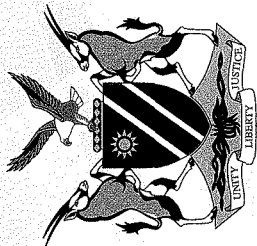


REPUBLIC OF NAMIBIA



MINISTRY OF FINANCE
INLAND REVENUE DEPARTMENT

P R O M O T I N G A C U L T U R E O F T A X C O M P L I A N C E

Taxation of Rental Income

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Taxation of Rental Income

Rental Income consists of income received from leasing and hiring of immovable and movable properties.

Immovable Property includes premises, land, building, house, backyard flat, and office space. Income received from any agreement for the usage of the property is taxable, provided that such a property is situated in Namibia.

Money paid to terminate the rental agreement is also taxable and should be included in the income for the year.

Advance rent is taxable during the year of receipt because it is income received in the hands of the owner of the property and should be included in the income for the year.

The amount stipulated in the lease agreement as the value of improvements to be done on the land or building by the lessee should form part of the taxable income of the owner/lessor of the land or building.

A returnable deposit paid by a tenant is **not** taxable in the hands of the lessor. However such amount will be taxable if the deposit is forfeited to the lessor.

Deductible Expenses relating to Immovable Property

Expenses incurred to produce rental income are deductible. The expenses may include repairs, maintenance, security, advertising and municipal bills relating to the property being rented out.

Movable Property includes items such vehicles, machinery, computers, tents, tables and chairs. Income received in respect of these items is taxable.

Deductible Expenses relating to movable Property

General expenses incurred to produce rental income from movable property are deductible from income. These may include administrative, maintenance, insurance, repairs, transportation and running expenses.

Tax Records

Every owner of the property is required to keep all the rental or lease agreements, bank statements and any other bookkeeping records and submit them to Inland Revenue when requested to do so.