







2017/2018 Mid-Year Budget Review

Key Reforms

The minister proposed the following key reforms still to be finalised:

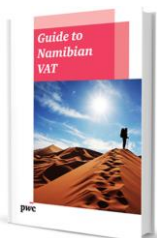
Investment Promotion Act	Local economic advancement provisions currently under review	
Public Procurement Act	Preferential procurement provisions currently under review	
State Finance Act	Further review of public expenditure	
Partial listing of select state assets	Proposed as a means of raising capital	
Domestic asset requirements (pension funds & insurance co's)	Phased introduction 40% (01/2018), 42.5% (04/2018) and 45% (10/2018)	
Infrastructure development through PPPs	Initial estimated investment outlay N\$2 billion	



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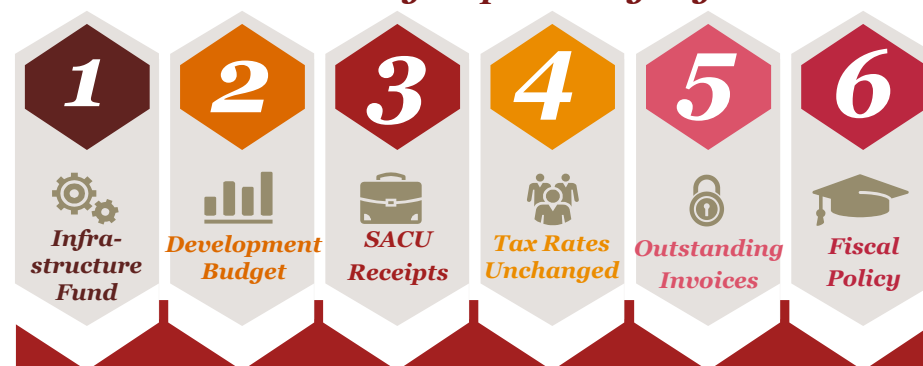
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The Minister of Finance presented the Mid-Year Budget Review Policy Statement in Parliament on 2 November 2017. This overview summarises some of the highlights.

"Retaining fiscal sovereignty is not a matter of choice. We have collectively chosen build the Namibian house together. We have chosen to make it." – Hon. Calle Schlettwein, Minister of Finance

Mid-Year Budget Speech Highlights



The following highlights were identified:

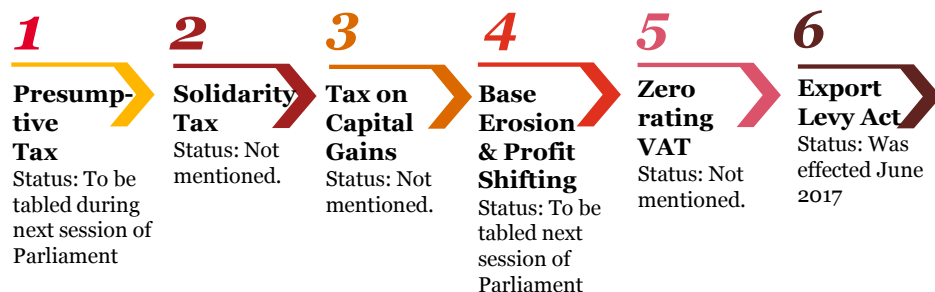
1. Established at Development Bank of Namibia, initial size N\$2.5 billion;
2. Expected to double in size, resulting in beneficial growth and job creation;
3. Projected to decline by 10.2% for FY2018/19 vs. 10% previously anticipated for the MTEF;
4. Introduction of presumptive tax, transfer pricing legislation enforcement and scrapping of categories of tax exemptions confirmed;
5. Additional expenditure budget of N\$2.2 billion allocated to settle outstanding invoices ("once off ... not the norm"); and
6. Minister confirms that Government will maintain a balanced fiscal consolidation policy.



The information contained in this booklet is based on current Namibian legislation and practice as well as the 2017/2018 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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Tax Proposals/Changes Tracker



Revised Revenue, Expenditure and GDP Ratio

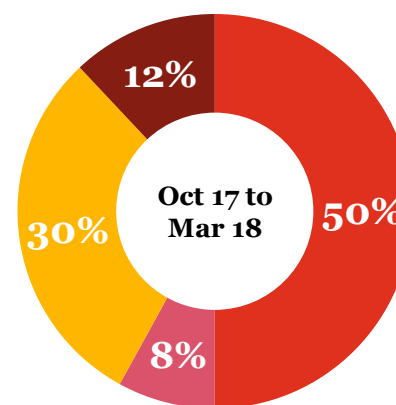


Annual Budget Comparison (N\$ Billions)

Years	2014/ 2015 Actual	2015/ 2016 Actual	2016/ 2017 Revised	2017/ 2018 Proposed (Annual)	2017/ 2018 Revised (Interim)	% Change
Total Revenue	42,103	52,215	50,865	56,425	56,723	0.53%
Total Expenditure	(49,088)	(64,638)	(62,228)	(62,541)	(66,543)	6.40%
Deficit	(6,985)	(12,423)	(11,363)	(6,116)	(9,370)	53.2%

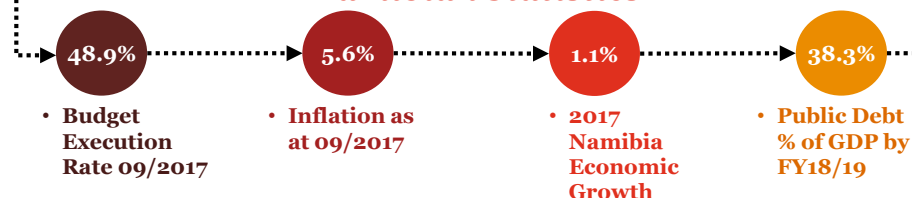
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Revised Available Budget (by Main Sub-Category)



- Personnel Expenditure (originally 45% for the year)
- Acquisition of Capital Assets (originally 10% for the year)
- Subsidies and Other Current Transfers (originally 27% for the year)
- Goods and Other Services (originally 10% for the year)
- Borrowing costs (originally 8% for the year)

Namibian Statistics



Major Additional Spending

The Minister proposed the following allocation of additional funds:

- N\$2.2 billion allocated to cater for **arrears expenditure** for the 2016/2017 financial year;
- N\$899 million for **Basic Education** (textbooks, hostel catering, school feeding program and remuneration);
- N\$807.7 million allocated to **Higher Education** (specifically **UNAM, NUST, NSFAF** and **NTA**);
- N\$150 million to **Safety and Security** (for operational expenses);
- N\$130 million for **Works** (rental fees for office accommodation);
- N\$100 million for **Health and Social Services** (for pharmaceuticals and personnel expenditure); and
- N\$100 million to **Defence** (for long term contractual obligations).