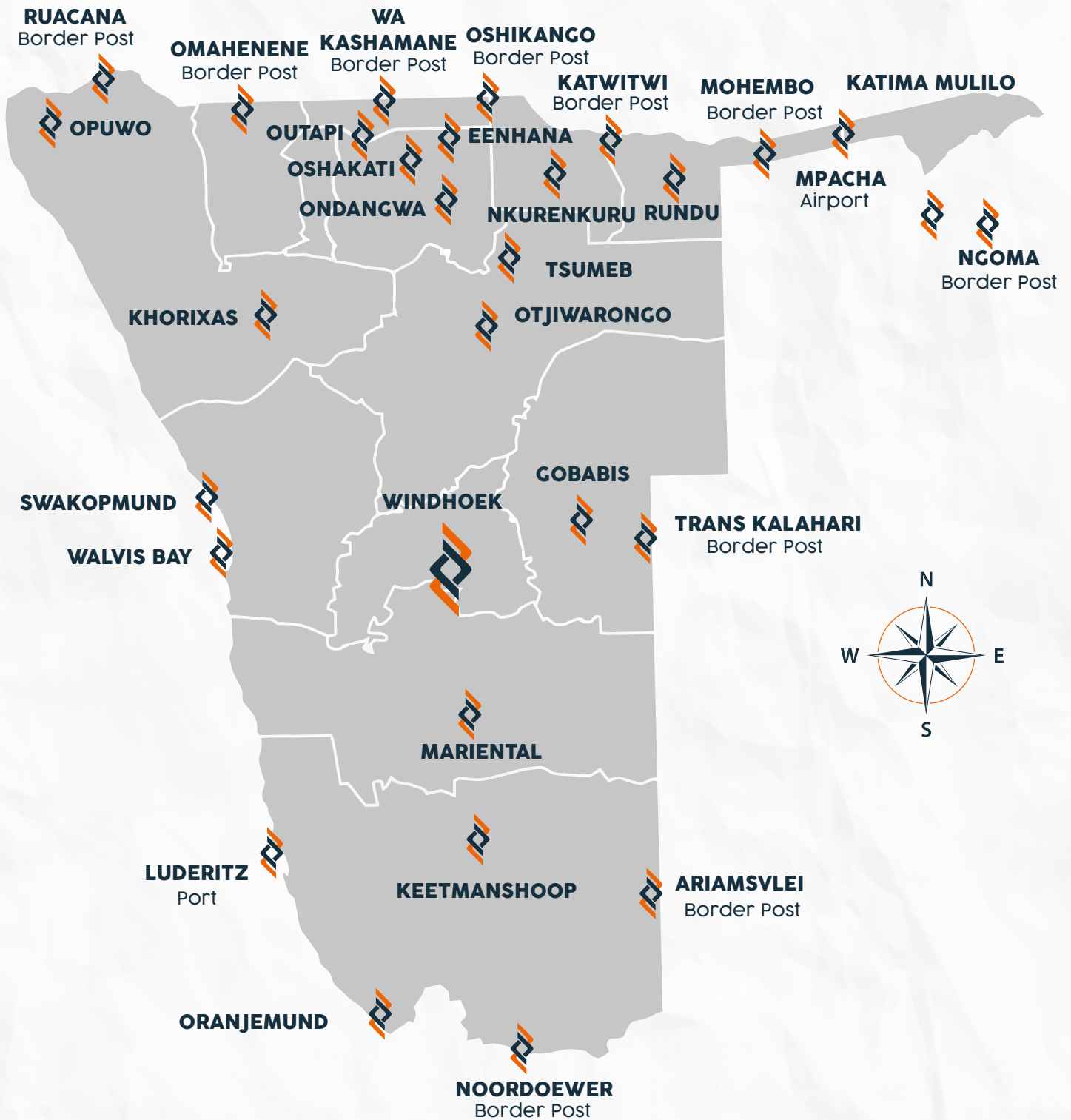
4.2 Organogram and Regional Offices

NamRA's Inaugural Organogram and Regional Offices are presented in Figures 11 and 12, respectively.

Figure 2: NamRA Organogram



Figure 3: NamRA Regional Offices and Border Posts



5



FY2021/2 PERFORMANCE
HIGHLIGHTS

5. FY2021/2 Performance Highlights

Figure 4: Staff complement as at 31 March 2022

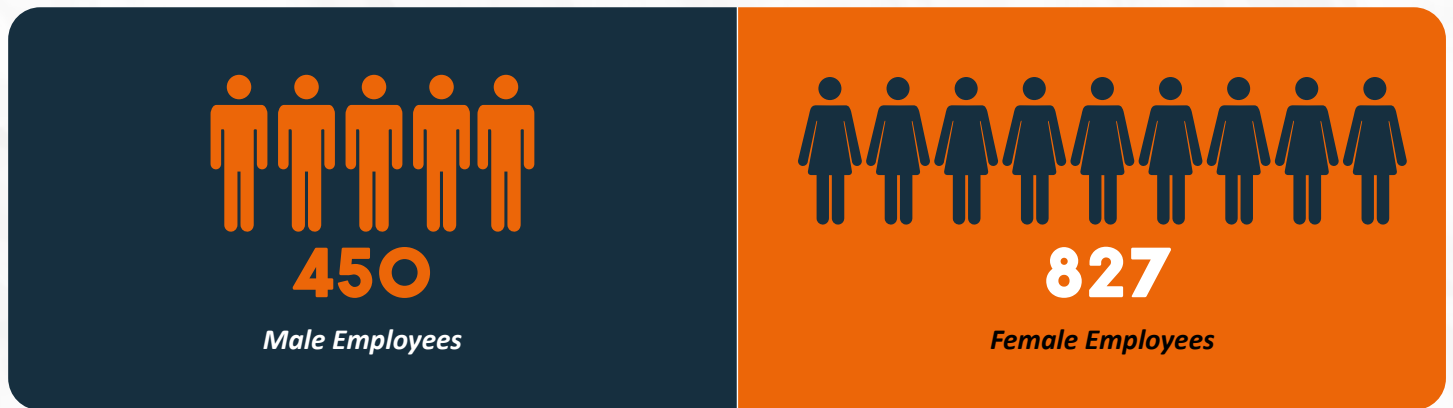


Figure 5: Active tax accounts as at 31 March 2022

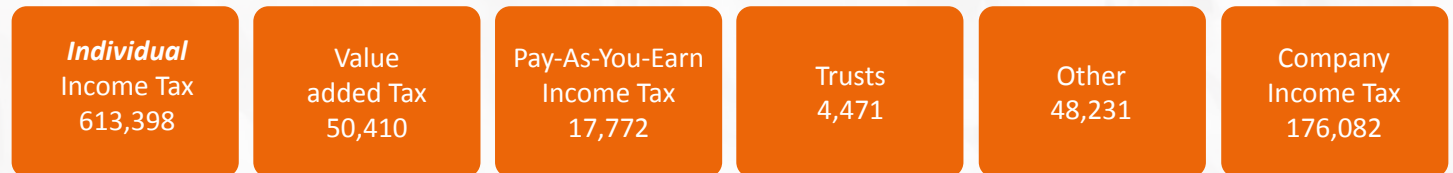


Figure 6: Revenue collected as at 31 March 2022 reported in billions

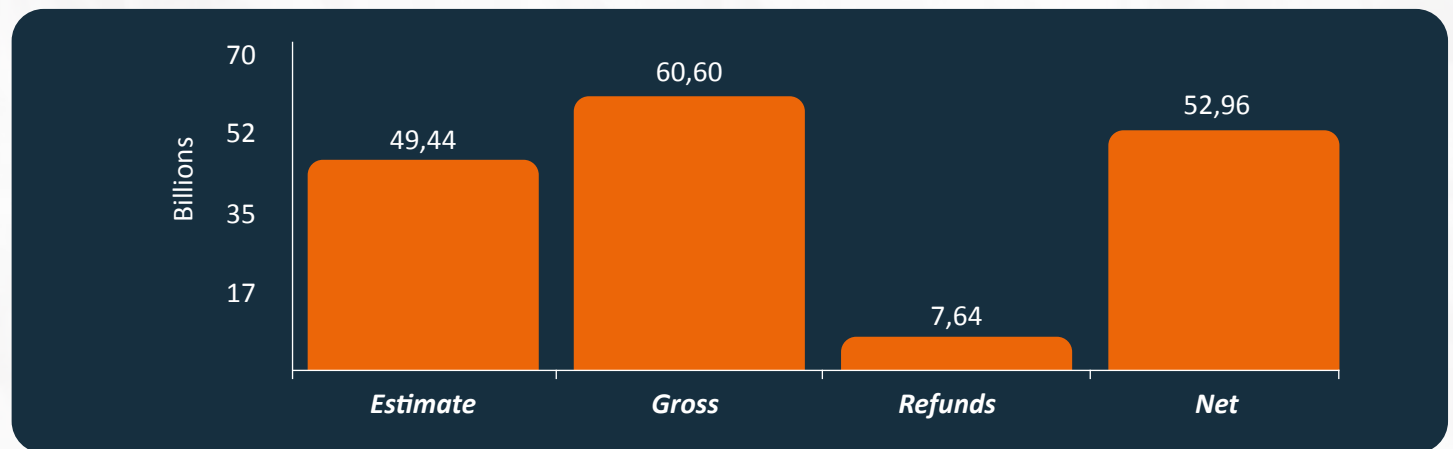


Figure 7: Sources of revenue collected as at 31 March 2022

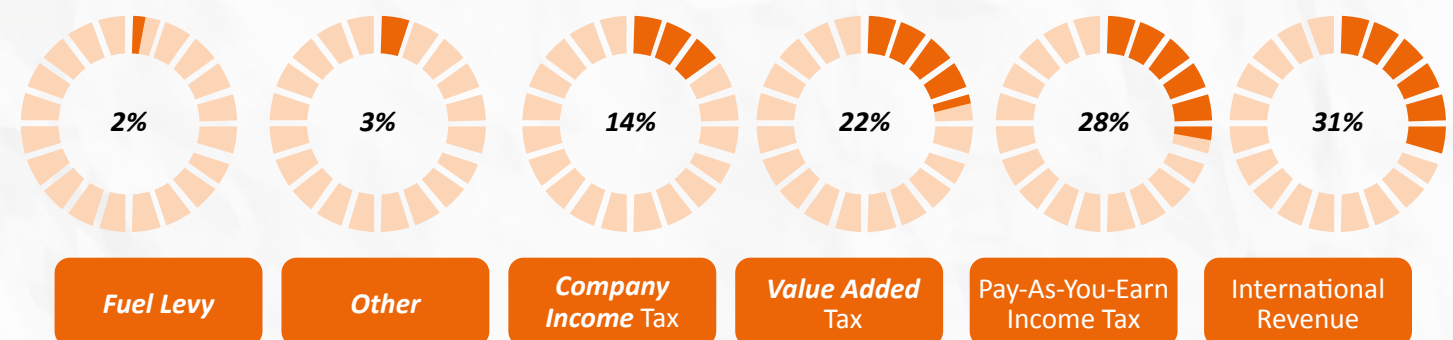


Figure 8: Non-intrusive customs inspections as at 31 March 2022



Figure 9: Total import and export values (free on board/FOB) as at 31 March 2022 reported in billions

