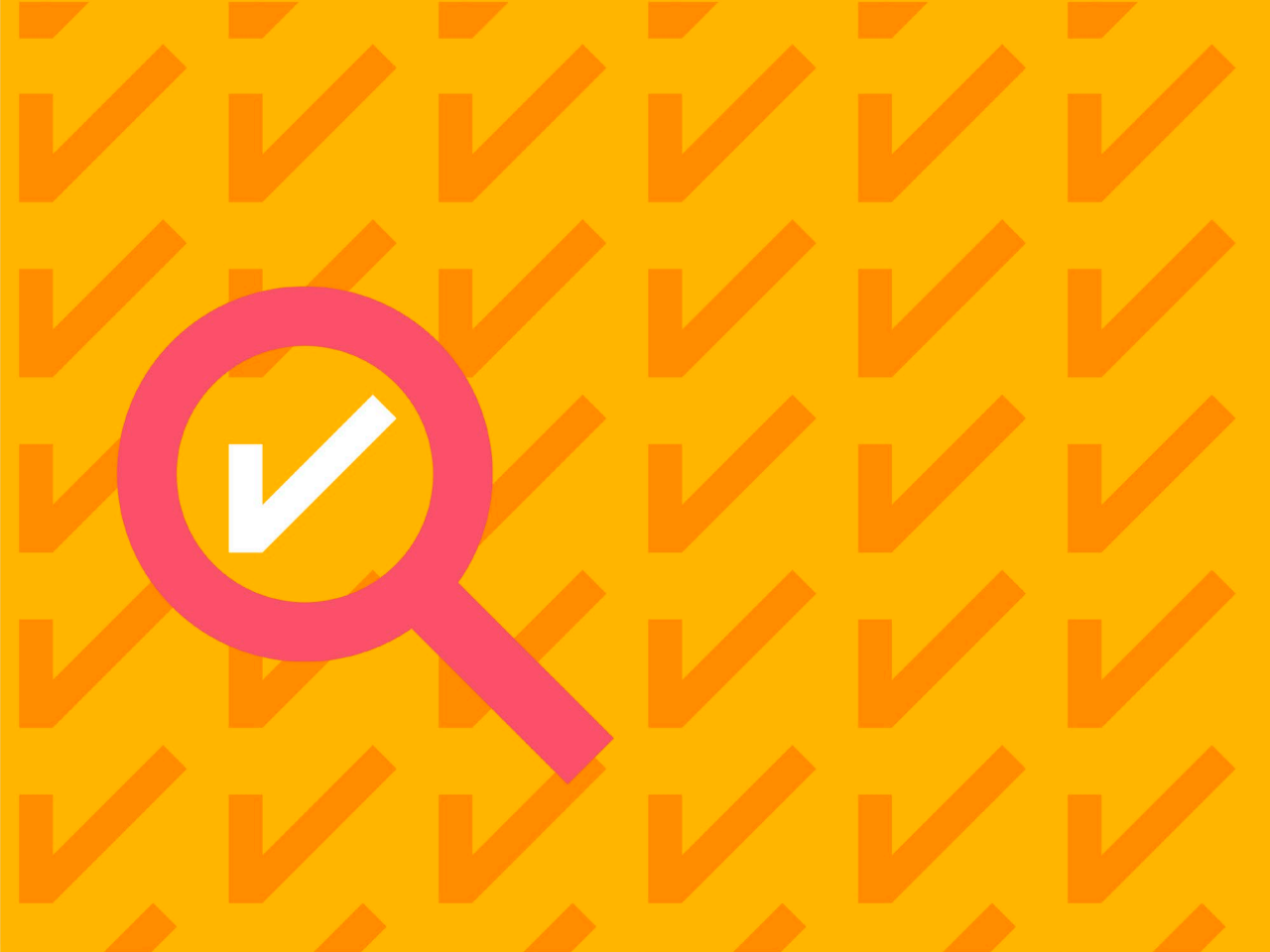


2020/21 Mid-Year Budget Review Highlights



October 2020

2020/21 Mid-Year Budget Review

Proudly brought to you by:



Standard Bank



LIBERTY

NMH NAMIBIA
MEDIA
HOLDINGS

2020/21 Mid-Year Budget Review

Overview

The Minister of Finance presented the Mid-Year Budget Review Policy Statement in Parliament on the 20th of October 2020. This overview summarises highlights from the speech.

