

2019/20 Mid-Year Budget Review Highlights



October 2019

2019/20 Mid-Year Budget Review

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2019/20 Mid-Year Budget Review

Overview

The Minister of Finance presented the Mid-Year Budget Review Policy Statement in Parliament on the 22nd of October 2019. This overview summarises highlights from the speech.

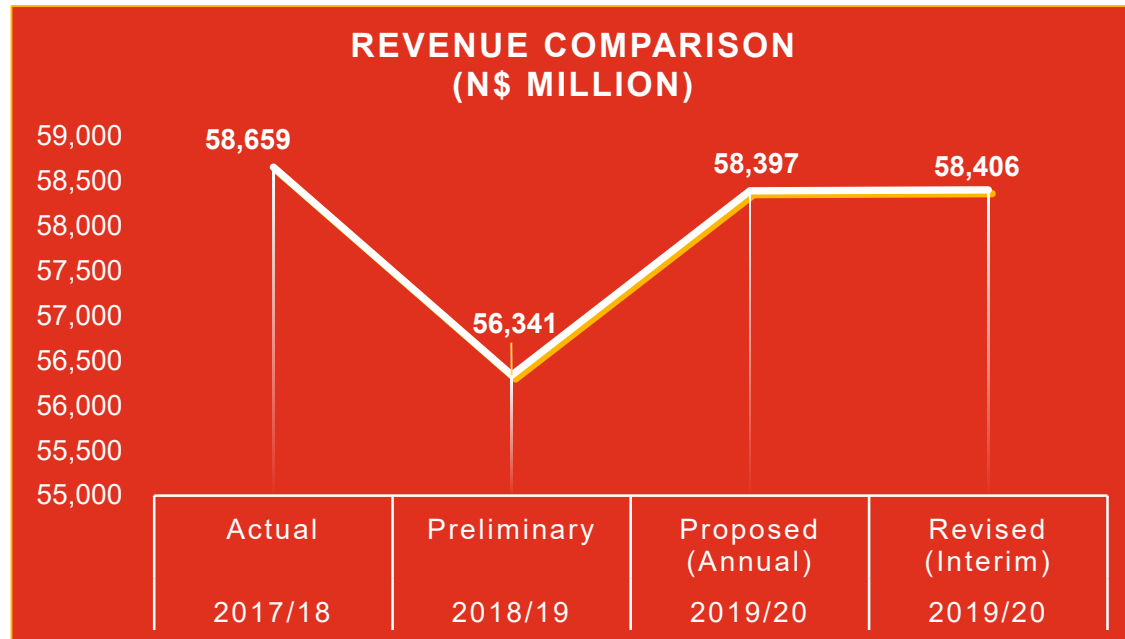


“The economic and fiscal environment has changed and remains dynamic. Our economy, as small it is, remains resilient in challenging times.” – Hon. Calle Schlettwein, Minister of Finance

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Budget Comparisons (N\$ Millions)