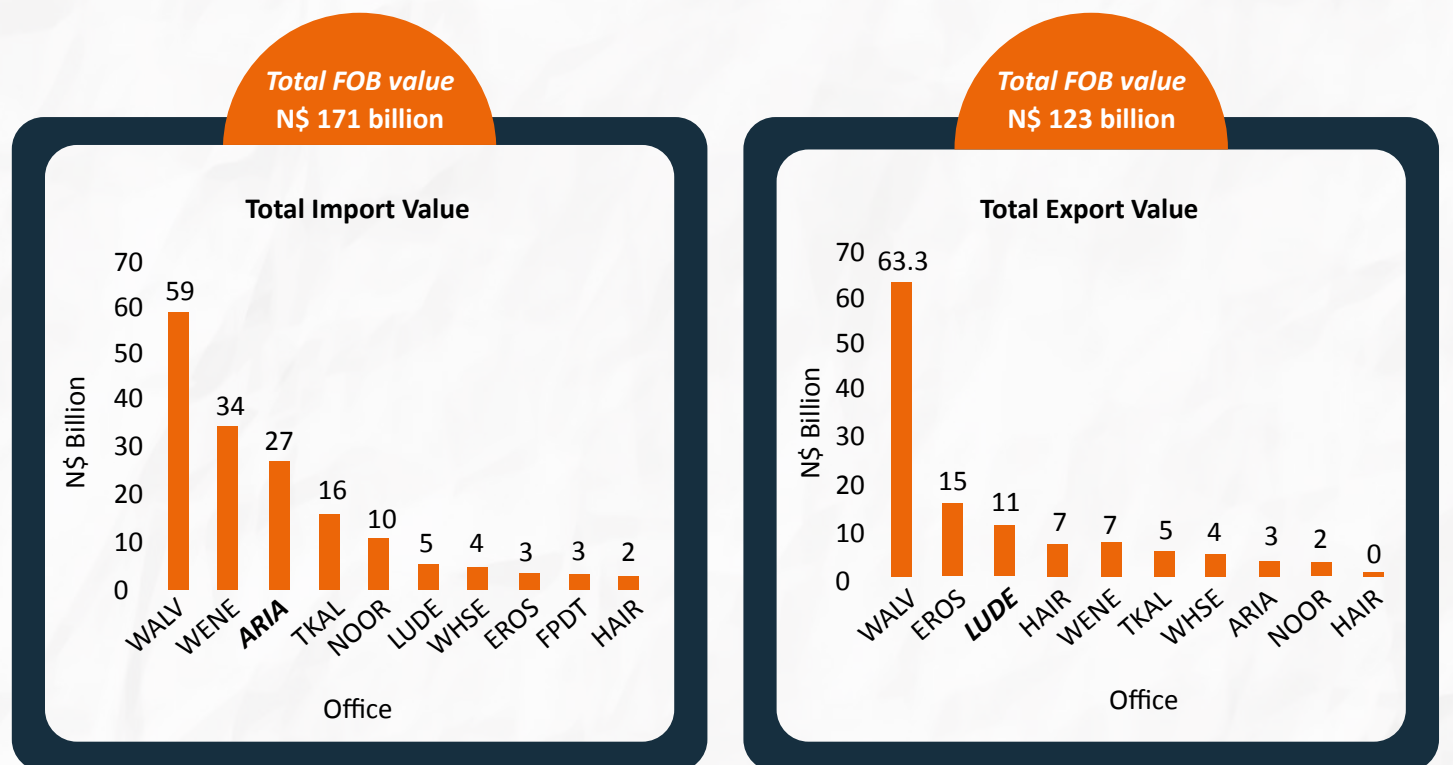


Figure 10 depicts the total number of customs declarations or entries via the Single Administration Document (SAD) 500 at the various Regional Offices for FY2021/2. The figure illustrates that, during FY2021/2, the total number of import declarations exceeded total export declarations by 85.76%.

Figure 10: Total customs declarations per the SAD 500 form as at 31 March 2022



Flow of customs declaration entries

Figure 11 illustrates the total number of SAD 500 customs declarations on imports per Regional Office. Noordoewer recorded the most import declarations, followed by Ariamsvlei and Trans-Kalahari.

Figure 11: Total import declarations per Regional Office as at 31 March 2022

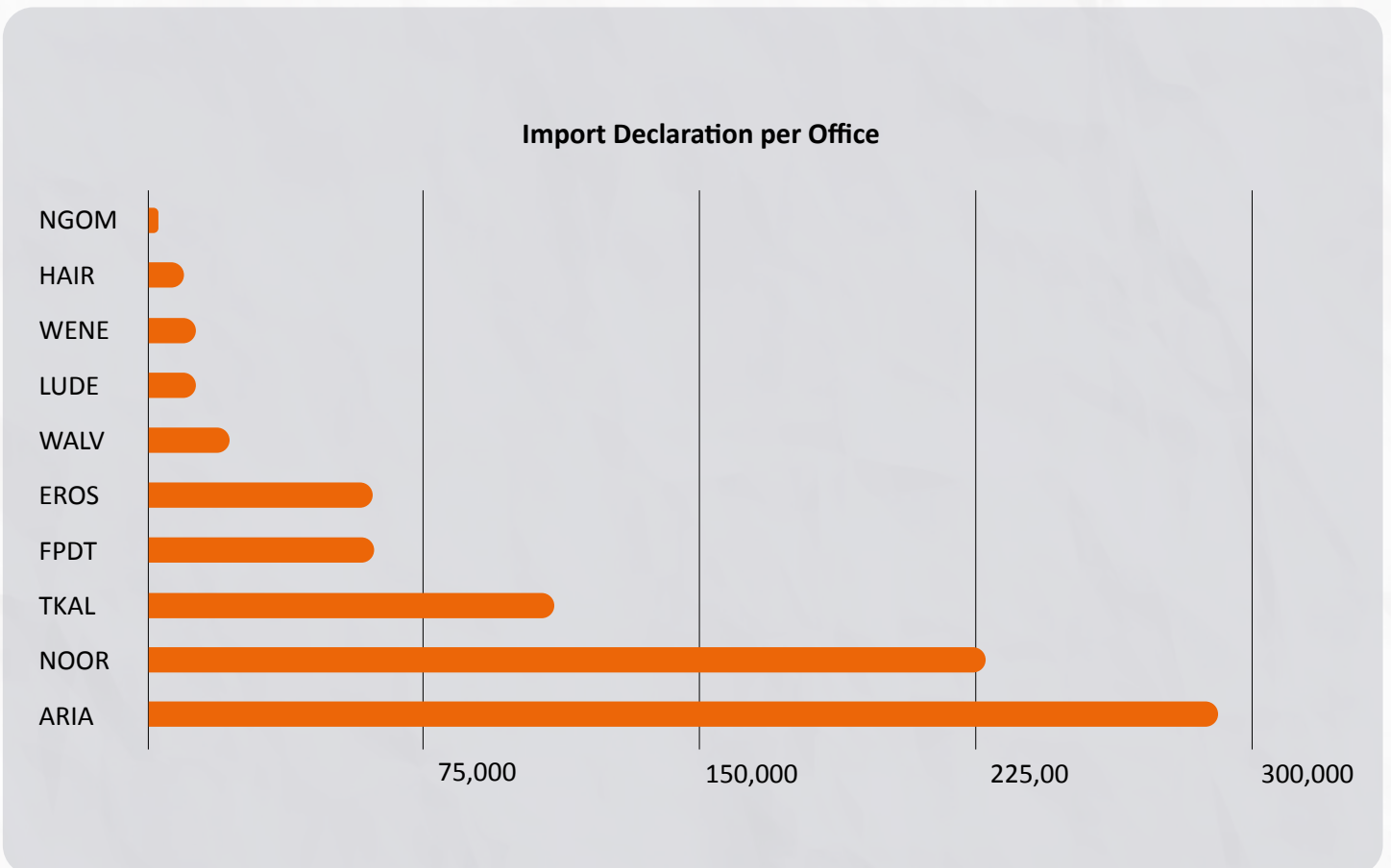
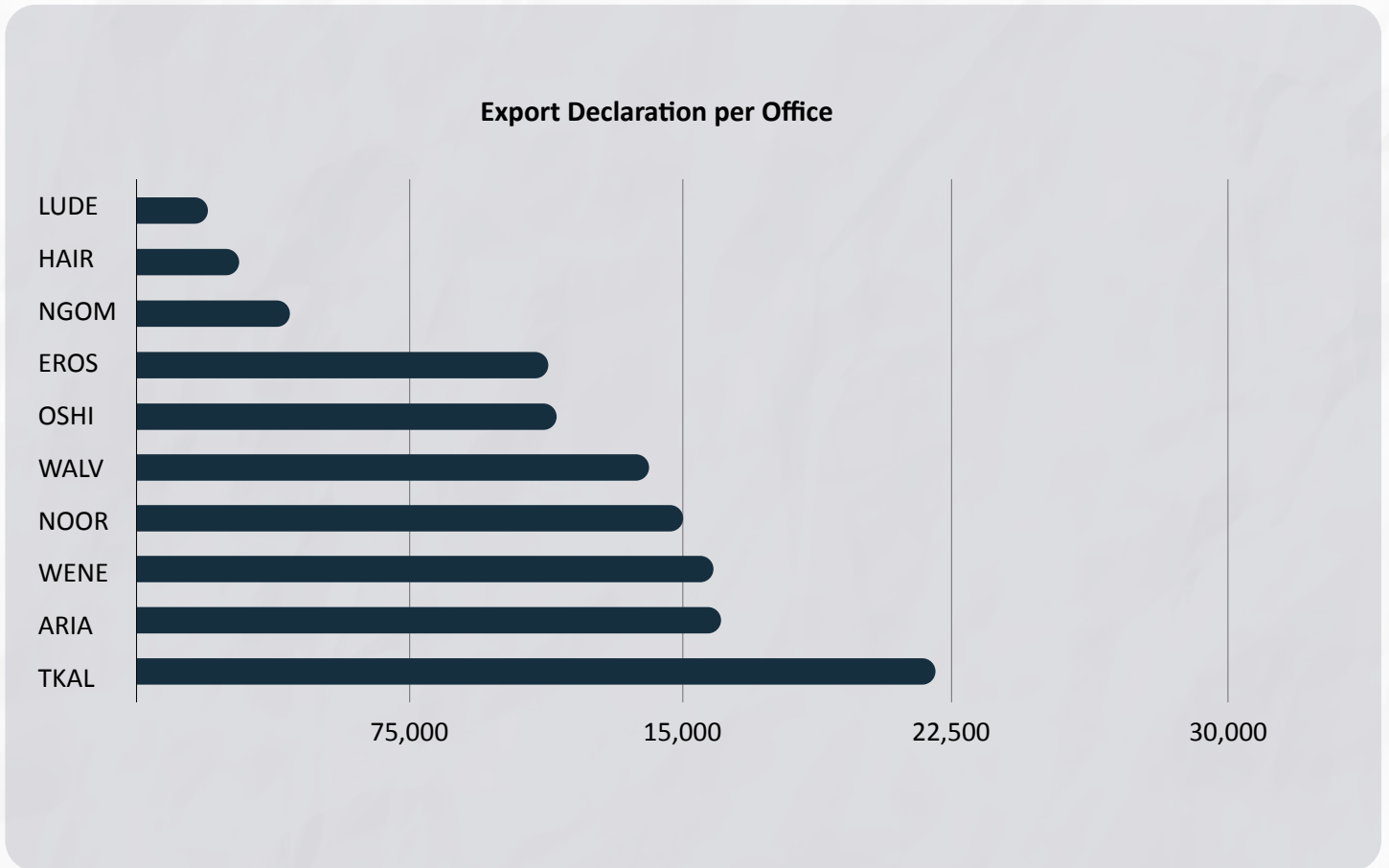


Figure 12 indicates the total number of SAD 500 customs declarations on exports. The Trans-Kalahari Regional Office recorded the highest number, followed by Ariamsvlei and Wenela.

Figure 12: Total export declarations per Regional Office as at 31 March 2022



6



OPERATIONS

6. Operations

6.1 Domestic Taxes Department

This Department's main role is to improve service delivery to taxpayers and to promote voluntary compliance with the revenue laws. NamRA promotes voluntary compliance by creating awareness of taxpayers' obligations and making it easier for all taxpayers to file returns and make payments through convenient administrative systems. The Department thus administers the tax system and collects the right amount of tax.

6.2 Customs and Excise Department

This Department was established to ensure the importation and exportation of goods is undertaken in line with national and international laws as well as international best practice. It is also mandated to ensure that all goods are manufactured, controlled and otherwise dealt with in terms of the Customs and Excise Act, 1998 (Act No. 20 of 1998), and that all matters pertaining to the administration of customs and excise are executed per section 3 of the NamRA Act.

