

Progress with a Purpose

Namibian Budget Review 2014/2015

At PwC we turn adversity and challenges into opportunities – this means doing things differently and acting boldly. Our brochure provides an overview and numeric summary of the Budget Speech



Budget Overview

The 2014/2015 Budget and Fiscal Policy Outlook

N\$ Millions				
	2013 Actual	2014 Estimates	2015 Budget	2016 Forecast
GDP	110,791	116,444	141,305	160,165
Tax Revenue	35,319	37,554	49,213	54,794
Non-Tax Revenue	2,647	2,375	3,246	3,717
Return on Capital from Lending and Equity Participation	4	20	6	7
External Grants	17	193	7	180
Loan Proceeds	-	-	-	-
Total Revenue	37,987	40,141	52,473	58,698
As % of GDP	34.3%	34.5%	37.1%	36.6%
Total Expenditure	(38,112)	(47,576)	(60,204)	(64,092)
As % of GDP	34.4%	40.9%	42.6%	40.0%
Total Budget Deficit	(114)	(7,435)	(7,732)	(5,394)
As % of GDP	-0.1%	-6.4%	-5.5%	-3.4%
Public Debt	3,071	4,113	6,893	4,955
As % of GDP	2.8%	3.5%	4.9%	3.1%

Fiscal Targets 2015

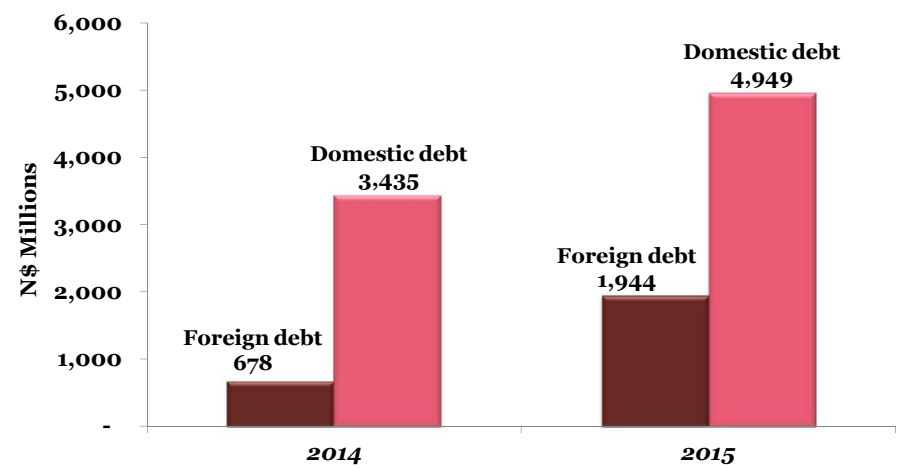


Debt Financing

Debt Financing plan for the Medium Term Expenditure Forecast (MTEF) for 2014/2015 to 2015/2016

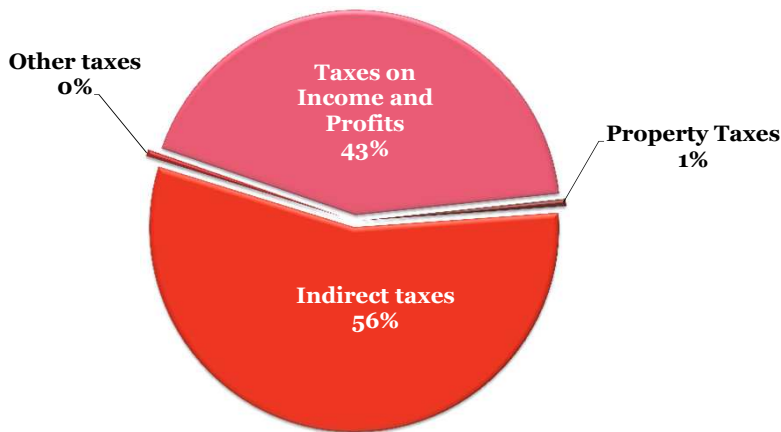
N\$ Millions			
	2013/14	2014/15	2015/16
Budget Balance	(7,435)	(7,732)	(5,394)
Utilization of Cash Reserves	4,000	2,000	1,500
Expenditure outside Budget (new foreign borrowing)	(678)	(444)	(237)
Bond redemption	-	(1,530)	(1,647)
Foreign loans repayment	-	765	824
Borrowing (own funds for bond redemption)	-	-	-
Net Borrowing Requirement	(4,113)	(6,940)	(4,955)

