
HOW TO REGISTER A HOUSING SCHEME

Submit a letter on the company letterhead requesting to register a housing scheme.

Address and submit letter to Mr. Kennedy Haludilu 061-2092515 at Ministry of Finance Windhoek

The company needs to be registered for PAYE to qualify for registering a housing scheme.

Along with the application letter, the company needs to submit:

1. The company policy with regards to providing a housing scheme to employees which stipulates how the housing scheme will be applied to employees.

- e.g. will it be fixed amount to all employees
- will it be a % of the basic remuneration
- will it be an equal amount of the rental or monthly installment

plus policy needs to include how this amount will be determined and what proof must be supplied by the employee to receive this benefit.

If the employee can not supply proof which must be kept on the employee file, the full housing allowance will become taxable.

To qualify for the housing benefit, the employee must reside on the premises for which the housing benefit has been supplied.

The policy must be in accordance to Section 16 of the income tax act as specified below.

Taxation of housing benefits

16A. (1) For the purposes of this section -

“approved scheme” means a scheme approved under subsection (4);

“housing benefit” means any amount in cash or benefit or advantage paid or granted under an approved scheme to an employee in respect of employment, which relates to -

- (a) residential accommodation (excluding meals) provided by his or her employer, whether free of charge or for a rental consideration which is less than the rental value of such accommodation as determined by the Minister;
- (b) any cash payment made or subsidy granted by his or her employer in respect of -

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- (i) any rental due by him or her for the lease of a private residence; or
- (ii) the repayment of, or any interest due on, the amount of any loan obtained and used by him or her for the purchase of a private residence; or
- (c) a rate of interest which is less than an appropriate rate of interest as determined by the Minister, charged by his or her employer on a loan granted by such employer out of his or her own funds to such employee and obtained and used by such employee for the purchase of a private residence;

[definition of “housing benefit” amended by Act 12 of 1996]

“purchase” includes the improving of a private residence; and

“remuneration” shall have the meaning assigned to that word in paragraph (1) of Part I of Schedule 2, but excluding any housing benefit, leave pay, honorarium, gratuity, overtime pay or refund or contributions referred to in paragraph (d) of the definition of “gross income” in section 1.

(2) The cash equivalent of a housing benefit referred to in paragraph (a) of the definition of “housing benefit” in subsection (1) shall, in the case of a person whose remuneration for the year of assessment -

- (a) does not exceed R15 000, be exempt from tax; or
- (b) exceeds R15 000, but not R30 000, be reduced -
 - (i) by an amount equal to such percentage of such cash equivalent as determined in accordance with the formula -

$$y = 100 - \frac{x}{150}$$

in which formula y represents the percentage to be determined and x the amount of the said remuneration which exceeds R15 000; and

- (ii) by an additional amount equal to one-third of such cash equivalent, after deduction of the amount determined in accordance with subparagraph (i).

(3) In any case where the provisions of subsection (2) do not apply, an amount equal to one-third of the cash equivalent of any housing benefit shall be exempt from tax.

(4) The Minister shall not approve any scheme for the purposes of this section unless he or she is satisfied that -

- (a) such scheme is operated *bona fide* solely for the purpose of -
 - (i) providing assistance to an employee to lease or purchase a private residence; or
 - (ii) providing residential accommodation to an employee;

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- (b) no housing benefit under the scheme will be granted in substitution for any reward for services rendered which would otherwise have been granted to such employee; and
- (c) such private residence or residential accommodation will be occupied by such employee personally.