6.3 Human Capital and Business Strategy and Development Department

The Department leads NamRA's Human Resources function. Its mandate is to ensure, in partnership with the line management, that best human-resources practice is implemented in respect of policies and administration so that human capital is acquired, developed and retained. These duties include staffing on the principle of recruiting the right people for the right job; administering employee compensation and benefits; developing and implementing human-resources policy; determining strategic planning; managing human resources; and building an organisational culture by defining the work ethic aimed at maximising the organisation's productivity through optimising the effectiveness of all its employees.

6.4 Finance and Corporate Services Department

This Department is tasked with leading NamRA's financial, procurement and asset management strategies. The optimum management of all financial and corporate service processes is aimed at enabling an effective and efficient service delivery to stakeholders. These duties include setting and administering budgets,

and accounting for NamRA's operations, revenue and the funding of its activities.

6.5 Risk Management and Internal Audit Department

This Department comprises two Divisions: Risk Management and Internal Audit. Both are charged with overseeing the pursuance of NamRA objectives and reporting on their achievements to the Board. Furthermore, they offer consultative advice to the Audit Committee and Senior Management on the adequacy and effectiveness of NamRA's risk-management, control and governance processes. They are also tasked with recommending risk mitigation options that will provide reasonable assurance for NamRA's continued effective operation.

However, the Department was not yet operational by the end of the reporting period owing to the Chief of Risk Management and Internal Audit Officer posts still being vacant.

6.6 Legal Services and Board Secretariat Department

This Department offers professional legal services for NamRA in all areas of its operations and enforces the relevant legislation. Furthermore, it provides advisory services on all legal matters concerning the Agency's legal interests and rights. These services include conducting a continuous review of the applicable laws to ensure NamRA operates within the parameters of the law and mitigates the legal risks appropriately.

6.7 Strategic Communications and Support Engagements Department

This Department strives to communicate and promote the NamRA brand effectively and ensures the brand is recognised locally and internationally, in accordance with NamRA's strategic objectives. The Department also spearheads creating awareness about NamRA's Vision, Mandate, Mission and Values as well as its strategic objectives. Moreover, it facilitates the engagement of various stakeholders, coordinates taxpayer and traders' education sessions, and serves as the central repository for NamRA's international relations.



6.8 Internal Affairs Department

This Department is tasked with countering and mitigating against any staff violations of corporate ethics or integrity. Thus, the Department's duty is to uphold the highest ethical conduct by all staff.

6.9 Information and Communication Technology Department

As a strategic business enabler, it is this Department's duty to support and realise the NamRA Mandate.

It strives to fulfil this duty by digitally transforming business operations and systems, and by providing the necessary infrastructure to improve internal efficiencies and service delivery. In so doing, the Department aims to enhance the stakeholder experience as well as NamRA's compliance with relevant legislation.



7



STRATEGIC
OBJECTIVES

7. Strategic Objectives

To realise its ambitious Vision, NamRA has anchored its efforts around three Strategic Pillars (SPs) to attain six Strategic Objectives (SOs) associated with them. The pursuance and attainment of these SOs would catapult NamRA into becoming a world-class revenue agency. The following sections detail the key activities conducted in the new Pillar-based strategic framework during FY2021/2.

7.1 Strategic Pillar 1: Revenue Management

7.1.1 SP1 SO1 – Optimise Revenue Collection through Improved Compliance

NamRA is committed to improving tax compliance to enhance its overall revenue performance through specific and deliberate efforts aimed at expanding the tax net. These efforts are also aimed at closing revenue leakages and capital flows out of Namibia. Some of the activities and interventions carried out in the period under review include those detailed below.

7.1.1.1 Increase Total Revenue Collection

The end of FY2021/2, which was also NamRA's first financial year since its launch on 7 April 2021, marked a significant milestone for the Agency. Total revenue collected for the period amounted to N\$52.9 billion. This sum exceeded the target of N\$49.4 billion by N\$3.5 billion, representing an achievement of 107%.

Net domestic tax collection was recorded at N\$34.8 billion for FY2021/2. Table 3 shows that domestic taxes collected a cumulative 104.5% of the N\$33.3 billion estimated for the financial year, while Table 4 reveals customs and excise collected a cumulative 112.4% of the reporting year's estimate of N\$16.1 billion, having garnered net revenue amounting to N\$18.1 billion for FY2021/2

Table 3: Domestic taxes revenue

Source of revenue	Estimate (N\$)	Actual (N\$) at Mar 22	% collected
Individual income tax	14,569,094,338	14,690,570,420	100.8%
Corporate income tax	7,055,857,459	7,482,111,093	106.0%
Value Added Tax	10,511,221,565	11,424,723,690	108.7%
Other	1,152,064,124	1,203,313,214	104.4%
TOTAL	33,288,237,487	34,800,714,416	104.5%

Table 4: Customs and excise revenue

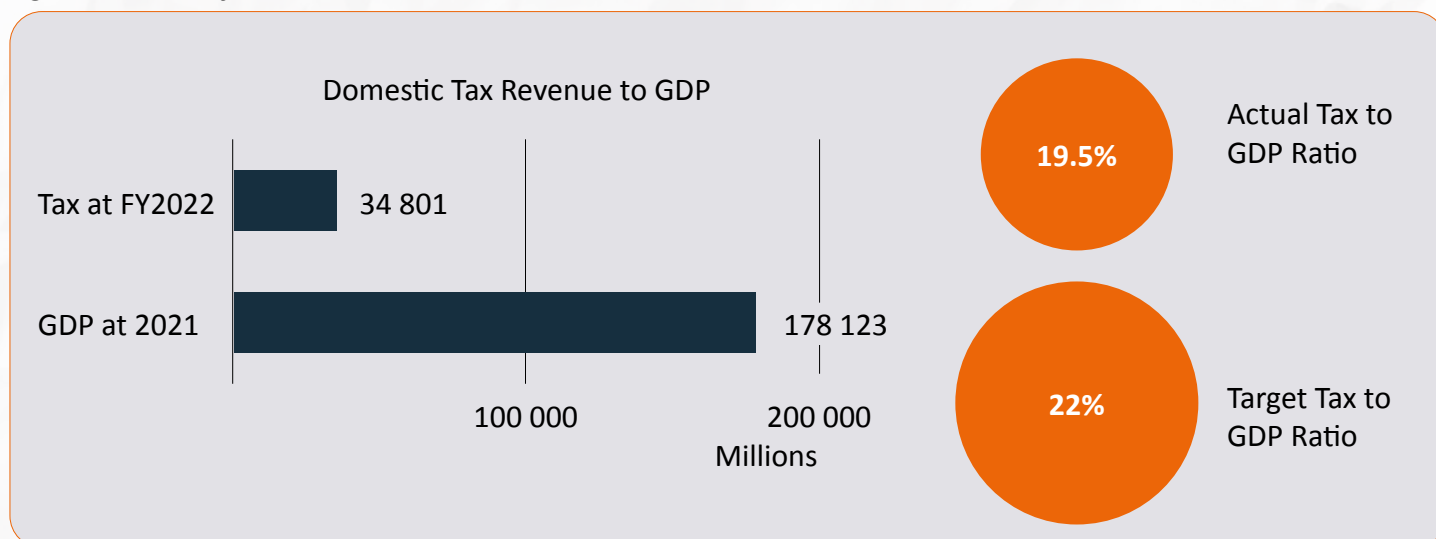
Source of revenue	Estimate (N\$)	Actual (N\$) at Mar 22	% collected
International trade	14,750,000,000	16,314,533,905	110.6%
Environmental levy	91,081,000	217,125,584	238.0%
Fuel levy	1,076,250,000	1,290,555,352	119.9%
Export levy	219,866,209	321,531,222	146.2%
Other	11,841,300	12,791,230	108.0%
TOTAL	16,149,038,509	18,156,537,292	112.4%



7.1.1.2 Improve the Tax to Gross Domestic Product Ratio

The ratio of tax to gross domestic product (GDP) is calculated as the domestic tax revenue in relation to GDP. Figure 13 states the GDP value at market prices as at 31 March 2022, while the tax value comprises total domestic tax revenue collected during FY2021/2.

Figure 13: Ratio of domestic tax revenue to GDP



7.1.1.3 Conduct a Tax Gap Study

NamRA is required to conduct tax gap studies and propose interventions where such gaps exist and, in so doing, enhance tax compliance and block potential revenue leakages. During the review period, one such study investigated compliance regarding fees paid to the Members of public enterprise and public company boards, and it assessed the extent to which such fees were declared for taxation purposes.

The study also focused on trends and customer loyalty awards in the retail sector as well as any other areas that offered a potential to broaden the tax base. Other aspects covered by the study included the tourism and fishing sectors. In the former, the flow of funds, payments for bookings and unexplored tax handles were investigated.

In the latter, greater attention was paid to beneficial ownership, non-resident shareholders, the sale of fishing rights, and the allocation of quotas to harvest marine resources. The study's searchlight also fell on the transport and logistics sector.

Some initial presentations on the study findings were made to the NamRA Management towards the end of March 2022. A consolidated report in this regard will be presented to NamRA's Management Committee during FY2022/3 so that the recommended activities to be undertaken to address the identified non-compliance can be adopted and confirmed.

7.1.1.4 Institute an Electronic Filing Tax Relief Programme

When NamRA was launched on 7 April 2021, it inherited the Ministry of Finance's Electronic Filing Tax Relief Programme. The Programme was initiated to assist taxpayers who found it difficult to settle their outstanding tax debts, especially businesses that were affected by the COVID-19 pandemic. The effect of the pandemic also extended to individual taxpayers, with several being retrenched, while the limitations imposed by the Public Health COVID-19 General Regulations restricted their movement and the trading of some commodities.

According to the Programme, if any capital debt outstanding was paid off in full by the taxpayer by 31 January 2022, 100% of any accrued penalties and 75% of interest due on the capital would be waived. To participate in the Programme, taxpayers were required to register as e-filers, electronically file their tax returns on the Integrated Tax Administration System (ITAS) and settle their outstanding tax debt in full. By the end of the Programme, NamRA had collected N\$1.3 billion from businesses, individuals, trusts and Government institutions. This total included part payments of interest by taxpayers.

The Value Added Tax (VAT) category contributed most to debt collections, which amounted to N\$400 million or 30% of the total collection. Income tax contributed second-most, namely N\$327 million or 25% of the total. Employers contributed N\$252 million, or 19%.

In total, 47,493 taxpayers registered for the Programme. Penalties amounting to N\$11.1 billion were waived on all tax types, while N\$340 million in interest was reversed.

7.1.1.5 Suspend Provisional Taxpayers' Refund Claims

Towards the end of the period under review, NamRA detected fraudulent activity related to tax refund claims submitted by individual provisional taxpayers. The observed trend was that several individual taxpayers' profiles were changed (mostly with the assistance of taxpayer representatives and/or bookkeepers) to provisional taxpayers' status.

The latter status is granted to taxpayers earning income from employment as well as other sources, such as farming. The fraudulent activity involved revising such individuals' original tax returns and resubmitting them under their new status, falsely claiming additional expenses. Such submissions resulted in tax refunds becoming due, which the taxpayers concerned then applied for.

To determine the full extent of the fraudulent activity and its real impact on the public purse, all tax refund claims for individual provisional taxpayers were halted until 30 June 2022 and a thorough investigation was launched. This critical intervention aimed to stop up further revenue leakages immediately to ensure that revenue collected was not being paid out undeservedly, undermining NamRA's collection efforts.

The provisional findings revealed that several role players appeared to be involved in the scam, including NamRA staff. NamRA therefore opened criminal cases against identified suspects, while it pursues administrative violations in line with the applicable statutes. In addition, those who had perhaps unwittingly benefited from the scam were asked to engage NamRA's Regional Offices to assist with exposing the criminal masterminds. A detailed report on the findings of the investigation is to be provided by 30 June 2022.

7.1.2 SP1 SO2 – Improve Voluntary Compliance

The statutes administered by NamRA offer various avenues and remedies for dealing with non-compliance in respect of tax, customs and excise obligations. Before that step is taken, however, voluntary compliance can be improved. Two powerful tools in this regard are enhancing stakeholder engagement and educating taxpayers and traders on their obligations.

