

Weathering the storm*

Budget 2009



*connectedthinking

PRICEWATERHOUSECOOPERS 



Albé Botha

DOB: 16 February 1971

Agenda

- Accountability report 2007/8
- Budget analysis
- How do we compare with our neighbours?
- Tax amendments

Accountability report 2007/8



Accountability report 2007/8

- Revenue 13% above Budget
- Expenditure 2% below Budget
- Actual surplus of N\$560m (5.2% of GDP)
- Total Debt 18.9% of GDP
- Government guarantees – N\$3.4b (5.4% of GDP)

Accountability report 2007/8

Auditor General Audit Reports

- Target annual financial reports to be tabled = 115
- Actual reports tabled within time = 13

Accountability report 2007/8

Home Affairs and Immigration

Days to issue

• Employment permits	270	(60)
• Citizenship by descent	180	(30)
• Work visas	14	(5)
• ID's [24 months]	30	(24)

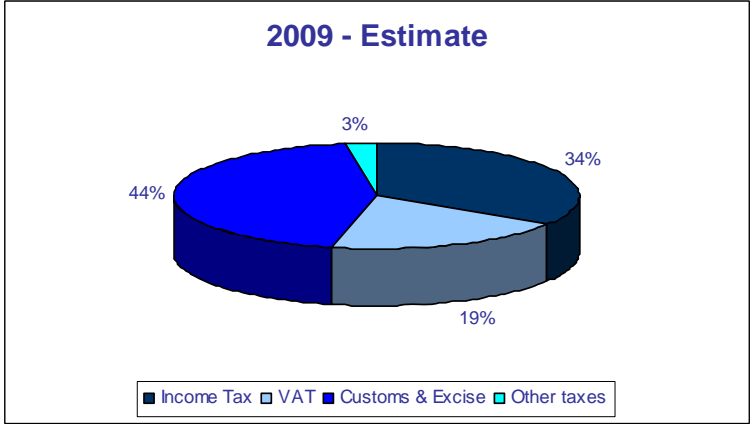
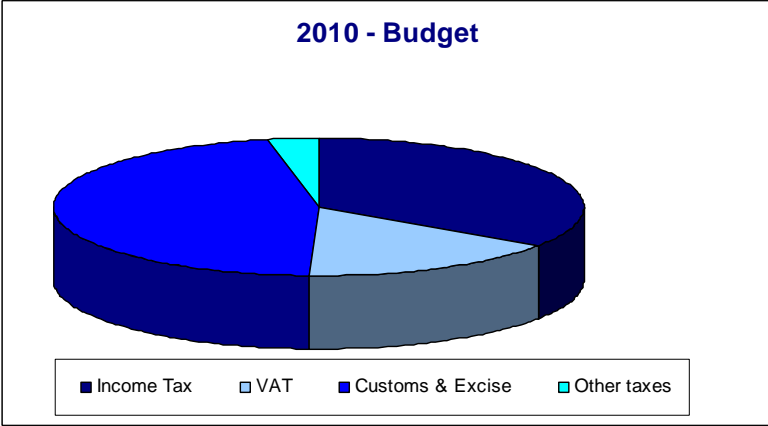
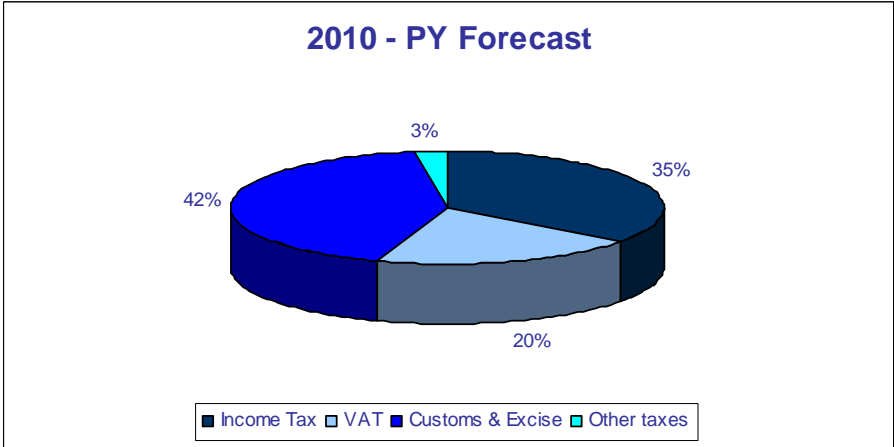
Budget analysis