Domestic vs Foreign Debt

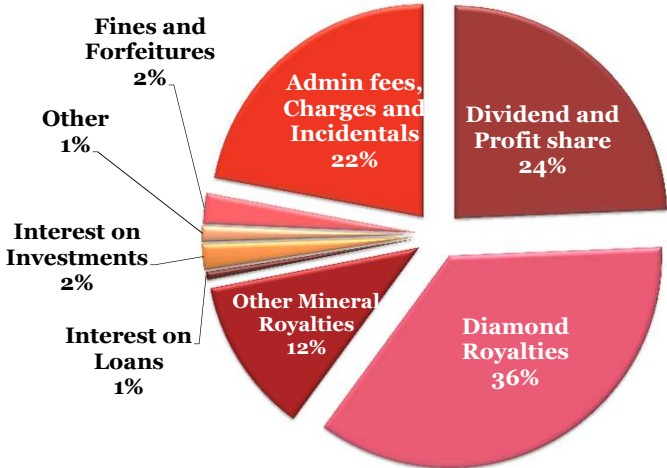


Revenue

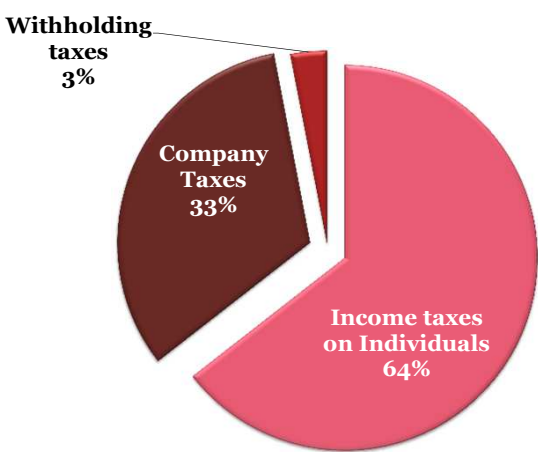
Tax Revenue 2015 Budget (N\$ 49,213 millions)



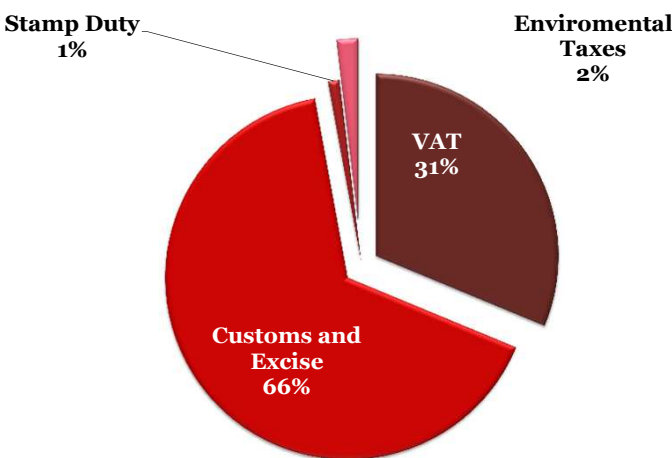
Non-Tax Revenue 2015 Budget (N\$3,246 millions)



Income on profits and taxes: 2015



Indirect Taxes: 2015

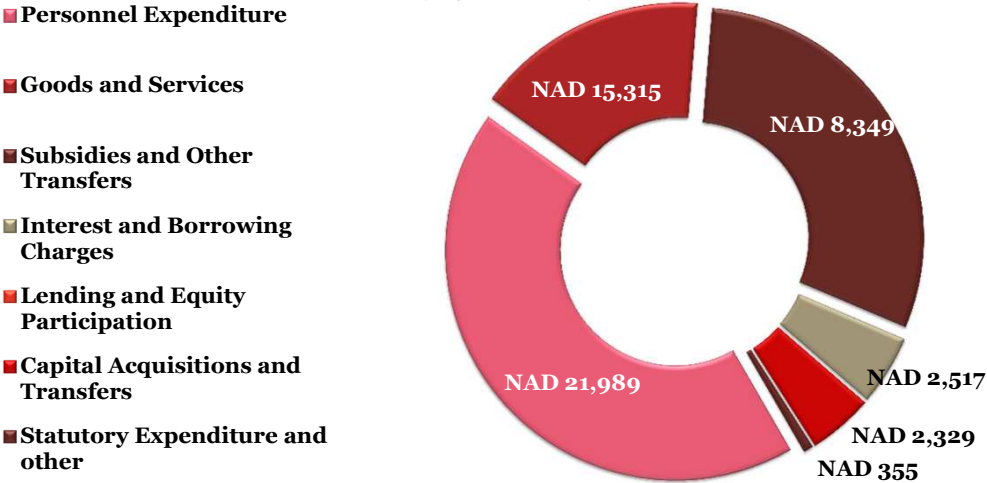


Expenditure

Government Expenditure Estimates by Main Items for 2014/2015

N\$ Millions			
	2013/14	2014/15	2015/16
Personnel Expenditure	17,537	21,989	22,977
Goods and Services	6,739	8,349	8,927
Subsidies and Other Transfers	11,962	15,315	16,435
Interest and Borrowing Charges	2,246	2,517	3,130
Lending and Equity Participation	15	14	14
Capital Acquisitions and Transfers	980	2,329	2,120
Statutory Expenditure and other	289	355	434
Total Operational Expenditure (A)	39,768	50,869	54,037
Total Capital Expenditure (B)	7,817	9,224	10,055
Total Expenditure (A) + (B)	47,585	60,093	64,092