Total Revenue Comparison



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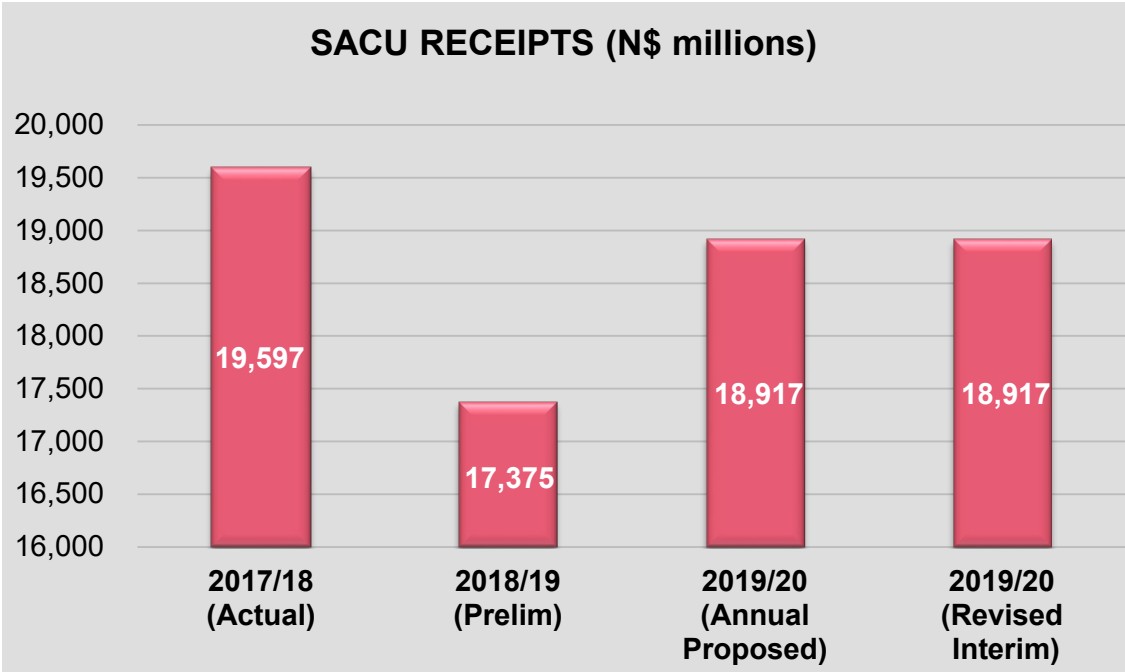
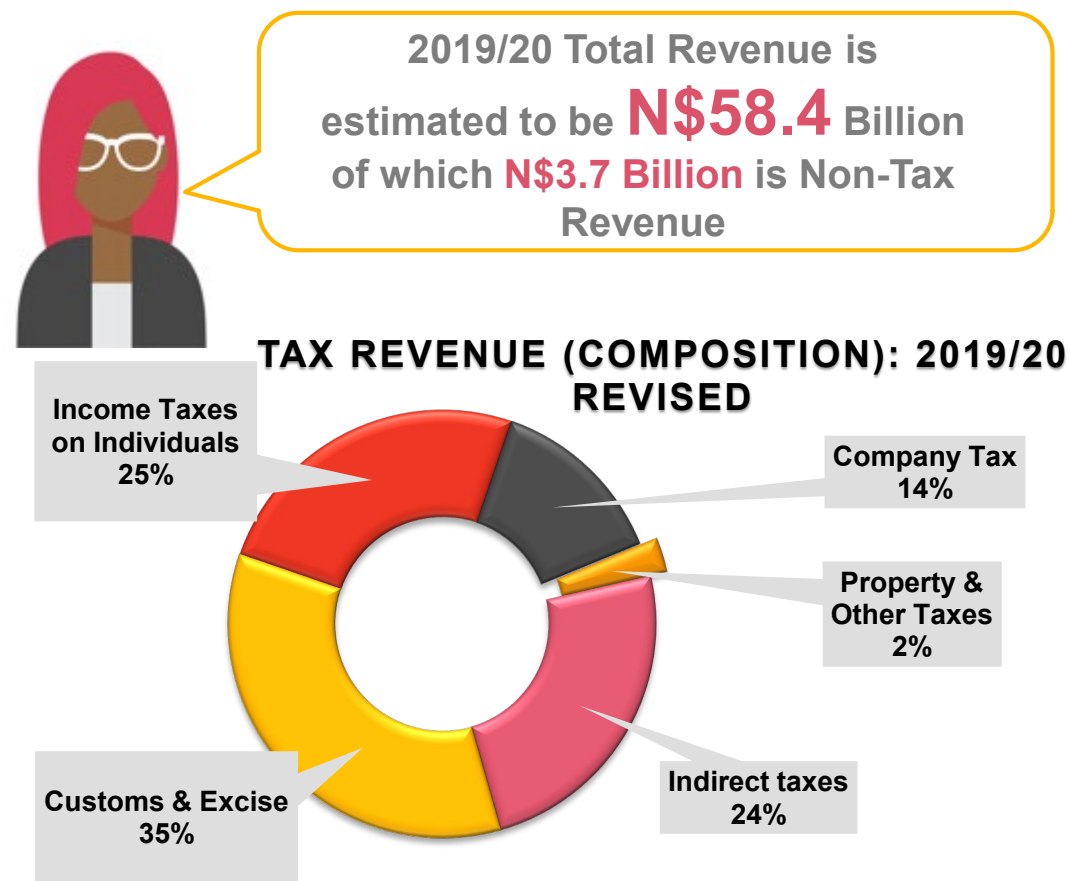
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Revenue collection is on track for the first half of the year, with a Mid-Year revenue out-turn amounting to N\$29.4 billion. This is estimated to be 50% of the budgeted revenue and about 2% better than the average half-year collection rate. Revenue for the FY2019/20 is expected to remain unchanged at the budgeted N\$58.4 billion, 28.8% of GDP.