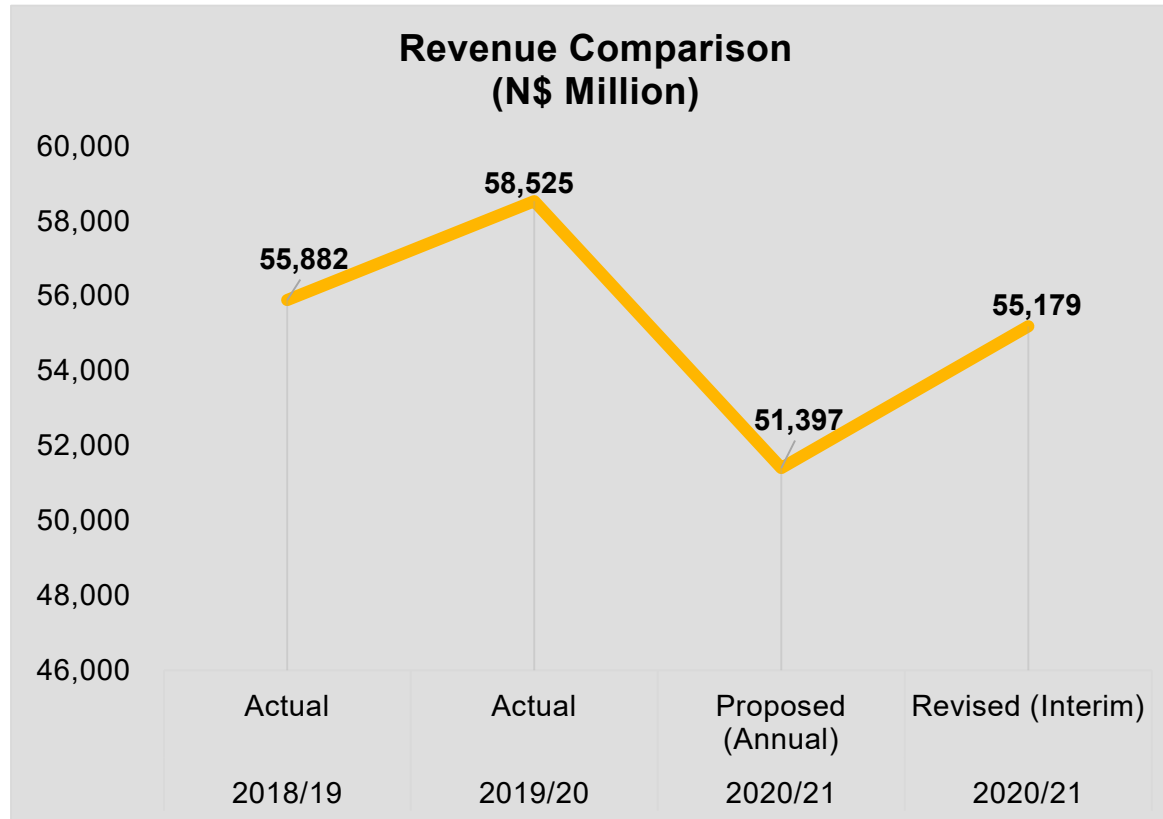


**“Together defeating COVID-19, Together thriving again”
– Hon. Ipumbu Shiimi, Minister of Finance**

2020/21 Mid-Year Budget Review

Budget Comparisons (N\$ Millions)