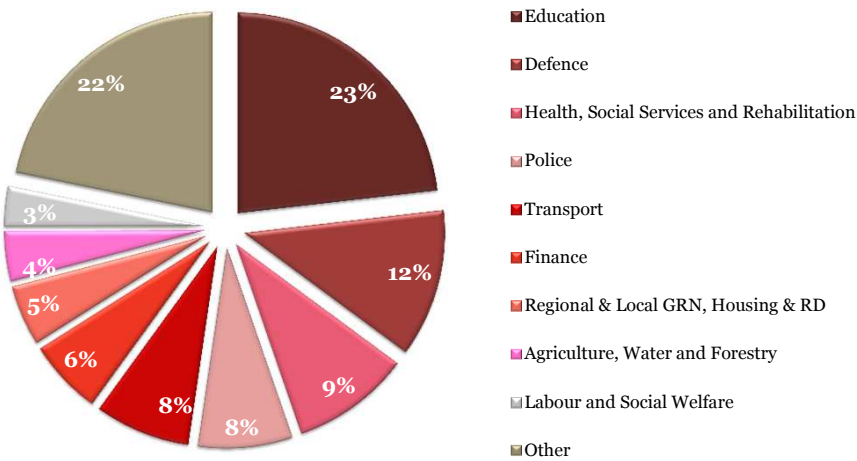
Operational expenditure estimates by main items 2014/15 (N\$ millions)



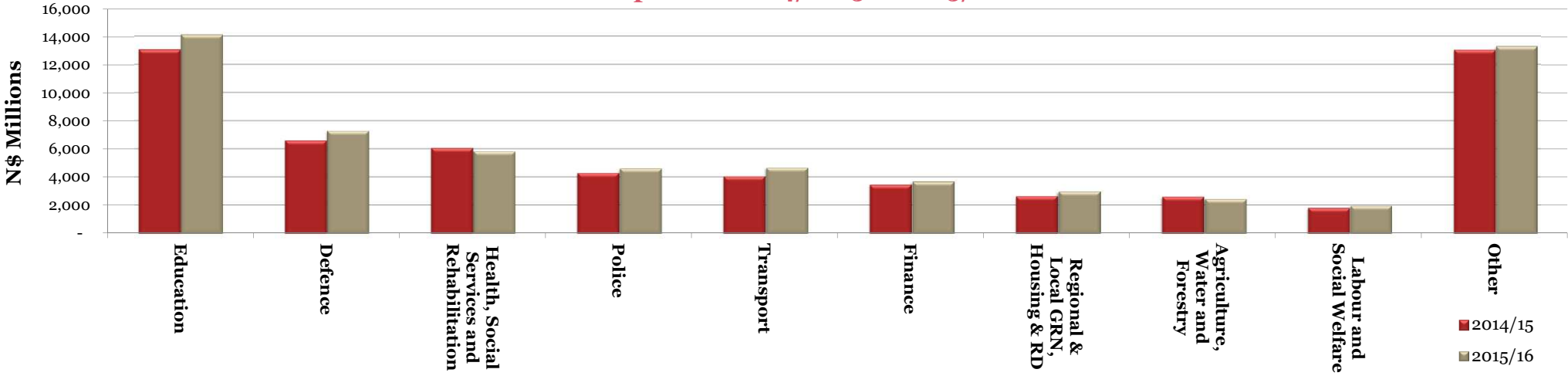
Government Expenditure Estimates by Department for 2014/2015

N\$ Millions			
	2014/15	2015/16	% Increase
Education	13,068	14,130	8%
Defence	6,606	7,286	10%
Health, Social Services and Rehabilitation	6,067	5,846	-4%
Police	4,288	4,629	8%
Transport	4,056	4,679	15%
Finance	3,466	3,687	6%
Regional & Local GRN, Housing & RD	2,649	2,979	12%
Agriculture, Water and Forestry	2,618	2,453	-6%
Labour and Social Welfare	1,812	1,980	9%
Other	13,055	13,290	2%
Total	57,685	60,959	6%

Government expenditure per Department 2014/2015 (N\$ millions)