NamRA's efforts on the engagement front during the year under review aimed at providing stakeholders with an opportunity to make suggestions and offer ideas on how to improve and expand on the technological advances already made by the Agency in a bid to facilitate taxpayer compliance. These engagements entailed various initiatives undertaken by the Regional Offices, including participation in trade fairs and expositions in several Regions.



Stakeholder engagement at, Keetmanshoop



To enhance all stakeholders' appreciation of their obligations as well as of NamRA's operations, processes and activities, the Agency pursued various activities to educate them during stakeholder engagement sessions. These Management-led sessions were held in the Hardap, ǀKharas, Ohangwena, Omusati, Oshana and Zambezi Regions.

In addition, a nationwide tax training course was held for employers and bookkeepers from 14 February to 30 March 2022 to assist the target groups with online registration, e-filing, and creating and uploading MS Excel templates. The one-on-one training assisted trainees with their specific challenges.

The establishment of NamRA meant that the education material relating to its institutional predecessors in the Ministry of Finance needed to be updated to reflect the NamRA brand and the innovations it represented.

These updates included information on the NamRA Act and several new processes it had introduced in the administration of tax, customs and excise services. The revised materials also performed a vital branding function at NamRA's participation in various expositions and trade fairs across the country (see also SP3 SO4 below).

7.2 Pillar 2: Trade Facilitation

7.2.1 SP2 SO3 – Enhance Trade Facilitation

Trade facilitation, which is a critical source of State revenue, is therefore also a critical component of NamRA's Mandate. Thus, NamRA has identified and implemented several programmes and activities to enhance a greater flow of goods and services in and out of the country, while leveraging Namibia's strategic location as an ideal logistics hub.

7.2.1.1 Launch of the Container Control Programme in Namibia



Celebrating the official launch of the Container Control Programme in Namibia



In 2004, the United Nations Office on Drugs and Crime (UNODC) and the World Customs Organization (WCO) established a joint initiative known as the Container Control Programme (CCP). NamRA officially launched the CCP in Namibia, which is a Member State of the initiative. The launch took place at the nation's principal port, Walvis Bay, on 24 September 2021, and was made possible through technical and financial support from the European Union, the United States and the UNODC.

On the same occasion, NamRA inaugurated the CCP-associated Port Control Unit (PCU). PCUs exchange information with their international counterparts about high-risk containers through a system of verifying container identification numbers. NamRA's establishment of the CCP and PCU at Walvis Bay was prioritised for their significance in combating illicit trafficking, particularly of wildlife and forest products.

Speaking at the launch, Deputy Minister of Finance Maureen Hinda-Mbuende noted that the CCP was yet another milestone in implementing NamRA's bid to modernise customs procedures and in strengthening compliance with trade facilitation requirements at ports of entry. The Deputy Minister added that the Programme also contributed to Namibia's vision of becoming a world-class logistics hub and a leader in combating illicit trade and drug trafficking.

In his address at the launch, NamRA Commissioner Sam SHIVUTE emphasised that not only would the PCU reduce the risk of maritime containers being exploited and assist in combating illicit activities, but it would also improve efficiency in customs processes aimed at facilitating legitimate trade, as NamRA strove to become a world-class revenue agency. He further highlighted the valuable contribution of other role players in bringing the establishment of the CCP and PCU in Namibia to fruition, which included the Ministry of Environment, Forestry and Tourism; the Namibian Police; the Namibian Ports Authority; and the Financial Intelligence Centre.

7.2.1.2 Establish a Pre-Clearance Procedure

Article 7.1 of the World Trade Organization (WTO) Trade Facilitation Agreement requires its members to adopt and maintain procedures that allow for import documentation and other required information, including manifests, to be submitted before goods arrive in a country. This system facilitates the processing of goods and expedites their release on arrival.

The WTO provision must be read together with Standard 3.25 of the WCO's International Convention on the Simplification and Harmonisation of Customs Procedures. The Convention offers an additional framework for customs administrations to allow goods declarations and other supporting documents to be lodged and registered before goods arrive in a country.

Via the Automated System for Customs Data (ASYCUDA), NamRA provides pre-clearance procedures for importers, exporters and clearing agents to register their customs declarations before goods arrive in Namibia. The SAD 500s and their supporting documents are also submitted in hard copy to NamRA's Customs and Excise Department.

These various provisions and procedures enable NamRA to determine the quantity, origin, value and classification of the goods concerned, and to decide on whether such goods and/or their associated customs documents need to be examined on arrival. If no risk is detected, the goods are released once the applicable duties and taxes have been paid.

NamRA has called on its stakeholders to use the pre-clearance process, especially at its border posts (Ariamsvlei, Katima Mulilo, Noordoewer, Oshikango and Trans-Kalahari). This allows customs and excise officials to scrutinise the customs declaration documentation for all goods being imported or exported before such goods arrive at the respective entry or exit points.





Noordoewer Border Post, entry point between Namibia and South Africa

The request for all goods to undergo the pre-clearance procedure is particularly significant for Namibia because these key borders are important points of entry and exit along important regional corridors. Such corridors link Namibia with landlocked countries in the region and play a vital role in boosting intra-African trade.

7.2.1.3 Implement an Authorised Economic Operator/ Preferred Trader Accreditation Programme

The year under review saw NamRA implement an Authorised Economic Operator/Preferred Trader (AEO/PT) Programme which is beneficial for compliant traders under section 18B of the Customs and Excise Act. The Programme forms part of the customs modernisation roll-out and although participation is voluntary, it awards the accredited trader preferential treatment and exclusive trade benefits. The Programme's objective is to establish and strengthen customs-to-business partnerships between the trading community and NamRA, as required by the WCO SAFE Framework of Standards.

NamRA extended the following benefits to accredited traders if they met the standards set for participation in the Programme:

- Expedited national VAT refunds
- Reduction of the amount of any security required

- for compliance with a customs procedure
- A facilitated and flexible inspection scheme not only offering fewer routine physical inspections of goods and documents, but also prioritising access to non-intrusive inspection techniques when goods are detained for inspection
- Expedited clearance of goods at border posts subject to compliance with pre-clearance procedures and proof of payment, and
- Provision of a client relationship manager.

The AEO Programme is modelled on Article 7 of the WTO Trade Facilitation Agreement and the WCO AEO Programme, which is part of a broader strategy to promote compliance by rewarding compliant traders with simplified customs-related procedures and trade-facilitation benefits. The Programme is, thus, a valuable tool for enhancing voluntary compliance and facilitating trade using established WCO principles and without compromising customs controls.

7.2.1.4 Implement the WCO Unique Consignment Reference System

NamRA and the South African Revenue Services (SARS) implemented the WCO's non-mandatory Unique Consignment Reference (UCR) system on 5 March 2021. The two countries' revenue agencies also instituted the



system's non-commercial UCR component on 28 June 2021.

The UCR is a reference number binding all the data related to the trade of an item. Thus, the UCR captures data generated (a) by the supplier who accepts an order and consigns the ordered goods, (b) by the goods as they move and arrive at a border, and then (c) by the delivery of the goods to their importer. In other words, the movement of goods is tracked from the supplier (consignor) to the customer (consignee). The UCR can be used by all role players in the international trade milieu, including customs administrations.

The benefit of using the UCR within the Southern African Customs Union (SACU) is that it links export and import declarations using a common reference, enabling data exchange, facilitating audits for revenue sharing, and easing trade among SACU member countries. The UCR will also enable data exchange requirements within SACU.

The UCR, which is unique at both national and international level, is applied at consignment level and is issued in the international transaction as soon as possible, i.e. even before a customs declaration is made. The UCR makes maximal use of existing supplier, customer and transport references.

NamRA's adoption of the UCR was driven by its need to facilitate international trade while strengthening effective controls. Mandatory use of the UCR between NamRA and SARS is expected to be implemented during FY2022/3.

7.3 Pillar 3: Effective Governance and a Customer-Centric Focus

7.3.1 SP3 SO4 – Invest in NamRA and Its People

NamRA acknowledges and appreciates its people as human capital who add value to the organisation. It therefore aims to build a diverse skills capacity among its entire staff complement to ensure the Agency's sustainability. The following activities were undertaken by the Agency to invest in its people and the brand:

7.3.1.1 Enhance Brand Visibility

Several activities were undertaken during FY2021/2 to promote the NamRA brand. These included producing and distributing corporate items, participating in expositions and trade fairs, and producing audio-visual content highlighting NamRA's Vision, Mandate, Mission and Values as well as its activities.



Sporting the new NamRA logo and branding

7.3.1.2 Staff Recruitment and Training

At the end of FY2021/2, NamRA's staff complement stood at 1,277 employees. This figure comprised 1,238 employees on secondment from the Ministry of Finance, 28 NamRA staff, and 11 graduate interns. The protracted consultations regarding the payment of a secondment allowance caused a delay in recruiting staff below Head of Department. This delay led to NamRA failing to meet its target of recruiting at least half of the total required staff complement of 1,500 in line with the NamRA Strategic Plan. Finalisation of the absorption of seconded staff is expected by 30 September 2022.

7.3.2 SP3 SO5 – Pursue Innovation

NamRA embraces the spirit of innovation as a key driver of efficiency and transformation. In this spirit, a Modernisation Unit was established and operationalised under the Office of the Commissioner. The Unit drafted a sample Project Charter and a template for developing Concept Notes to detail the relevant commitments associated with intended modernisation projects. A Modernisation Plan and Innovation Policy are to be finalised in FY2022/23.

The launch of the NamRA website, saw the activation of "oka-NamRA", an automated response platform. Online surfers can ask a wide range of questions related to the NamRA business and activities. This online feature provides instant answers to taxpayers based on the most frequently asked questions. The approach eliminates the need for taxpayers to visit or call the NamRA offices but ensures an efficient way of attending to their queries.

7.3.3 SP3 SO6 – Optimise Organisational Efficiency, Service Delivery and Cost-Effectiveness



NamRA remained committed to setting up a high-performance Agency built on efficiency and integrity. The primary objective of this commitment is to create positive experiences and build lasting relationships with taxpayers and traders, while optimally utilising all available resources. The Agency undertook the activities detailed below during the reporting year to optimise organisational efficiency and improve service delivery and cost-effectiveness.

7.3.3.1 Institute Business Processes Re-engineering

Organisational efficiency hinges on streamlined processes and greater process alignment. Thus, one of the first projects NamRA undertook was to fundamentally rethink the various 'as-is' processes that drive operational efficiency and design 'to-be' processes, where necessary, to ensure the Agency is as efficient as possible. The shortcomings identified through the first phase of this re-engineering of business processes informed the second phase, which entailed outlining

preferred options to be considered in FY2022/3.

7.3.3.2 Adopt a 'Dedicated Service Centres' Approach

Section 3(f) of the NamRA Act compels the Agency to "improve service delivery to taxpayers". To meet this requirement, NamRA adopted an approach that sets up one-stop service points known as Dedicated Service Centres. These Centres will offer a combination of services rendered by NamRA's Domestic Taxes and Customs and Excise Departments.

The service at such a Centre is expected to be all-encompassing but will operate according to a queue management system. This will enable NamRA to track service levels by reviewing indicators such as the number of clients served per hour and per day, the time spent on each client, and the trend around recurrent issues requiring intervention. A pilot Centre is billed to open in Windhoek during FY2022/3, after which the concept will be replicated across the country.



The NamRA Dedicated Service Centre in Windhoek, opening in FY2022/3

7.3.3.3 Establish a Hastened-Feedback Channel for Social Media Complaints

During the year under review, NamRA undertook various initiatives to focus on the demand for service delivery and devise effective responses to stakeholders' queries and complaints. One such initiative was to expand NamRA's online presence and make its brand more visible to stakeholders via various social media platforms. These platforms offer NamRA's target audience continuous interaction with the brand as well as regular updates on NamRA activities. As the brand keeps consolidating, the number of viewers following NamRA on these platforms gradually grows.

