“At PwC we build trust & solve problems”

Our presenters:

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Partner
Tax Services

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Partner
Indirect Tax Services
Agenda

1. Focus areas 2014/2015
2. Numbers in the Budget 2014/2015
3. Tax Changes
4. How do we compare
Key Focus Areas for 2014/2015

1. Economic stability
2. Grow the economy
3. Up skill Namibians
4. Reduce bureaucracy
TIPEEG’s 3rd year
Targeted Intervention Programme for Employment and Economic Growth

- N$14.5bn allocated 3 year period
- Jobs created:
  15,829 permanent,
  67,485 temporary

Est. Jobs created: 83,315
Jobs creation target: 104,000 to 187,000
2014/2015 Budget Numbers

Progress with a Purpose
PwC
The Numbers

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expenses</th>
<th>Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>38.1</td>
<td>38.0</td>
<td>-0.1</td>
</tr>
<tr>
<td>2014</td>
<td>47.6</td>
<td>40.1</td>
<td>-7.4</td>
</tr>
<tr>
<td>2015</td>
<td>52.5</td>
<td>60.2</td>
<td>-7.7</td>
</tr>
<tr>
<td>2016</td>
<td>58.7</td>
<td>64.1</td>
<td>-5.4</td>
</tr>
</tbody>
</table>

Revenue
Expenses
Deficit

Progress with a Purpose
20 February 2014
The Numbers

Deficit as % of GDP

-7.0% -6.0% -5.0% -4.0% -3.0% -2.0% -1.0% 0.0%

2013 2014 2015 2016

-6.4% -5.5% -3.4% -0.1%
Top 5 Ministries allocations 2014

Education – N$ 13 bn (2013: N$7,7 bn)
Defence & Police – N$10,8 bn (2013: N$4,5 bn)
Health & Social Services – N$6,1 bn (2013: N$2,7 bn)
Transport – N$4,1 bn (2013: N$ 485 mil)
Finance – N$3,5 bn (2013: N$3,6 bn)
Top 5 Budget Cuts

46% - Veteran Affairs
29% - Electoral Commission
25% - Home Affairs and Immigration
21% - Office of the Prime Minister
16% - Office of the President
SOE’s Budget Allocation

Air Namibia N$472 mil
Namport N$100 mil
NBC N$312 mil
NWR N$104 mil
Trans Namib N$247 mil
Tax Revenue VS Non-Tax Revenue

Tax Revenue
N$49,213 mil

Non-Tax Revenue
N$3,246 mil

Total Revenue
N$52,473 mil
Total Tax Revenue (N$49,213 million)

- Taxes on Income and Profits: 42%
- Customs and Excise: 37%
- VAT: 17%
- Withholding taxes: 2%
- Other: 2%
- Property Taxes: 0%
**SACU receipts**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>N$ millions</td>
<td>13,796</td>
<td>14,727</td>
<td>18,117</td>
<td>20,336</td>
<td>22,564</td>
</tr>
</tbody>
</table>

Progress with a Purpose
PwC

20 February 2014
**Tax reforms**

- Investigation introduction of
  - Presumptive taxes for small business;
  - Capital gains tax

- Commissioning of Task Team on establishment of semi-autonomous Revenue Agency
Inland Revenue Overview - Challenges

- VAT refund processing - where audit is performed
- Approval process on large VAT refunds
- Income Tax assessments
- Accurate and timeous system and payment processing
- Legal Department capacity
- Taxpayer communication
- Uniformity between Receiver offices
- Communication of implementation dates on new legislation
**Inland Revenue Overview - Progress**

- Increased focus on compliance (vs new taxes)
- Commissioner appointment
- Faster refunds of VAT - not subject to audit
- Improved consultations with some industries
- Business Process Re-engineering project
- Commission of Revenue Agency task team
- Commission of Revenue Agency task team & ITAS system in process
- Improved taxpayer communication
Tax Amendments - Proposed for introduction during 2014 / 2015

Corporate Tax rate reduction to 32%

Excise/Sin taxes as per SA budget speech (24 Feb 2014)
Tax Amendments - Proposed for introduction during 2014 / 2015

Export tax on certain primary commodities and natural resources

Environmental Taxes Bill - Light bulbs, tyres, CO² emission

N$ 7 m budgeted

N$ 517m budgeted
Tax Amendments - Proposed for introduction during 2014 / 2015

VAT registration threshold increase
N$200 0000 to N$500 0000
Mining Tax Rates

- **55%** Diamond mining
- **37.5%** Uranium & other mining
- **35%** Petroleum mining
- **32%** Other than mining

+ Mineral royalties
+ New VET Levy
+ New Export taxes
How do we compare?
Manufacturing Tax rates
Incentives for Industrialised Nation

South Africa: 28%
Namibia: 18%
Botswana: 15%
World Bank Report 2014
Comparisons in the World– Ease of paying taxes

Mauritius 13th
South Africa 24th
Botswana 47th
Zambia 68th
Namibia 114th
Zimbabwe 142nd
Angola 155th
World Bank Report 2014
Comparisons in 53 Countries in Africa
Number of payments

Namibia # 37
Botswana # 34
Angola # 30
Mauritius # 8
South Africa # 7
The time it takes in hours per year for tax administration and compliance.

- Botswana: 152 hours
- Zambia: 183 hours
- South Africa: 200 hours
- Zimbabwe: 242 hours
- Angola: 282 hours
- Namibia: 314 hours
World Bank Report 2014 - Namibia
Setting up Business – time and procedures

- ranked 132nd
- 10 steps
- 66 days
- 14.7%
Progress with a Purpose:

“... We are convinced that through this budget we will fulfil our vision of Inclusive Growth and Fiscal Sustainability...”

Hon. Saara Kuugongelwa-Amadhila
Minister of Finance
2014/15 Budget speech
Thank You

The Budget Speech and presentations are available on:

www.pwc.com/na