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Budget Comparisons (N\$ Millions)

Revenue Analysis



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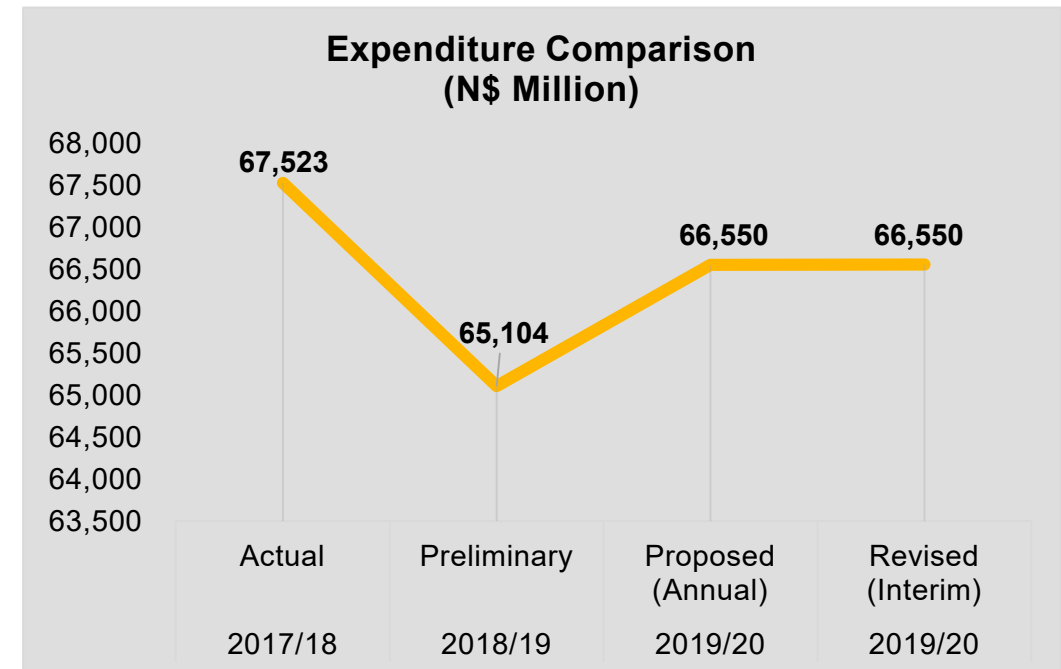
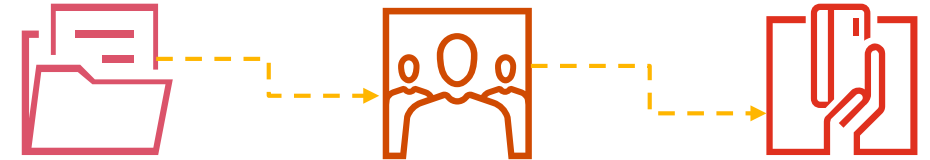
Budget Comparisons (N\$ Millions)

Total Expenditure Comparison



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The half-year expenditure execution was 46% of the budget, amounting to N\$30.6 billion. The half-year expenditure execution (excluding interest) was 52%. Development budget implementation rate at September 2019 is 37%. Interest rate payments approximates 11% of revenue.



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Budget Comparisons (N\$ Millions)