As expected, the public began using these platforms to voice their concerns about NamRA's services, such

as pending assessments to delayed tax refunds. As a responsive service provider, NamRA collates all the concerns received and follows them up. Although these interventions occur *ad hoc*, they provide hastened feedback to online complainants. In most cases pursued during the review period, taxpayers were happy to hear that some progress had been made on their claims and enquiries. Correspondingly, the volume of negative comments began to decrease.

The trend of negative comments being posted on NamRA's social media platforms needs to be monitored over longer periods, however. This will allow a relationship to be established conclusively between feedback provided and a downward trend in negative comments online.



8



RISK
MANAGEMENT

8. Risk management

NamRA has employed an enterprise risk-management approach to identify incidents that may deter it from achieving its Mandate, Strategic Objectives and key operational outcomes in a volatile, uncertain, complex or ambiguous environment. Once identified, such incidents will be managed to ensure that they fall within the Agency's risk appetite so that reasonable assurance can be provided that NamRA will still achieve its Mission.

However, the Risk Management and Internal Audit Department has not yet become operational as the Chief of Risk Management and Internal Audit Officer posts remained vacant as at the end of the reporting period. Nonetheless, NamRA has initiated the Department's establishment to ensure that the Agency has a board from which to spring once the relevant staff have been appointed.

In executing its function, the Department will make use of the following metric to determine the level of risk to which NamRA is exposed (Table 5):

Table 5: Levels of Risk and Responses to them

Level of risk	Action and level of involvement required
Critical	Inform the Commissioner
	Immediate action required
High	Inform the Chief of Risk Management and the respective Head of Department
	Attention is central to manage risk – provide report to Chief of Risk Management and the respective Head of Department
Moderate	Inform relevant Managers
	Mitigation and ongoing monitoring by Managers is required
Low	Accept but monitor risk
	Manage by routine procedure within the Risk Management and Internal Audit Department

Notwithstanding the pending the appointment of a Chief of Risk Management and an Internal Audit Officer, NamRA is already exposed to various risks. Table 6 categorises NamRA's top existing risks (in no particular order), their impact and likelihood of occurring, and the key mitigation measures required to manage them:

Table 6: NamRA's top compliance risks

Risk area category and risk posed	Impact/ Likelihood	Risk mitigation measure
Regulatory and policy functions		
NamRA's non-compliance with policies, standards, regulations or other laws relevant to its operations prevents the Agency from reaching its tax revenue target set for the fiscal year and, ultimately, from collecting revenue and enforcing tax laws for the Namibian State.	Medium	<ul style="list-style-type: none"> Scale up internal controls in day-to-day operations to manage the risk of non-compliance Subject all staff to vetting as part of the recruitment exercise
Core information and communication technology (ICT) systems		
The instability of NamRA's ICT systems prevents the Agency from delivering on service as the issues caused frustrate the taxpayer experience, ultimately hamper the Agency's collection of revenue and enforcement of tax laws for the Namibian State. (The two principal ICT systems employed by NamRA are ITAS and ASYCUDA.)		
<ul style="list-style-type: none"> Integrated Tax Assessment System (ITAS) 		



Risk area category and risk posed		Impact/ Likelihood	Risk mitigation measure
	The lack of an approved service-level agreement between NamRA and the ITAS vendor prevents the Agency from responding to business interruptions and default system inefficiencies and, in the event of an incident, results in prolonged business interruption and operational failures.	High	<ul style="list-style-type: none"> Review the ITAS contract and sign a service-level agreement with the current vendor Renegotiate the implementation agreement to obtain the ITAS source code Build capacity within the NamRA team to provide the first line of support for ITAS
<ul style="list-style-type: none"> <i>Automated System for Customs Data (ASYCUDA)</i> 			
	The lack of an approved contract for ASYCUDA's maintenance and upgrade prevents the Agency from responding to unplanned business interruptions and, in the event of an incident, results in prolonged business interruption, operational failures and potential business failure.	High	<ul style="list-style-type: none"> Identify ASYCUDA's deficiencies and explore options to address identified challenges Negotiate a contract with the vendor to maintain and upgrade the system
Trade			
<ul style="list-style-type: none"> Sub-optimal border control leads to smuggling (narcotics and counterfeit), illicit trade, trade mispricing and illicit financial flows, whose negative socio-economic impact threatens economic growth; undermines legitimate formal business activity, job security and job creation; and ultimately, negatively affects the livelihood of every Namibian. Poor risk profiling and inadequate technology and skills prevent the Agency from detecting non-compliance and enforcing compliance, as well as to poor management of the risk posed by the illicit and shadow economies. 	High	<ul style="list-style-type: none"> Formulate a strategy to combat illicit trade Establish inter-agency and inter-country cooperation Tighten border patrols Physically examine a wide range of goods coming into and leaving the country Scan consignments Profile suspicious entities Collaborate with key law enforcement entities in fighting illicit markets Commence joint enforcement initiatives between NamRA and law enforcement agencies Obtain Ministerial approval for and implement an Enforcement and Compliance Strategy 	
Value Added Tax (VAT)			
Unique opportunities for extortion exist in the tax credit and refund mechanisms in general and in those relating to the VAT concept in particular.	High	Ensure the Internal Affairs Department pays keen attention to irregularities as they occur	
Exchange-of-information partnerships			



Risk area category and risk posed	Impact/ Likelihood	Risk mitigation measure
<ul style="list-style-type: none"> Namibia fails to adhere to its commitments to exchanging information according to specified standards with its partner jurisdictions on global forums such as the Global Forum on Transparency and the Exchange of Information, which was set up to end bank secrecy and tax evasion through global tax co-operation. Namibia is classified by such forums as <i>Non-compliant</i>, denoting that fundamental deficiencies have been identified in its implementation of the respective standards. Namibia is classified as an uncooperative tax haven and is blacklisted on such global forums. 	Medium	<ul style="list-style-type: none"> Ensure NamRA remains committed to exchanging information with its partner jurisdictions in global forums according to the set standards
Debt stock		
NamRA is unable to collect outstanding revenue due to it from taxpayers.	High	<ul style="list-style-type: none"> Institute a Tax Relief Programme for outstanding taxes to support Namibian taxpayers and traders facing hardship and cash-flow problems exasperated by COVID-19 Taxpayer education Improving of voluntary compliance
Cybersecurity		
A breach of security caused by an attack results in taxpayer and trader confidentiality being compromised and in severe damage to the Agency's reputation.	High	<ul style="list-style-type: none"> Implement operational security technology Disaster Recovery and Business Continuity processes have been established System security The introduction of IT Security and Governance into the structure



9



CORPORATE SOCIAL
RESPONSIBILITY

9. Corporate Social Responsibility

NamRA is in the process of developing its Corporate Social Investment Policy that will provide a framework for coordinating and implementing the Agency's corporate social responsibility initiatives. These initiatives will give effect to the Agency's drive to contribute to the socio-economic well-being of the nation.

Meanwhile, the year under review saw a number of initiatives being undertaken in the spirit of goodwill and in accordance with the Customs and Excise Act.

In another case, in January 2022, NamRA donated items seized from customs operations to the Erongo Governor. The items included wheelchairs and hospital beds, which were then to be handed over to the Ministry of Health and Social Services' offices in the Erongo Region. Commissioner SHIVUTE also handed over boxes of schoolbooks that had been seized to the Governor of the //Kharas Region during a visit there. Some of these donated goods were forfeited to the State after an importer failed to pay the legally prescribed duties and levies, while others were undeclared goods detected during physical examinations at import//export entry points. NamRA is empowered by law to forfeit any goods found to be in contravention of the Customs and Excise Act.



NamRA Commissioner Sam SHIVUTE and the Hon. Aletha Frederick, Governor of the //Kharas Region, attend a handing-over ceremony to donate items seized by Customs and Excise to the Region



NamRA Western Region Managers handing over a donation of medical equipment to Hon. Andre Neville Itope, Governor of Erongo Region.



10



HUMAN CAPITAL
AND DEVELOPMENT

10. Human Capital and Development



Serving NamRA with passion

10.1 Human Capital Structure

NamRA's staff complement as at 31 March 2022 was predominantly made up of employees seconded from the Ministry of Finance's Department of Inland Revenue and its Directorate of Customs and Excise. The conditions and modalities pertaining to these secondments and the ultimate recruitment of such employees to NamRA are contained in a tripartite agreement reached between NamRA, the Ministry of Finance and the Namibia Public Workers' Union. This agreement safeguards the employment status of all employees, without guaranteeing the security of any specific job category or position. Thus, Management and scarce skills posts were, and remain, open to internal and external applicants alike.

10.1.1 Staff complement

By the close of the reporting period, NamRA had a staff complement as illustrated in table 7 below. These comprised permanent employees, seconded employees and graduate interns.

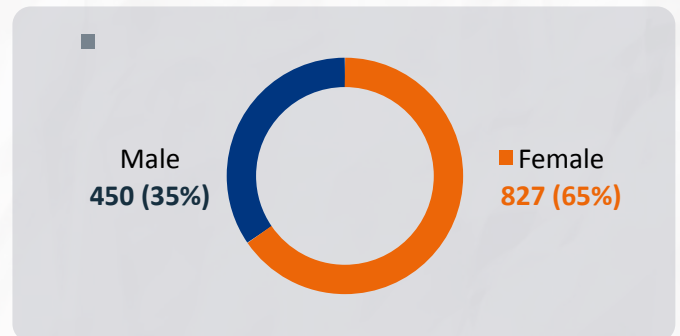
Table 7: Status and number of employees

Employment status	Number of employees
Permanent staff	28
Seconded staff	1,238
Graduate interns	11

10.1.2 Gender representation

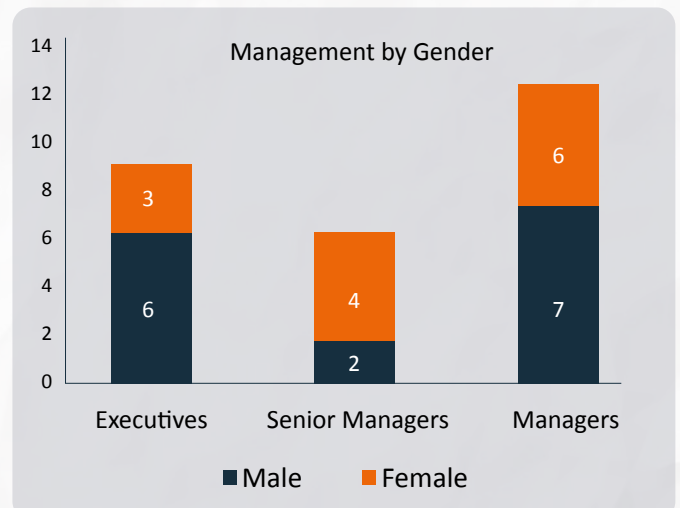
In pursuit of its *Diversity Value*, NamRA strives to maintain a workforce that is gender-balanced. This Value is applied to all NamRA employees, irrespective of their employment status. Figure 14 illustrates gender representation at NamRA among all employees as at the close of the financial year under review.

Figure 14: Gender representation – all employees



Furthermore, NamRA's Recruitment Policy has at its core the prioritisation of gender equity, irrespective of an employee's position in the organisational hierarchy. Thus, for example, the 28-member Management cadre comprises 15 males and 13 females, equating to a 56:46 ratio of men to women. Figure 15 illustrates the gender equity position in respect of NamRA's Management cadre as at 31 March 2022.

Figure 15: Gender representation – Management cadre



10.1.3 Age representation

In Namibia, the working age is from 18 to retirement at 60. More than half of all NamRA employees are above the age of 40, as indicated in Figure 16, while Figure 17 illustrates the mean, median and mode values relating to employees' age. Figure 18 depicts the maximum, average and minimum employee age values.