The Numbers in the Budget

	2005 N\$million Actual	2006 N\$million Actual	2007 N\$million Actual	2008 N\$million Actual	2009 N\$million Estimate	2010 N\$million Budget	2010 N\$million Forecast	2011 N\$million Forecast	2012 N\$million Forecast
Revenue	11,425	13,108	17,593	20,617	20,732	21,779	21,753	21,145	22,687
Spending	(12,493)	(13,189)	(15,279)	(17,383)	(22,469)	(25,420)	(21,749)	(26,394)	(26,309)
Surplus / (Deficit)	(1,068)	(81)	2,314	3,234	(1,737)	(3,641)	4	(5,249)	(3,622)
Surplus/(Deficit) as % of GDP	(2.9%)	(0.2%)	4.8%	5.1%	(2.6%)	(5.2%)	0.0%	(7.1%)	(4.6%)
Government debt	12,642	12,772	13,636	11,693	14,785	16,515	16,515	17,599	-
Debt as % of GDP	33.8%	32.3%	28.3%	18.5%	22.1%	23.6%	25.6%	23.8%	0.0%
GDP	37,385	39,562	48,228	63,217	66,955	69,868	64,590	73,855	79,428
Revenue/ GDP	30.6%	33.1%	36.5%	32.6%	31.0%	31.2%	33.7%	28.6%	28.6%

Tax Revenue Composition



What was said

- 5% Revenue growth
- 13% Expenditure expansion
- N\$3.6b Budget deficit for the year (5.2% of GDP)
- Major spending on Education, Health, Police, Defence sectors and Economic infrastructures
- N\$800m Total tax concession package

Specific expenditure

	N\$ (m)
UNAM	306
DBN	150
Polytechnic	146
National Youth Services	146
Nampower	120
Air Namibia	100
NBC	100
Namwater	50
National Training Authority	49
Namibia Tourism Board	33
Agribank	31
Environment Investment Fund	15

How Do We Compare With Our Neighbours?



World Bank Doing Business report

World Bank Survey

	South Africa	Namibia	Botswana
Starting a business	47	112	80
Employing workers	102	34	73
Registering property	87	129	29
Getting credit	2	12	43
Protecting investors	9	70	38
Trading across borders	147	150	149
Closing a business	73	52	26
Paying taxes	23	96	17
- Payments (number per year)	9	37	19
- Time (hours per year)	200	375	140
- Tax rate rating	51	20	10
- Total tax rate (% of profit)	34.2	25.3	17.1

Individual tax comparison

South African Minimum threshold

Taxable income	South Africa (Over 65)	South Africa (Under 65)	Namibia	Botswana (Residents)
N\$ / R	R	R	N\$	N\$***
54,200.00	-	-	3,834	784
84,200.00	-	5,400	12,144	2,823

*** Converted at a rate of BWP 1= NAD 1.2837

Individual tax comparison

South African maximum threshold

Taxable income	South Africa (Over 65)	South Africa (Under 65)	Namibia	Botswana (Residents)
N\$ / R	R	R	N\$	N\$***
525,000	137,804	143,204	159,700	64,749

*** Converted at a rate of BWP 1= NAD 1.2837

Individual tax comparison between 2009 and 2010 tax years

Taxable income	2009 Tax year	2010 Tax year	Savings in current year
	Namibia	Namibia	
N\$ / R	N\$	N\$	N\$
40,000.00	700	-	700
100,000.00	19,400	17,200	2,200
300,000.00	88,900	83,200	5,700
500,000.00	158,900	151,200	7,700
750,000.00	246,400	236,200	10,200
1,000,000.00	333,900	328,700	5,200
1,260,000.00	424,900	424,900	-