Major expenditure reallocations

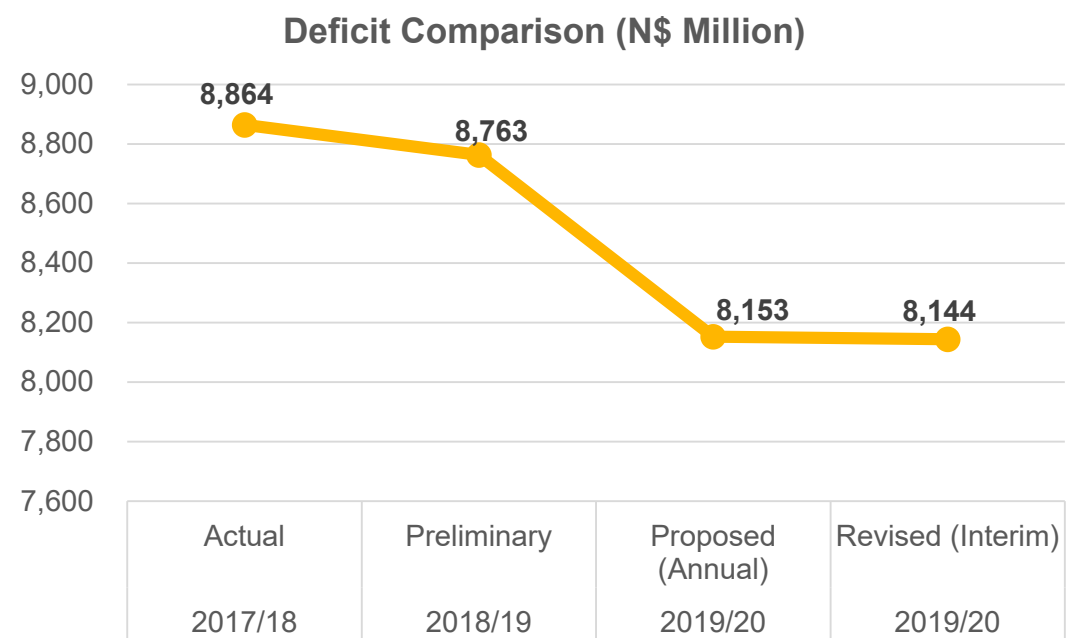
Freed up funds amounts to **N\$1.18 billion**, comprising of **N\$999.59 million** from the development budget and **N\$176.32 million** from the operational budget.



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Budget Comparisons (N\$ Millions)

Total Deficit Comparison



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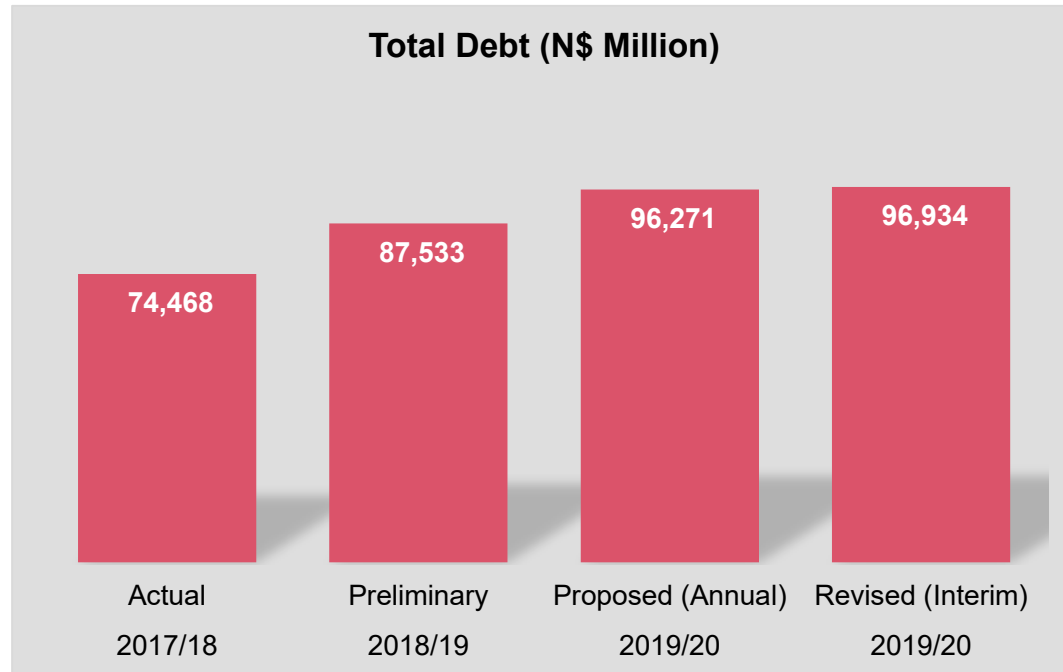
The 2019/20 Mid Year budget review reflects a budget deficit that has decreased from 4.7% to 4.1% of GDP over the first half of the year. Estimated to reach 2.5% of GDP by FY2022/23.