Figure 16: Age distribution – all employees

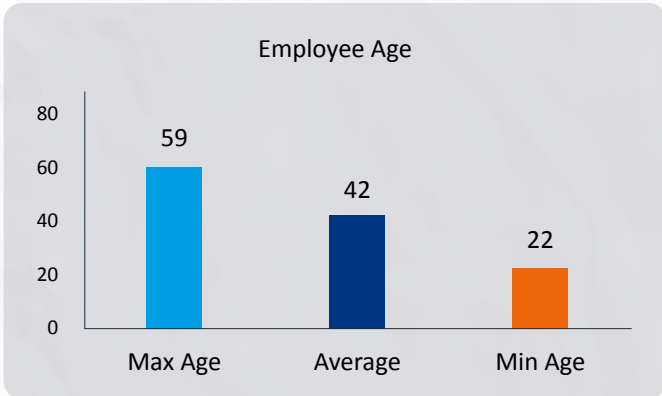


Figure 17: Mean, median and mode age values – all employees

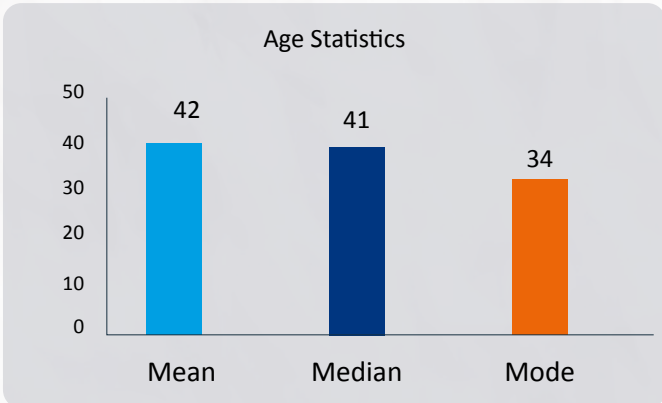
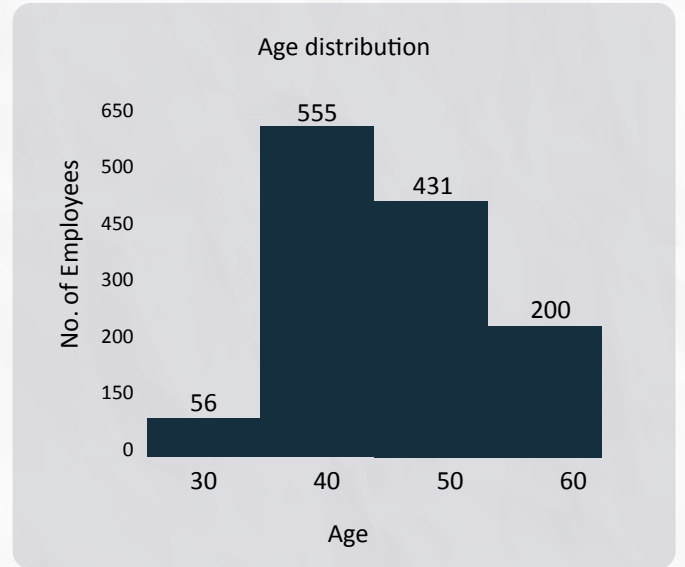


Figure 18: Age Distribution



10.2 Learning and Development

Table 8: Staff development

Nature of training	No. of attendees	Duration (days)
Customs and excise		
Customs Valuation Workshop	111	2
Webinar on the International Civil Aviation Organization (ICAO) Visual Digital Seal	8	2
Online Workshop for the World Customs Organization – Network for Gender Equality and Diversity in Customs	2	2
Master’s Degree Programme in Public Finance at the National Graduate Institute for Policy Studies in Tokyo	1	365
Illegal Wildlife Trade “Train the Trainer” Workshop	5	2
Intellectual Property Rights Workshop	28	2
Coordinated Border Management Training	7	5
Online Regional Workshop on the World Trade Organization (WTO) Trade Facilitation Agreement	3	3
World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Trade (SAFE) Virtual Working Group Meeting	2	3
Online Workshop for Southern African Customs Union (SACU) Member States on issues relating to tariffs and trade remedies	8	3
Domestic tax		
African Tax Administration Forum (ATAF) Virtual Training Workshop on Transfer Pricing	33	4
Online ATAF Workshop on Illicit Financial Flows Training	3	5
Online Organisation for Economic Co-operation and Development (OECD) Workshop on exchange-of-information issues	25	12
Online OECD/ATAF Workshop on Value Added Tax and General Sales Tax – Challenges of Digitalisation	3	1
Online Workshop on international taxation and the mining sector	8	6
Online International Monetary Fund (IMF) Regional Technical Assistance Center for Southern Africa (AFRITAC) Workshop on Modern Tax Audit Principle Management	15	20



11



STAKEHOLDER
ENGAGEMENT

11. Stakeholder Engagement

NamRA prioritises the need to build, strengthen and maintain sound relations with its diverse stakeholders. Thus, shortly after the Agency's inception, its Management approved a Stakeholder Engagement Strategy with an associated Action Plan. Upholding its corporate Values of *Integrity, Fairness, Diversity, Efficiency* and *Agility* as embedded in the principles of open communication and information-sharing, the Agency seeks to create platforms that engage stakeholders in active and open dialogue.

The Commissioner initiated and spearheaded a number of stakeholder engagements during the year under review to introduce the Management to the staff in NamRA's Regional Offices. These meetings simultaneously enhanced the Management cadre's understanding of the Agency's business operations.

NamRA also undertook visits to the ||Kharas, Oshana and Zambezi Regions as part of the familiarisation tour for its Management cadre. These regional visits also provided an opportunity for members of the public to understand

the purpose of NamRA's establishment and to grant them an opportunity to ask questions about matters related to tax, customs and excise administration.

In addition, NamRA held consultations with various industry players in the mining and energy sectors and as well as with other key stakeholders. These included the Business and Intellectual Property Authority, the Namibia Trade Forum, the Namibian Ports Authority, the Walvis Bay Corridor Group, the Trans-Kalahari Corridor Secretariat, and other border agencies.

On 5 October 2021, NamRA hosted an engagement session with the media in the capital to inform editors and reporters about NamRA's Mandate as well as to foster relationships with the media and gain their trust and confidence. Towards the end of the reporting period, namely on 21 February 2022, NamRA held another stakeholder engagement session in Windhoek, this time geared at clearing and forwarding agents. The session consulted industry players for their input on the new draft rules for licensing such agents.



NamRA Stakeholders Engagement in the ||Kharas Region



12



INTERNATIONAL
RELATIONS

12. International Relations

12.1 African Continental Free Trade Agreement

The African Continental Free Trade Agreement (AfCFTA) entered into force on 30 May 2019. Trading under this Agreement commenced on 1 January 2021, although there were still a number of rules of origin outstanding with respect to textiles and clothing, automobiles and sugar (which together constitute only around 12% of the total products to be traded).

The decision to commence trading despite the outstanding issues follows the AfCFTA Council of Ministers' recommendation in February 2022 that trade be made possible for products whose rules of origin had already been agreed. For States Parties to be able to trade under this Agreement requires them to be 'customs ready', that is, their tariff books need to be up-to-date, and they need to have the necessary customs and related procedures in place.

Namibia launched its preparations for trading under this Agreement on 16 March 2021 by publishing an update of its tariff book in Schedule 1 to the Customs and Excise Act. This update will ensure that imports under the AfCFTA are given preferential treatment. In addition, Namibia put a number of new customs arrangements in place to enable trade under the Agreement.

These new arrangements included procuring trading documents such as certificates of origin and suppliers' declarations in line with the specifications outlined in AfCFTA's Annex 2, utilising its specimen forms, and finalising the NamRA stamp. The new documents and stamp were also issued to all border posts. Exactly when Namibia will commence trading under the AfCFTA is unclear, however. This is because negotiations regarding the 90% tariff reductions for countries who are party to the Agreement are still under way.

12.2 World Customs Organization

Namibia, together with other SACU members, migrated from the SACU Common External Tariff to the 2022 version of the Harmonised Commodity Description and Coding System (in short, *Harmonised System* or *HS 2022*) during the year under review.

The HS, which entered into force on 1 January 2022, is a global product classification system that will be updated every five years. Namibia published the associated HS

2022 Nomenclature in its *Government Gazette* of 9 February 2022.

Namibia joined the WCO shortly after Independence, namely on 1 July 1992. Since then it has participated in the affairs and capacity-building initiatives of the East and Southern African Regional Office for Capacity Building (ESA ROCB). The ESA ROCB forms part of the broader WCO ROCB initiative to deliver organisational development support to WCO Members in six regions.

NamRA officials participated in the first African Conference on the HS that was hosted by the WCO in collaboration with the AfCFTA Secretariat. The Conference, held from 23 to 24 November 2021, introduced invitees to the HS 2022 before its entry into force on 1 January 2022.

NamRA became a member of the WCO Network for Gender Equality and Diversity in Customs during the review period. The Network was launched on 8 March 2022 following the first Women in Customs event held by the WCO on 24 September 2021. The latter initiative aimed to raise awareness on women's role in customs and trade.

FY2021/2 also saw NamRA drafting a Gender Mainstreaming Plan under the SACU Customs Modernisation Programme, in its role as Regional Coordinator of activities relating to the Programme's Gender Mainstreaming and Capacity Working Group. In addition, NamRA participated in the WCO Virtual Working Group on Gender Equality and Diversity, which held meetings every two months.

Another of NamRA's achievements during the year under review was its participation in the WCO Environment Programme's INAMA Project (*inama* means "wild animals" in the Zambian Bemba language). The Project aims, on the one hand, to strengthen the enforcement capacities of customs administrations in sub-Saharan Africa, South America and Asia when it comes to illegal wildlife trade and, on the other, to enforce the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). NamRA's participation entailed a diagnostic mission to assess its capacity in the fight against the illegal trade in wildlife and in its enforcement of CITES. An associated online workshop was subsequently conducted on 27 and 28 October 2021, while an online Cooperation Implementation





The Government of the United Kingdom's revenue and customs body, namely Her Majesty's Revenue and Customs (HMRC), invited NamRA to send three customs officials to visit the UK to attend Part II of an HMRC Study Tour in that country, hosted by the UK Border Force. The officials concerned had previously attended Part I of the study, which had focused on customs evaluation, and was held during January 2020 in Walvis

Bay. The main aim of the 2022 Tour was to benchmark the best practices used by the UK Border Force in the areas of intelligence, container profiling, the selection of containers to search, and searching them. The Tour included a visit to the cargo shed to open and physically examine containers to detect concealed contraband, non-declared goods, and smuggled goods.

12.6 African Tax Administration Forum

ATAF is an international organisation which provides a platform for cooperation among African tax administrations and other relevant and interested stakeholders. ATAF aims to improve the efficiency of these stakeholders' tax legislation and administration as well as build capacity in respect of cross-border taxation and the exchange of information.

The collaboration between ATAF and NamRA began since Namibia membership on 4 November 2010. Apart from the appointment of the Manager of the Central Region's Domestic Taxes as the new ATAF Country Correspondent, Namibia also benefited from capacity development spearheaded by ATAF during the year under review through the participation of over 56 staff in various online workshops which covered critical subjects that include Transfer Pricing and Illicit Financial Flows.



12.7 Southern African Development Community

On 1 August 2021, a NamRA customs official was seconded to the Economic Partnership Agreement (EPA) Unit of the Southern African Development Community (SADC) Customs and Trade Facilitation Division. The Customs official is responsible for coordinating the implementation of the EU–SADC EPA and for providing technical support for related negotiations with respect to trade in goods and services. The period of secondment ends in the coming financial year, namely on 31 July 2022.

12.8 Southern African Customs Union

NamRA concluded a Memorandum of Understanding with the SACU Secretariat in terms of which a Customs Specialist was seconded to SACU from 1 December 2021 to 31 March 2022. During this period, the Customs Specialist provided technical support to SACU institutions under the Customs Modernisation Programme as well as support for the development of an Operational Plan on the implementation of the SACU Trade Facilitation and Logistics Programme.

SACU's Customs Modernisation Programme facilitates customs reforms and modernisation initiatives required to be instituted by SACU Member States. The Programme

also implements activities through National and Regional Coordinators under seven Working Groups.

The Working Groups are charged with various portfolios, as follows: AEO/PT Programme; ICT Connectivity; Customs Legislative Framework; Capacity-building and Gender Mainstreaming; Risk Management Compliance and Enforcement; the HS; Classification, Valuation and Rules of Origin; and Monitoring and Evaluation. NamRA has representation on all seven Working Groups. Notably, a 2018 amendment to Schedule 1 of the Customs and Excise Act, which provides for AEO/PTs, came about as a result of Namibia's participation in SACU's Customs Modernisation Programme.