Total Revenue Comparison



Chantell Husselmann

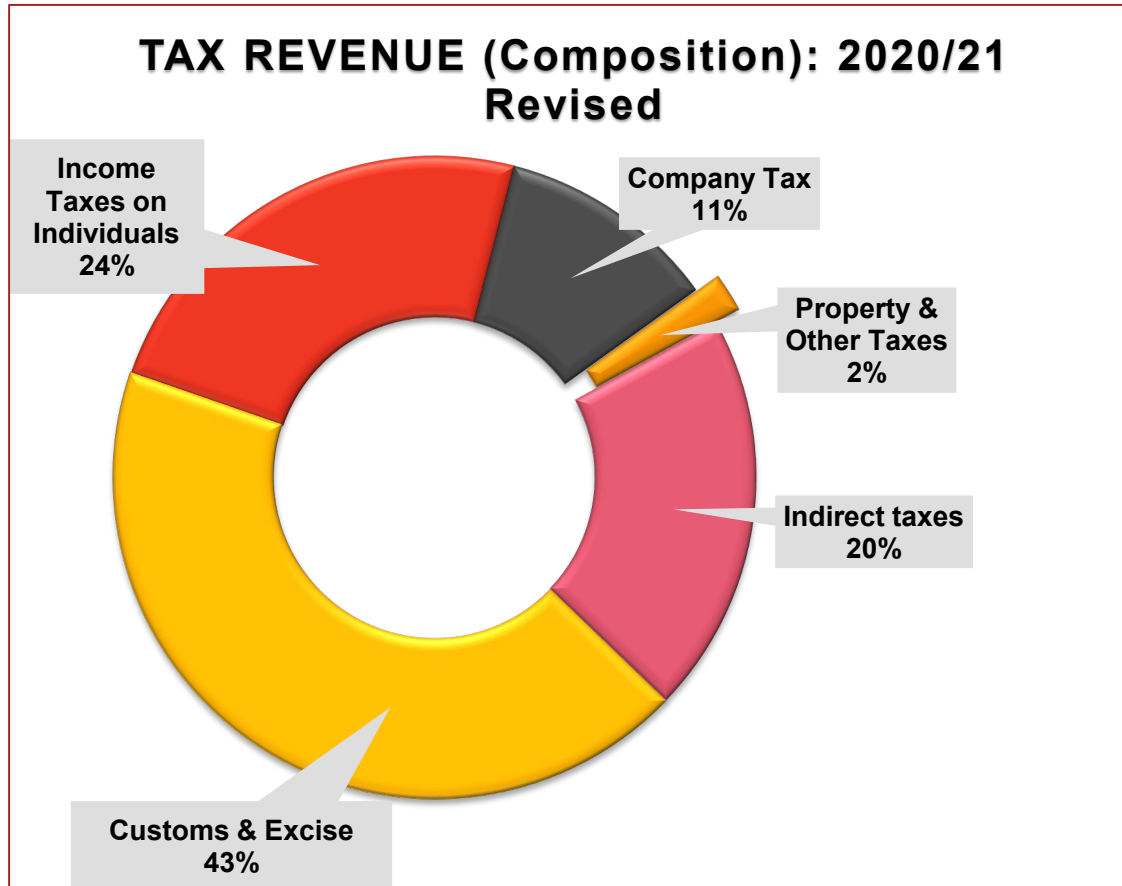
Country Senior Partner / Tax Leader
chantell.husselmann@pwc.com

Actual revenue outturn for 2019/20 amounted to N\$58.5 billion, generally on par with the budget revenue estimate of N\$58.3 billion and amounting to 32.7 percent of GDP. Revenue for the FY2020/21 is expected to increase with N\$3.8 billion largely attributable to Income Taxes on Individuals of N\$2.7 billion and Company Taxes of N\$1 billion.

