

**The Namibian Receiver of Revenue has imposed a 15% Value Added Tax (VAT) on Prepaid telecommunication services (Prepaid airtime voucher and Starterpack). This ruling is effective 01 February 2008. This is a new ruling as previously all Prepaid airtime was VAT exempt.**

**Below are FAQ's to help you understand the impact of this ruling;**

**Is the 15% VAT only on Cell One airtime?**

No, government has imposed the VAT ruling on all Prepaid telecommunication services which means that all cellular service providers are obligated to charge 15% VAT.

**How does the 15% VAT affect the Prepaid airtime value?**

Customers will now receive 15% less airtime - for example a purchase of N\$10.00 Prepaid airtime voucher buys you N\$8.70 worth of airtime.

See illustration below.

**VAT Implications on airtime value effective 1 February 2008**

<b>Voucher denomination</b>	<b>Previous airtime value</b>	<b>New airtime</b>	<b>15% VAT</b>
N\$1	1.00	0.87	0.13
N\$10	10.00	8.70	1.30
N\$30	30.00	26.09	3.91
N\$50	50.00	43.48	6.52

**How is the customer informed of the value of Prepaid airtime purchased?**

When a customer recharges they will receive an SMS notifying them of the recharge value, and VAT value. For example a customer who purchases a recharge voucher of N\$10.00 will receive an SMS which states that VAT of N\$1.30 is charged and airtime they will available of N\$8.70.

**How does it affect the Starterpack price?**

The cost of the Starterpack remains at N\$19.99 but with N\$12.17 worth of airtime. Previously the Starterpack had N\$14.00 worth of airtime.

**Are the Prepaid tariffs affected?**

No, the tariffs remain the same.

Cell One to Cell One costs 2.5c per second (N\$1.50 per minute).

Calls from Cell One to other operators in Namibia are charged at 4 cents per second (N\$2.40 per minute).

**When is the ruling effective?**

1<sup>st</sup> February 2008

**What happens if I bought a recharge voucher or Starterpack prior to 1<sup>st</sup> February 2008?**

All recharge vouchers and Starterpacks bought prior to 1<sup>st</sup> February 2008 are not affected by the VAT ruling regardless of the fact that the actual recharging is done after the 1<sup>st</sup> of February 2008.