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Budget Comparisons (N\$ Millions)

Total Debt Comparison & Expenses Composition



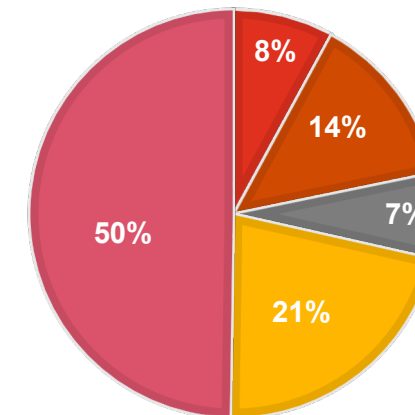
Debt as a %
of GDP
stands at
49.0%



Expenditure
as a % of
GDP stands
at
33.6%

EXPENDITURE BY MAIN (REVISED AVAILABLE BUDGET)

■ Administrative ■ Economic ■ Infrastructure ■ Public Safety ■ Social



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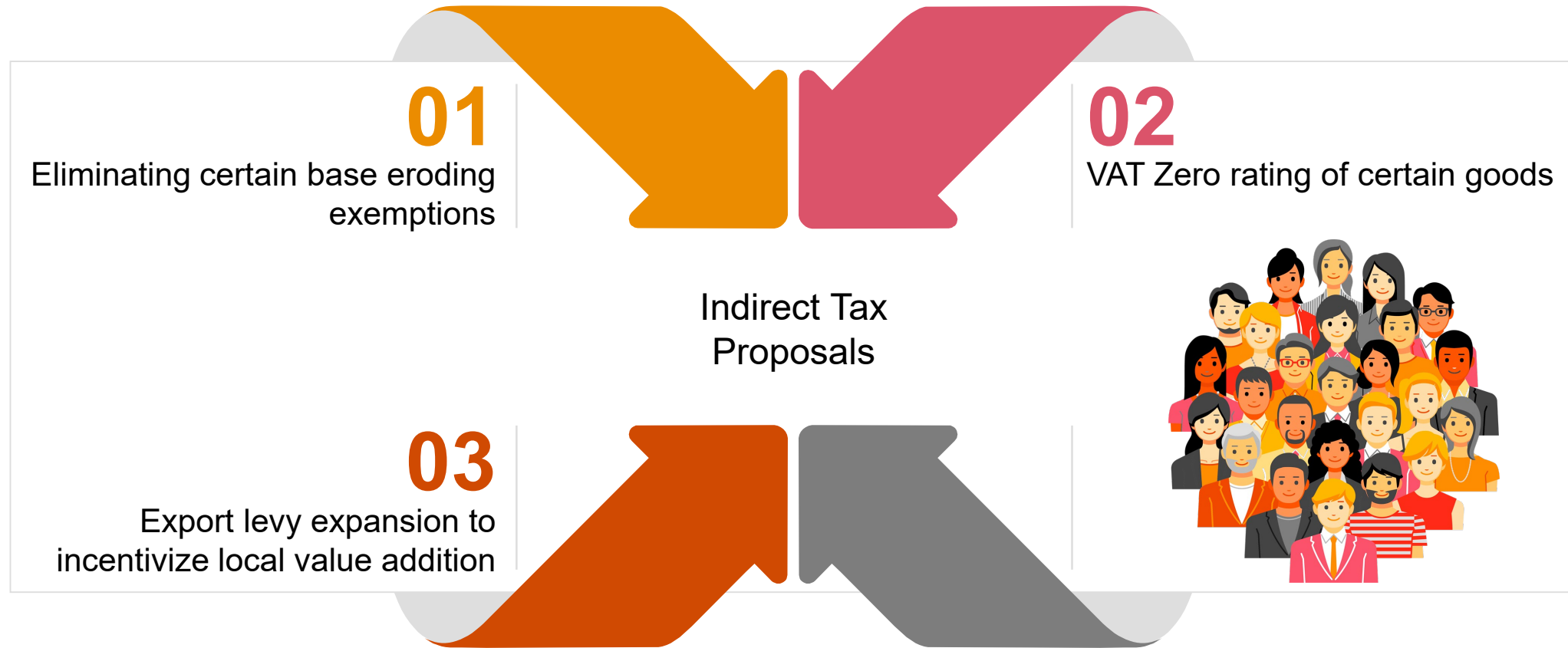
Main Income Tax Legislation Proposals



- Establishing of the **Special Economic Zone**, eliminating current tax incentives for manufacturers and exporters of manufactured goods
- Specific **taxation** of trusts
- Investigating **lower tax regime** for **small business**
- Taxing of certain **commercial entities**
- Conclude research on improving tax revenues from **extraction sectors**

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Main Indirect Tax Legislation Proposals



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As concluded by the Honourable Minister of Finance

“Nothing happens until the pain of remaining the same, outweighs the pain of change.” - Arthur Burt

Questions? Contact one of our tax experts below:



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