Comparison 2014/2015 to 2015/2016



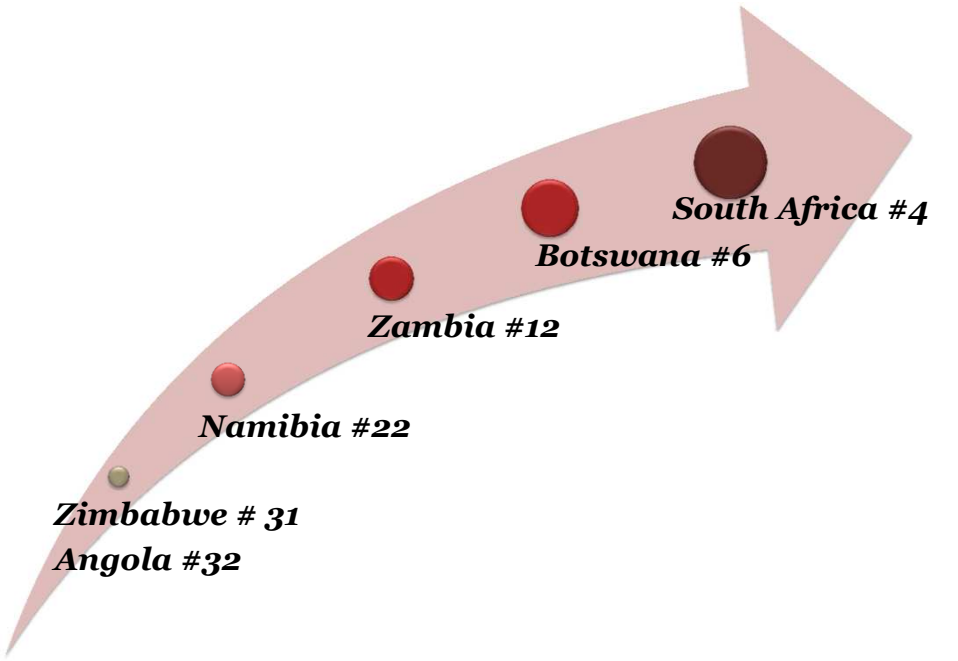
Paying Tax 2014 - Namibia results

The launch of the **2014 Paying Taxes** survey ranked **Namibia 114th** out of **189** economies on the ease of paying taxes. The survey publicised that it takes an annual average of **314 hours** and **37 number** of payments to be tax compliant in Namibia.

For more information, see this year's report available at: <http://www.pwc.com/gx/en/paying-taxes/index.jhtml>



In comparison with other African countries participating in the Paying Taxes survey, Namibia ranked 22nd out of 53 African countries



Budget snapshot

1. Taxes to promote value-addition in the mining, meat and fish sectors have been finalised and will be introduced soon.
2. In addition to the annual pool share from SACU a further N\$812 million from the 2011/12 pool surplus will be paid to Namibia during 2014/15 fiscal year.
3. The Minister of Finance urged all taxpayers with outstanding taxes to make arrangements to settle their liabilities to avoid penalties.
4. Amendments were made to the regulations under the current Tender Board Act to promote empowerment.
5. The Ministry of Finance has indicated the development of guidelines for Public-Private Partnership implementation and formulation of the enabling legislation has started.
6. A total of N\$9.52 billion was earmarked for transfers to State Owned Enterprises, mainly for operational expenses related to infrastructure development in the energy and transport sectors.
7. A total of N\$8.0 billion was allocated to the Ministry of Agriculture during the MTEF to fund, among others, the drought relief incentives, construction of earth dams and expansion of rural water supply.
8. A total of N\$5.3 billion was allocated to the Mines and Energy sector over the MTEF for the development of the Kudu Gas-to-Power Project, rural electrification and support to Epangelo Mining.
9. No increase in Old Age grants were announced in the 2014/2015 budget speech.

Taxation - Proposed changes

The following tax proposals may be introduced during the course of 2014:

- Differentiated rate on the export of natural resources
- 32% Income Tax Rate for non-mining companies
- Environmental levy on a range of environmentally harmful products
- Introduction of a transfer duty on the sale of shares in companies owning fixed property and mineral rights or licences
- Increase in VAT threshold from N\$200,000 to N\$500,000

The Minister indicated that the following will get specific attention:

- Tax policy reforms
- Introduction of an integrated computerised tax system
- Special tax regime for SME businesses
- A review of the individual tax regime
- Possible introduction of Capital Gains Tax

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The information contained in this booklet is based on current Namibian legislation and practice as well as the 2014/2015 Budget speech of the Minister of Finance. Amendments after publication of this brochure as well as the DIR's departmental practice may lead to further changes. This brochure is intended for general information only and does not deal exhaustively with any topics. No responsibility can be accepted for any errors or loss, however caused or sustained. The firm's partners should be contacted for tax planning issues.

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