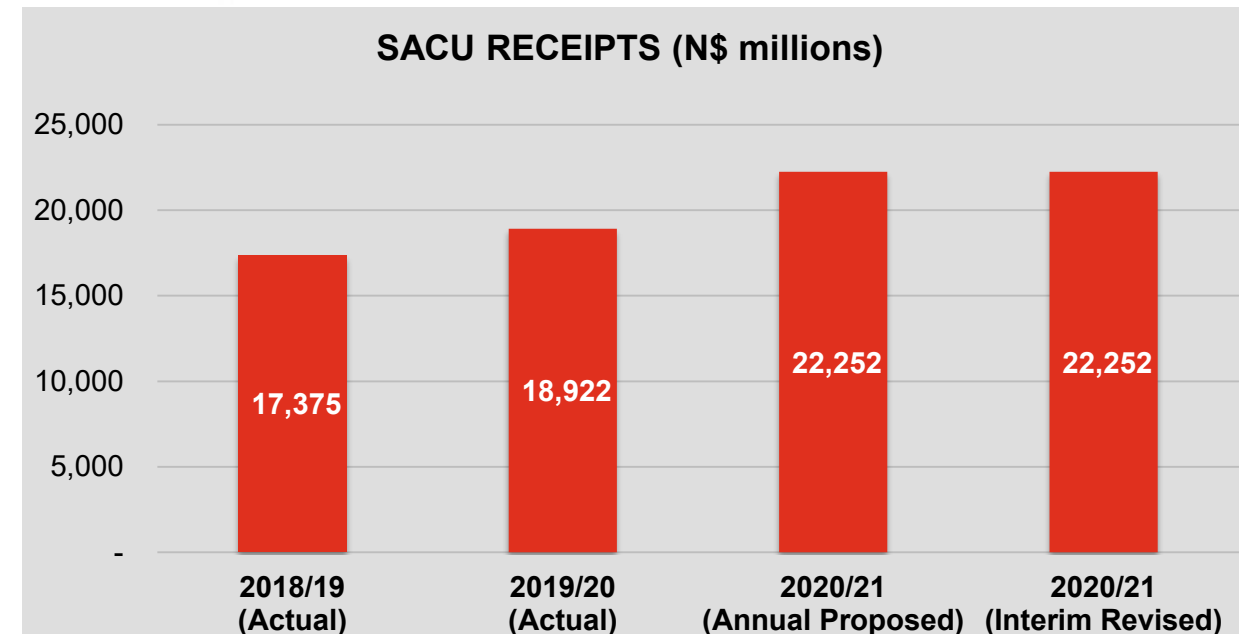
2020/21 Mid-Year Budget Review

Budget Comparisons

Revenue Analysis



2020/21 Total Revenue is estimated to be **N\$55.2 Billion** of which **N\$3.3 Billion** is Non-Tax Revenue



2020/21 Mid-Year Budget Review

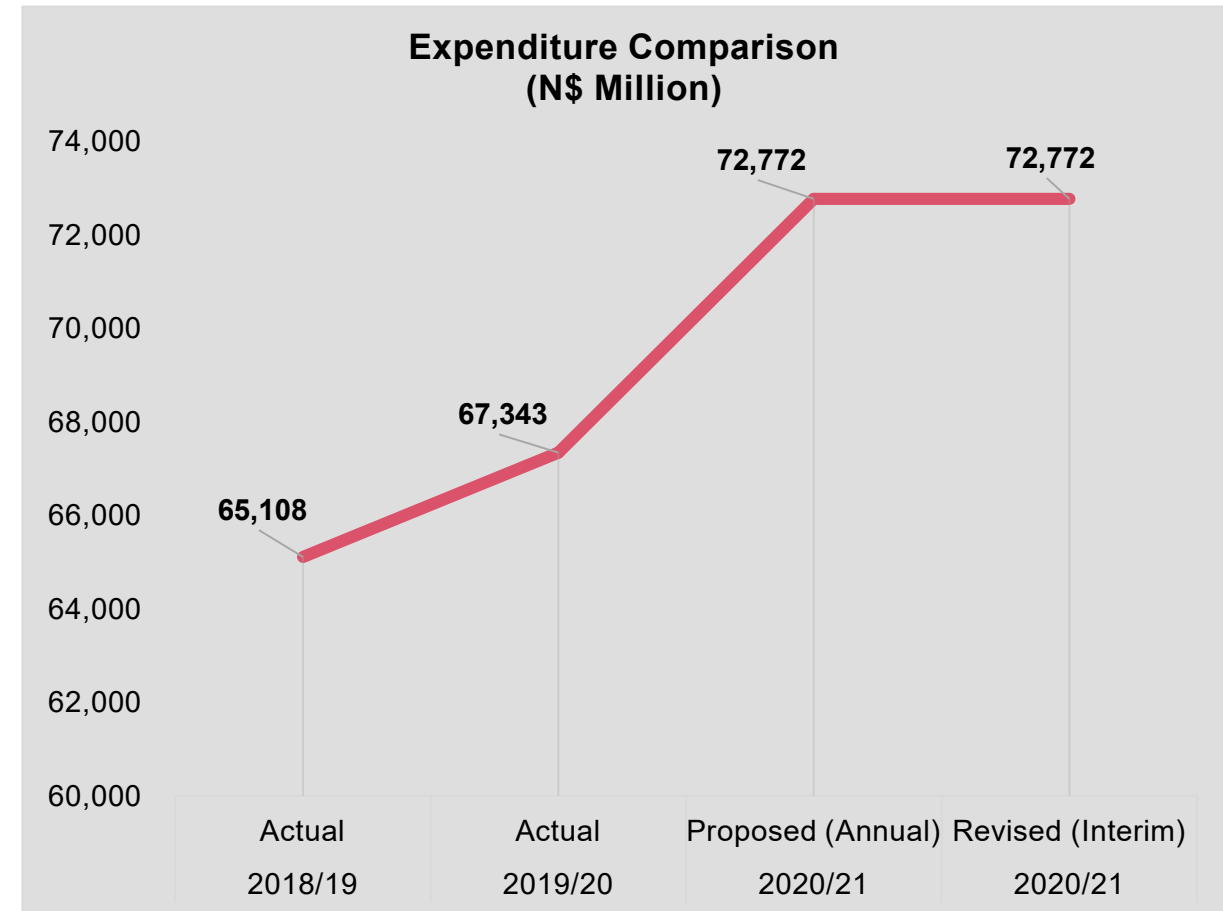
Budget Comparisons (N\$ Millions)