Capital Gains Tax - Individuals

Other Taxable income	Capital Gains	Tax on Capital Gains				Botswana (Residents)
		South Africa (Over 65)	South Africa (Under 65)	Namibia		
N\$ / R	N\$ / R	R	R	N\$	N\$***	
54,200.00	50,000.00	-	2,250	-	1,537	
54,200.00	100,000.00	-	4,500	-	5,760	

*** Converted at a rate of BWP 1= NAD 1.2837

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84,200.00	100,000.00	4,500	4,500	-	5,760

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525,000.00	50,000.00	5,000	5,000	-	1,537
525,000.00	100,000.00	10,000	10,000	-	5,760

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Corporate Tax Rates

CORPORATE TAX RATES

	South Africa	Namibia	Botswana
Corporate tax rate			
- Basic tax rate	28.00%	34.00%	15.00%
- Additional tax rate	0.00%	0.00%	10.00%
Branch taxation	33.00%	34.00%	25.00%
Manufacturing companies			
- Basic tax rate	28.00%	18.00%	5.00%
- Additional tax rate	0.00%	0.00%	10.00%
Pension fund			
- Approved funds	Nil	Nil	Nil
- Unapproved funds	Nil	Nil	7.50%
Short-term insurance companies	28.00%	34.00%	15% + 10%
Long-term insurance companies			
- Corporate fund	28.00%	14.00%	15% + 10%
- Company policyholder fund	28.00%	14.00%	15% + 10%
- Individual policyholder fund	30.00%	14.00%	15% + 10%
- Other	0.00%	14.00%	15% + 10%

Other tax rates

	South Africa	Namibia	Botswana
Value-added tax	14.00%	15.00%	10.00%
Donations / Estate duty	20.00%	Nil	Nil
Secondary tax on companies - From 1 October 2007	10.00%	Nil	Nil
Withholding tax on dividends (Subject to Double Tax Agreements)	Nil	10.00%	15.00%

Capital Gains Tax - Companies

Capital Gains Tax Rates

Special Trusts

- Portion to be included in taxable income
- Maximum effective rate

South Africa

Namibia

Botswana

25.00%
10.00%

0.00%
0.00%

Other Trusts

- Portion to be included in taxable income
- Maximum effective rate

50.00%
20.00%

0.00%
0.00%

Companies

- Portion to be included in taxable income
- Maximum effective rate
- Basic tax rate
- Additional tax rate

50.00%
14.00%

0.00%
0.00%

15.00%
10.00%

Registered micro-businesses subject to turnover tax (In SA only)

- Capital Gains on assets used for business purposes 50% of receipt to be included in turnover, subject to turnover tax
- Capital Gains on assets used for business purposes 50% of receipt to be included in taxable income, subject to tax depending on nature of entity