On April 2021, the 43rd Meeting of the SACU Council of Ministers adopted the SACU Trade Facilitation and Logistics Programme. This Programme consists of six parameters for cooperation and collaboration to support industrialisation and the trade agenda in SACU, with priority given to implementing AfCFTA.

SACU's Trade Facilitation and Logistics Programme is spearheaded by the Union's Senior Officials' Technical Committee on Trade Facilitation, which includes the Senior Manager of Trade Facilitation, Procedures and Compliance.



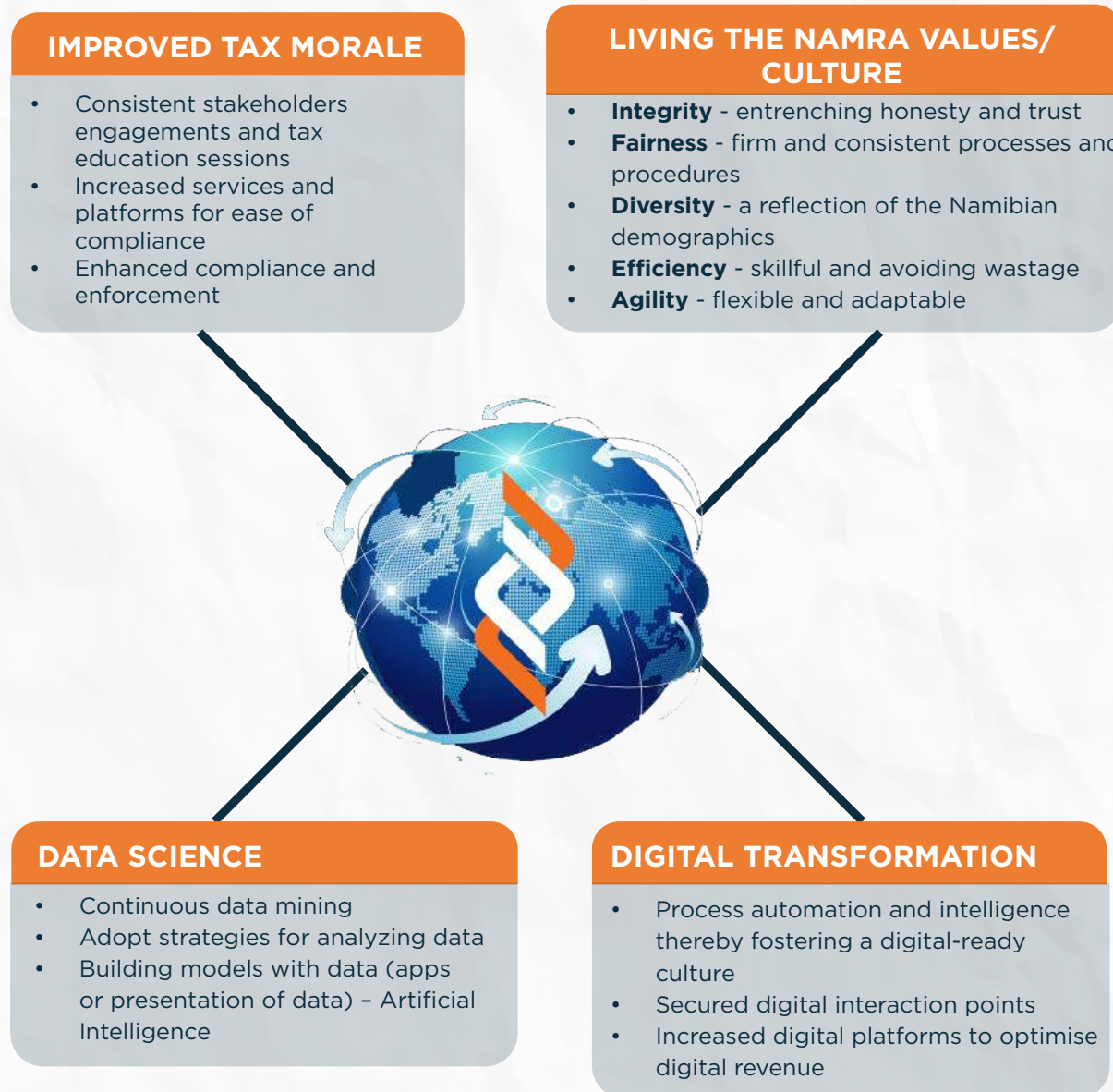
13



WHERE WE
ARE HEADING

13. Where We Are Heading

With the first year of operation captured in the preceding parts of this Report, the most natural question remaining is “what does the future hold for NamRA”. While remaining cognizant of the possible impact external factors such as the economic performance and political situation in the country might have on NamRA’s activities, below are the key focus areas which are expected to enjoy priority in the coming financial years. These areas have been identified owing to their likely significant contribution towards the attainment of the NamRA vision of becoming a world class revenue agency serving with passion to positively impact the livelihood of every Namibian.



14



ANNUAL FINANCIAL
STATEMENTS

14. Annual Financial Statements



Annual Financial Statements for the year ended 31 March 2022

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Revenue Administration
Members	Anna Nakale-Kawana Stefan Hugo Adv. Dennis Khama Shirene Bampton Titus Ndove Sam SHIVUTE Pieter Kruger
Registered office	Namibia Revenue Agency Moltke Street Windhoek 9000



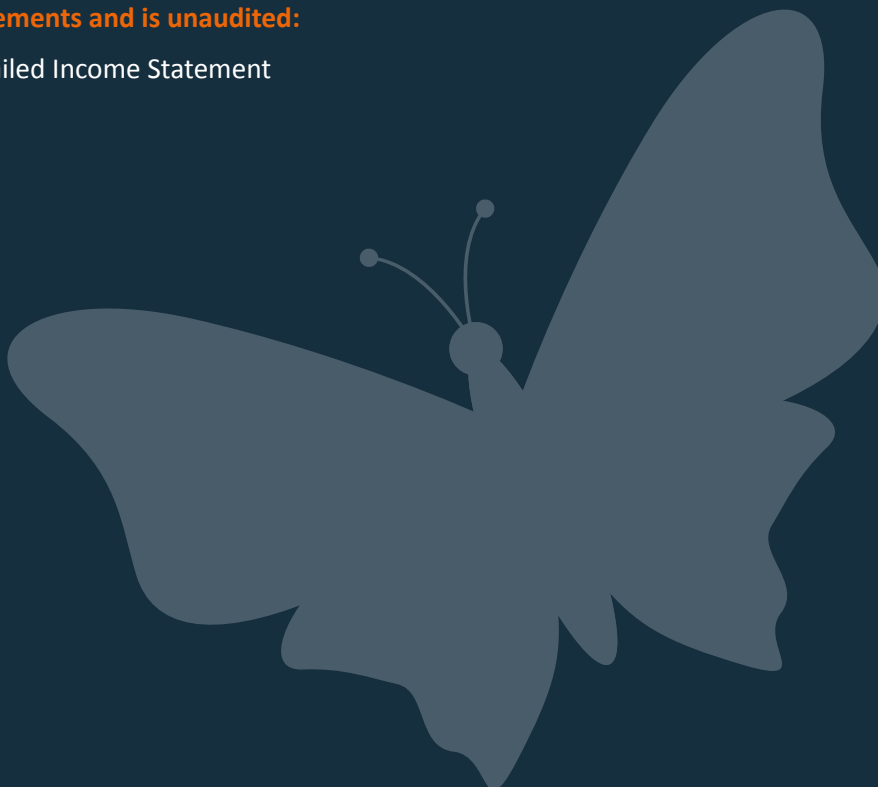


Table of Contents

Members' Responsibilities and Approval	65
Independent Auditor's Report	66- 68
Members' Report	69-70
Statement of Financial Position	71
Statement of Profit or Loss and Other Comprehensive Income	72
Statement of Changes in Equity	73
Statement of Cash Flows	74
Accounting Policies	75 - 82
Notes to the Annual Financial Statements	83 - 88

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	89
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Members' Responsibilities and Approval

The members are required in terms of the Namibia Revenue Act 12,2017 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the agency as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the agency and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the agency and all employees are required to maintain the highest ethical standards in ensuring the agency's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the agency is on identifying, assessing, managing and monitoring all known forms of risk across the agency. While operating risk cannot be fully eliminated, the agency endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The members have reviewed the agency's cash flow forecast for the year to 31 March 2023 and, in light of this review and the current financial position, they are satisfied that the agency has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the agency's annual financial statements. The annual financial statements have been examined by the agency's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 27, which have been prepared on the going concern basis, were authorised by the board on 15 May 2023 and were signed on their behalf by:

Approval of financial statements



Anna Nakale-Kawana



Sam SHIVUTE



INDEPENDENT AUDITOR'S REPORT

To the Member of Namibia Revenue Agency

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Namibia Revenue Agency (the Agency) as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Namibia Revenue Agency Act 12 Of 2017.

What we have audited

Namibia Revenue Agency's financial statements set out on pages 7 to 27 comprise:

- the members' report for the year ended 31 March 2022;
- the statement of financial position as at 31 March 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Agency in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standard) (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

Other information

The members are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Namibia Revenue Agency Annual Financial Statements for the year ended 31 March 2022". The other information does not include the financial statements and our auditor's report thereon.

PricewaterhouseCoopers, Registered Auditors

344 Independence Avenue, Windhoek, Khomas Region, Republic of Namibia
P O Box 1571, Windhoek, Khomas Region, Republic of Namibia
T: + 264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na

Country Senior Partner: Chantell N Husselmann

The Firm's principal place of business is at 344 Independence Avenue, Windhoek, Republic of Namibia, Khomas Region, Republic of Namibia
Partners: Louis van der Riet, Anna EJ Rossouw (Partner in charge: Coast), Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Hannes van den Berg, Willem A Burger

Practice Number 9406, VAT reg no. 00203281-015



Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the members for the financial statements

The members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Namibia Revenue Agency Act 12 Of 2017, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Agency or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

PricewaterhouseCoopers

Registered Accountants and Auditors

Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo

Partner

Windhoek

Date: 17 May 2023



MEMBERS' REPORT

The members have pleasure in submitting their report on the annual financial statements of Namibia Revenue Agency for the year ended 31 March 2022.

1. Ownership of the Agency

NamRA is 100% owned by the State.

2. Nature of business

In terms of Section 3 of the Namibia Revenue Agency Act 12 of 2017, the primary business is to carry out efficiently, and in the best interest of the Republic of Namibia, the administration and enforcement of tax and custom laws, in efficient and effective manner on behalf of the State. NamRA administer and enforce the tax and customs laws of Namibia with consistency, fairness, efficiency and effectiveness with a focus on the needs of each taxpayer and trader.

In terms of section 28 of the Namibia Revenue Agency Act of 2017, the Revenue Agency is funded through -

- (a) money appropriated by Parliament; (through Ministry of Finance)
- (b) grants and donations subject to the approval of the Minister;
- (c) investment income and proceeds from the disposal of any Revenue Agency property; and
- (d) loans extended to the Revenue Agency with the prior approval of the Minister.

The tax collected on behalf of state is not included as part of income for the Namibia Revenue Agency

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Namibia Revenue Act 12 of 2017.

There are no comparatives in the current financial year as this is NamRA's first year of operation.

Full details of the financial position, results of operations and cashflows of the agency are set out in the financial statement.

4. Members

The members in office at the date of this report are as follows:

Members	Office	Designation	Nationality	Appointment date
Anna Nakale-Kawana	Chairperson	Non-executive Independent	Namibian	06 April 2021
Stefan Hugo	Deputy Chairperson	Non-executive Independent	Namibian	06 April 2021
Adv. Dennis Khama	Member	Non-executive Independent	Namibian	06 April 2021
Shirene Bampton	Member	Non-executive Independent	Namibian	06 April 2021
Titus Ndove	Ex Officio Member	Non-executive	Namibian	06 April 2021
Sam SHIVUTE	Commissioner	Executive	Namibian	06 April 2021
Pieter Kruger	Member	Non-executive Independent	Namibian	1 December 2021



RESIGNATIONS OF MEMBERS

5. Events after the reporting period

The members are not aware of any material event which occurred after the reporting date and up to the date of this report, except for the following appointment of key management:

Haitange Nelumbu: Chief Financial Officer & Corporate Services
No financial implications were noted in the current financial year.

6. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The members believe that the agency has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The members have satisfied themselves that the agency is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The members are not aware of any new material changes that may adversely impact the agency. The members are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the agency.

7. Secretary

The agency secretary is Mrs Nadine Du Preez.

Postal address: P O Box 569
Windhoek

Business address: Moltke Street
Windhoek

8. Auditors

PriceWaterhouseCoopers were appointed as the agency's auditors on Monday, 1 August 2022. The appointment term of office is 3 years.



STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note(s)	2022 N\$ '000
Assets		
Non-Current Assets		
Property, plant and equipment	3	5,091
Right-of-use assets	4	4,985
		10,076
Current Assets		
Cash and cash equivalents	5	157,554
Total Assets		167,630
Equity and Liabilities		
Equity		
Retained income		59,307
Liabilities		
Non-Current Liabilities		
Lease liabilities	4	4,233
Deferred income	6	677
		4,910
Current Liabilities		
Trade and other payables	9	2,784
Lease liabilities	4	852
Deferred income	6	352
Provisions	7	1,080
Income received in advance	8	98,345
		103,413
Total Liabilities		108,323
Total Equity and Liabilities		167,630



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2022 N\$ '000
Government income for recurring expenditure	10	112,406
Other operating income	11	236
Employee costs	12	(36,503)
Lease expenses	12	(142)
Depreciation expenses	12	(857)
Other operating expenses		(17,034)
Operating profit	12	58,106
Investment Income	13	1,372
Finance costs	14	(171)
Comprehensive income for the year		59,307



STATEMENT OF CHANGES IN EQUITY

	Retained income N\$ '000	Total equity N\$ '000
Balance at 1 April 2021	-	-
Comprehensive Income for the year	59,307	59,307
Balance at 31 March 2022	59,307	59,307



STATEMENT OF CASH FLOWS

	Note(s)	2022 N\$ '000
Cash flows from operating activities		
Cash generated from operations	17	160,936
Interest received		1,372
Finance cost		(171)
Net cash from operating activities		162,137
Cash flows from investing activities		
Purchase of property, plant and equipment	3	(4,321)
Net cash from investing activities		(4,321)
Cash flows from financing activities		
Payment on lease liabilities		(262)
Net cash from financing activities		(262)
Total cash movement for the year		157,554
Total cash at end of the year	5	157,554



ACCOUNTING POLICIES

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations issued and effective at the time of preparing these annual financial statements and the Namibia Revenue Agency Act 12 of 2017.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the agency’s functional currency.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant estimates includes:

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options has no impact in recognised lease liabilities and rightof- use assets of the agency.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the agency holds for its own use and which are expected to be used for more than one year.



An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the agency, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the agency and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the agency. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Fixtures and fittings	Straight line	10
Computer equipment	Straight line	3
Leasehold improvements	Straight line	5
Furniture	Straight line	10
Office equipments	Straight line	10

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.



1.4 Financial instruments

Financial instruments held by the agency are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the agency, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or . Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or . Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the agency are presented below:

Trade and other payables

Classification

Trade and other payables (note 9) and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the agency becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.



If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs 14.

Trade and other payables expose the agency to liquidity risk and possibly to interest rate risk. Refer to note 9 for details of risk exposure and management thereof.

Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents Cash and cash equivalents are stated at carrying amount which is deemed to be the fair value.

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

NamRA recognises a cash and cash equivalents in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

Subsequent to initial recognition, an NamRA shall measure a cash and cash equivalents at amortised cost.

1.5 Leases

The agency assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is “identified”, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the agency has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Agency as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the agency is a lessee, except for short-term leases of 12 months or less, or leases of low value assets.

For these leases, the agency recognises the lease payments as an operating expense (note 12) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist). However as an exception to the preceding paragraph, the agency has elected not to separate the non-lease components for leases of land and buildings.



Details of leasing arrangements where the agency is a lessee are presented in note 4 Leases (agency as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the agency uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the agency under residual value guarantees;
- the exercise price of purchase options, if the agency is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the agency is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 14).

The agency remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the agency will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.



Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Right-of-use assets comprises of Lease payments included in the measurement of the lease liability comprising the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the agency incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the agency expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.6 Impairment of assets

The agency assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the agency estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the agency also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.



An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.8 Provisions and contingencies

Provisions are recognised when:

- the agency has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.



A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
 - has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.
- After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
 - the amount initially recognised less cumulative amortisation.

1.9 Government grants

Government grants are recognised when there is reasonable assurance that:

- the agency will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the agency has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	1 January 2021	The impact of the amendments is not material.
Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	1 January 2021	The impact of the amendments is not material.
Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	1 January 2021	
Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	1 January 2021	The impact of the amendments is not material.
COVID-19 - Related Rent Concessions - Amendment IFRS 16	1 June 2020	The impact of the amendments is not material.

2.2 Standards and interpretations not yet effective

The agency has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the agency's accounting periods beginning on or after 1 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	1 January 2023	Unlikely there will be a material impact
Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	1 January 2023	Unlikely there will be a material impact
Reference to the Conceptual Framework: Amendments to IFRS 3	1 January 2023	Unlikely there will be a material impact
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2023	Unlikely there will be a material impact
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2023	Unlikely there will be a material impact
Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2023	Unlikely there will be a material impact
Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	1 January 2023	Unlikely there will be a material impact



3. Property, plant and equipment

	2022		
	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	361	(12)	349
Furniture	1,174	(20)	1,154
Office equipment	439	(22)	417
Computer equipment	3,569	(435)	3,134
Fixtures and Fittings	43	(6)	37
Total	5,586	(495)	5,091

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Leasehold improvements	-	361	(12)	349
Furniture	-	1,174	(20)	1,154
Office equipment	-	439	(22)	417
Computer equipment	-	3,569	(435)	3,134
Fixtures and Fittings	-	43	(6)	37
Total	-	5,586	(495)	5,091



4. Leases (agency as lessee)

The Agency entered into a lease agreement for a building with Namibia Agricultural Union (NAU) effective on the 01 November 2021. The lease term is 5 years.

The agency has the option to extend the lease on completion of the lease term. Any extension of the lease will be entirely at the lessor's discretion and on the terms to be negotiated between the lessee and the lessor then.

Details pertaining to leasing arrangements, where the agency is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	4,985
Additions to right-of-use assets	
Buildings	5,347
Depreciation recognised on right-of-use assets	
Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 12), as well as depreciation which has been capitalised to the cost of other assets.	
Buildings	362
Other disclosures	
Interest expense on lease liabilities	171
Expenses on short-term leases included in operating expenses	142
Lease liabilities	
Lease liabilities have been disclosed as a separate line item on the statement of financial position.	
The maturity analysis of lease liabilities is as follows:	
Within one year	1,311
Two to five years	5,025
	6,336
Less finance charges component	(1,251)
	5,085
Non-current liabilities	4,233
Current liabilities	852
	5,085

5. Cash and cash equivalents

Cash and cash equivalents consist of:	
Bank balances	157,554
Credit quality of cash at bank and short-term deposits, excluding cash on hand	
The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:	
Credit rating	
First National Bank of Namibia (A1+)	157,554
Exposure to currency risk	
Namibia Dollar amount	
Namibia Dollar	157,554
The carrying amount of cash and cash equivalents approximates its fair value.	



6. Deferred income

The agency receives grants in a form of assets from the government or foreign multinational. These donated assets are recognised as deferred income and are released to the income statement over the useful life of the related assets.

Non-current liabilities	677
Current liabilities	352
	1,029

In 2022, NamRA received a donation from the United Nations and Deutsche Gesellschaft für Internationale Zusammenarbeit

Assets donation received	
United Nations	491
Deutsche Gesellschaft für Internationale Zusammenarbeit	538
	1,029

7. Provisions

Reconciliation of provisions - 2022

	Opening balance	Additions	Total
Provision leave pay	-	1,080	1,080

8. Income received in advance

The agency received income in advance amounting to N\$ 98,345,000.00 to be utilised for the 2023 NamRA recurring expenditures expected to be incurred in the 2023 financial year.

9. Trade and other payables

Financial instruments:	
Trade payables	1,695
Accrued bonus	251
Accrued expenses	838
	2,784
Financial instrument	
At amortised cost	2,784
Exposure to currency risk	
Namibia Dollar Amount	
Namibia Dollar	2,784

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

10. Income

Government funding for recurring expenditure	
Government funding for recurrent expenditure	112,406

11. Other operating income

Administration and management fees received	236
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12. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Remuneration, other than to employees	
Administrative and managerial services	875
Employee costs	
Salaries, wages, bonuses and other benefits	29,248
Subsistence and Travelling Allowance	1,033
PAYE	6,222
Total employee costs	36,503

Depreciation	
Depreciation on property, plant and equipment	495
Depreciation on right-of-use assets	362
Total depreciation	857

13. Investment income

Interest income	
Investments in financial assets:	
Bank and other cash	1,372

14. Finance costs

Lease liabilities	171
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15. Employee costs

Employee costs	
Basic	27,549
Bonus	251
Medical aid - agency contributions	330
SSC	38
Leave pay provision charge	1,080
S&T Expenses	1,033
PAYE	6,222
Total	36,503

16. Depreciation

Depreciation	
Property, plant and equipment	495
Right-of-use assets	362
Total	857



17. Cash generated from operations

Profit before taxation	59,307
Adjustments for:	
Depreciation and amortisation	857
Interest income	(1,372)
Finance costs	171
Movements in provisions	1,080
Changes in working capital:	
Trade and other payables	2,784
Deferred income	236)
Income received in advance	98,345
	160,936

18. Related parties

Relationships Members of key management	Sam SHIVUTE : Commissioner
	Idi Itope : Head Domestic Taxes
	Nadine Du Preez : Chief Legal Officer & Board Secretary
	Fanuel Uugwanga : Chief Human Capital & Business Strategy & Development
	Steven Ndorokaze : Chief Strategic Communication, Stakeholder Engagements, Taxpayer Education & International Relations
	Melanie Tjienda : Chief Information Officer
	Willbroad Poniso : Acting Head: Customs & Excise Department
	Salmi Kasita : Acting Chief Financial Officer & Corporate Services

Related party balances

Appropriation received	
Ministry of Finance (Refer to member's report note 2)	112,406
Amounts included in Trade Payable regarding related parties	
Ministry of Finance (Refer to member's report note 2)	1,260
Amounts included in Income Received in Advance	
Ministry of Finance (Refer to member's report note 2)	98,345
Compensation to Members	
Ministry of Finance (Payment for member's fees for April 2021)	53
Namibia Revenue Agency	396
Compensation to other key management	
Short-term employee benefits	10,301

19. Events after the reporting period

There are no events that occurred after the reporting period and before approval of the financial statements that materially impacted the financial results presented, except for the appointment of the following key management:

Haitange Nelumbu: Chief Financial Officer & Corporate Services



DETAILED INCOME STATEMENT

	Note(s)	2022 N\$ '000
Income		
Government income for recurrent expenditure		112,406
Other operating income		
Administration and management fees received		236
Expenses (Refer to page 29)		(54,536)
Operating profit	12	58,106
Investment income	13	1,372
Finance costs	14	(171)
Total comprehensive income for the year		59,307

Other operating expenses		
Administration and management fees		(875)
Advertising		(2,140)
Bank charges		(18)
Computer expenses		(732)
Delivery expenses		(219)
Depreciation		(857)
Employee costs		(36,503)
Entertainment		(147)
IT expenses		(11,274)
Short-term leases		(142)
Municipal expenses		(11)
Printing and stationery		(903)
Repairs and maintenance		(548)
Staff welfare		(43)
Subscriptions		(2)
Training		(122)
		(54,536)





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