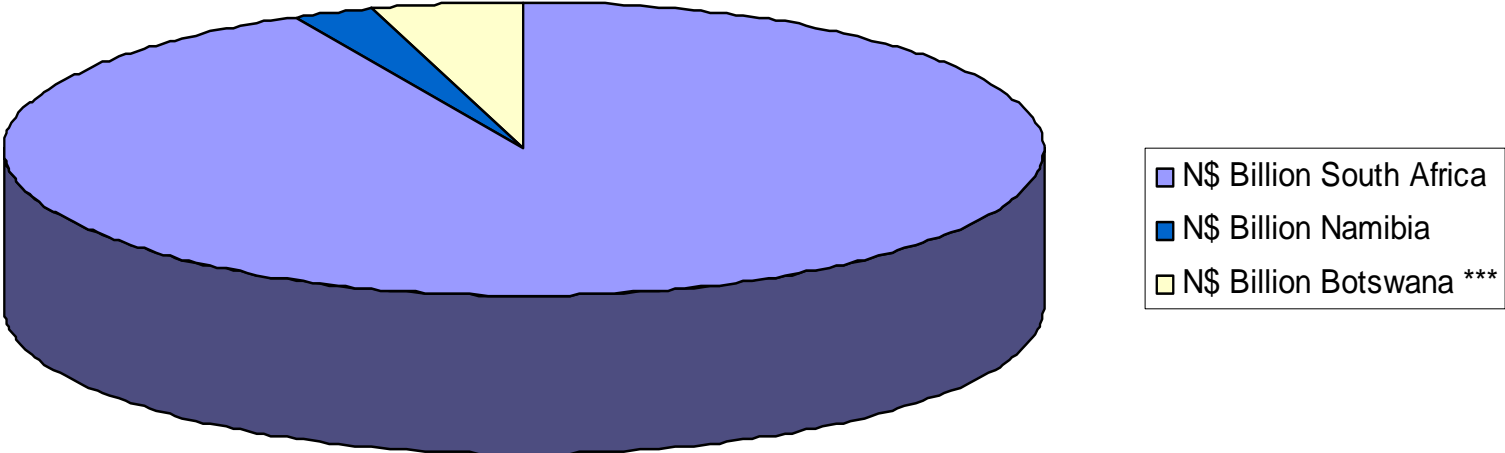
Budget Comparison 2009 VS 2010

	N\$ Billion South Africa	N\$ Billion Namibia	N\$ Billion Botswana ***
Revenue	642.9	21.8	31.3
Expenditure	738.6	25.4	48.7
National budget surplus/(deficit)	-95.7	-3.6	-17.4
GDP	2,474.2	69.9	123.2
Surplus/ deficit as percentage of GDP	-3.87%	-5.21%	16.72%
Revenue as a percentage of GDP	25.98%	31.16%	25.41%

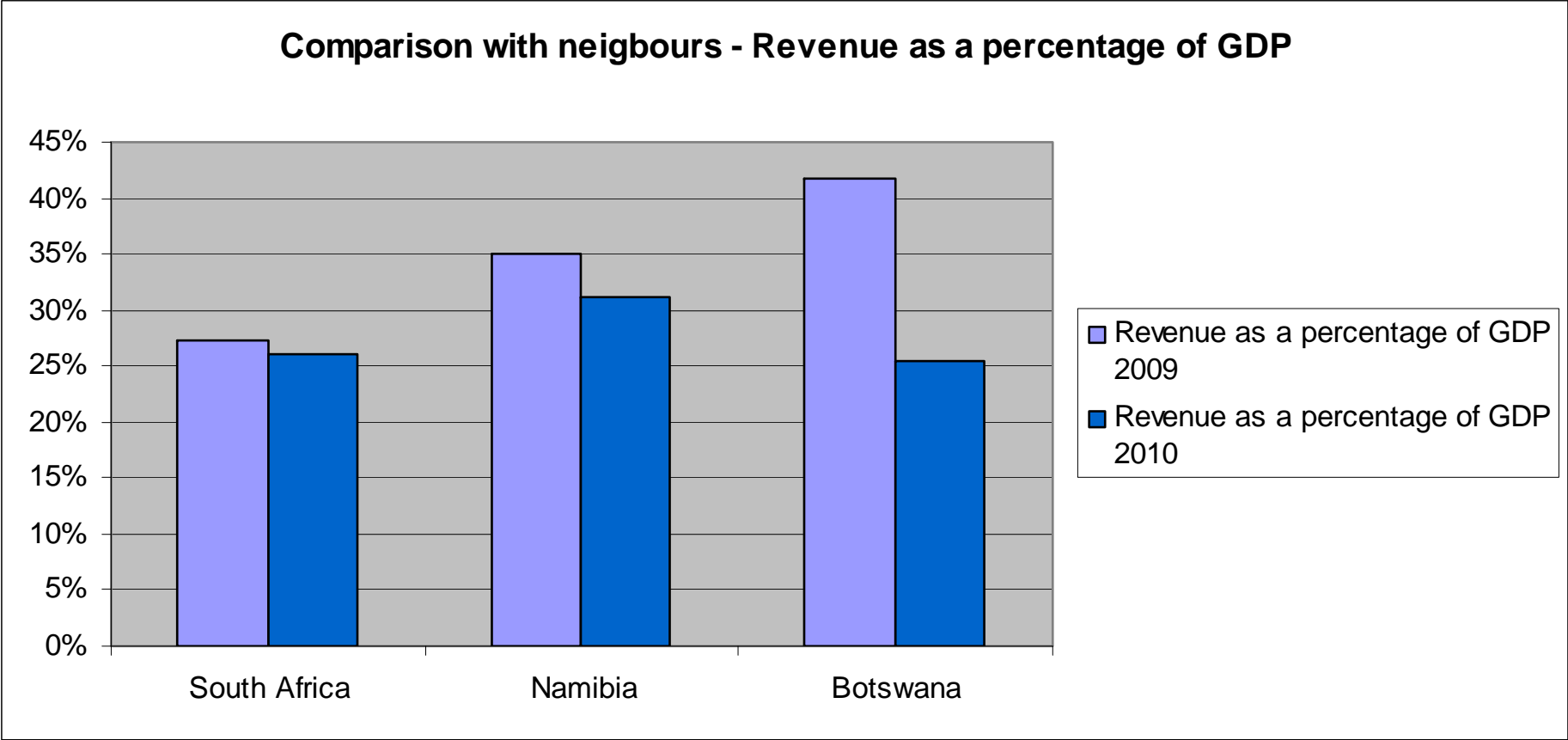
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Namibian GDP as % of Neighbours

Namibian GDP as a percentage of Southern African neighbours - 2010



Revenue comparison



Tax Amendments



Tax amendments: Summary

Indirect Tax:

VAT

Excise duties

Transfer duties

Environment taxes

Direct Tax:

Individual tax scales and rates

Non-mining companies rate

Pension payouts

Accumulative Gratuities

Tax amendments

Indirect Tax:

o Value-Added Tax - Zero rating of essential basic items:

- Milk and Sugar
- Medical Services

o Excise Duties increases:

- | | | |
|--------------------|---|----------|
| • Malt Beer | – | N\$ 0.07 |
| • Unfortified wine | – | N\$ 0.14 |
| • Fortified wine | – | N\$ 0.32 |
| • Spirits | – | N\$ 3.21 |
| • Cigarettes | – | N\$ 0.88 |

Tax amendments

● Indirect Tax:

o Environmental Tax

- Environmental levy on disposable products that are harmful to the environment.

(Details to be announced)



Tax amendments

Indirect Tax:

- o Transfer duty:
 - Current rate increased to 12% for following bodies:
 - Corporate bodies, Foundations & Trusts
 - Property purchases by natural persons – Affirmative Action Loan Scheme for commercial farmland & individuals:
 - threshold transfer duty of property increased to N\$ 400 000

Property Purchase Value	Duty percentage
N\$ 400 001 - N\$ 800 000	1%
N\$ 800 001 - N\$ 1 500 000	5%
Above N\$ 1 500 000	8%

Tax amendments

Indirect Tax:

- o Transfer duty:

- threshold for purchasing farmland increased to N\$ 500 000

Farmland Purchase Value	Duty percentage
N\$ 500 001 - N\$ 1 000 000	1%
Above N\$ 1 000 000	3%

Tax amendments

Direct Tax:

- o Accumulative gratuities – Tax Exemption:
 - Payment of retrenchment packages increased from N\$ 100 000 to N\$ 300 000

- o Pension payouts:
 - Lump sum tax free pension payout increased from N\$ 20 000 to N\$ 50 000

- o Corporate tax for non-mining operations:
 - Decreased from 35% to 34%

Tax amendments

Direct Tax:

- o Personal Income Tax brackets – tax rates decreased and new tax bracket introduced:

Value	Percentage
N\$ 0 - N\$ 40 000	0%
N\$ 40 001 - N\$ 80 000	27%
N\$ 80 001 - N\$ 200 000	32%
N\$ 200 0001 - N\$ 750 000	34%
Above N\$ 750 000	37%

***A Ship in port is safe, but that is not what
ships are for.***

Sail out to sea and do new things.

- Grace Hopper -

Thank you

*The budget speech and presentations
are available on: www.pwc.com/na*