Total Expenditure Comparison



Johan Nel
Corporate Tax Partner
johan.nel@pwc.com

The half-year expenditure execution was 49% of the budget, amounting to N\$35.8 billion. The FY2020/21 expenditure budget remains unchanged at N\$72.8 billion due to proposed reallocation of resources. The proposed reallocations are intended to meet resource shortfalls for the provision of infrastructure and essential services.

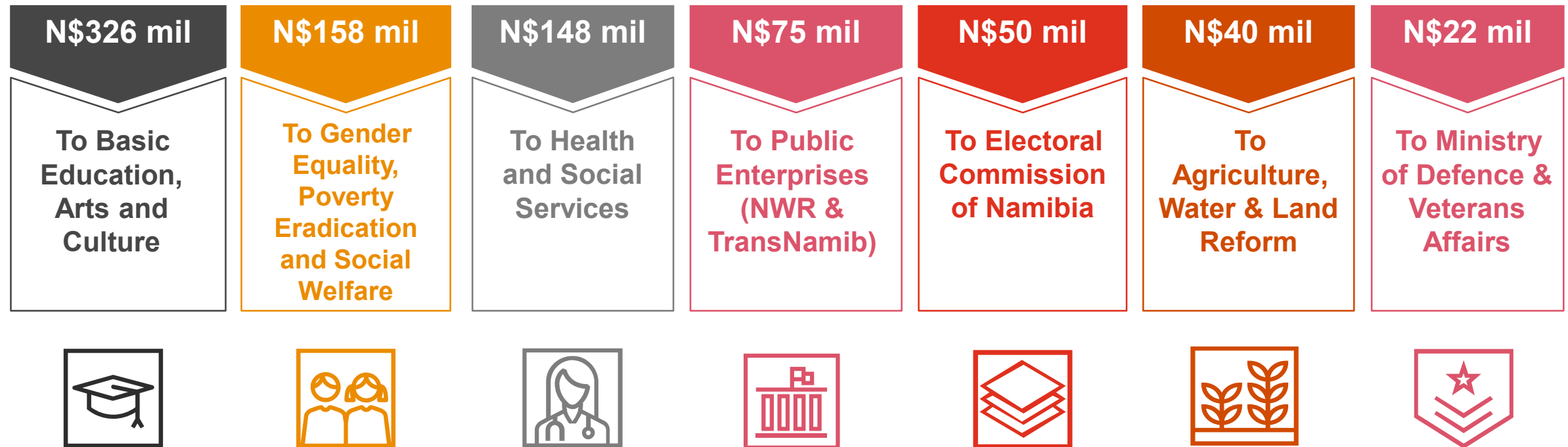


2020/21 Mid-Year Budget Review

Budget Comparisons (N\$ Millions)

Major expenditure reallocations

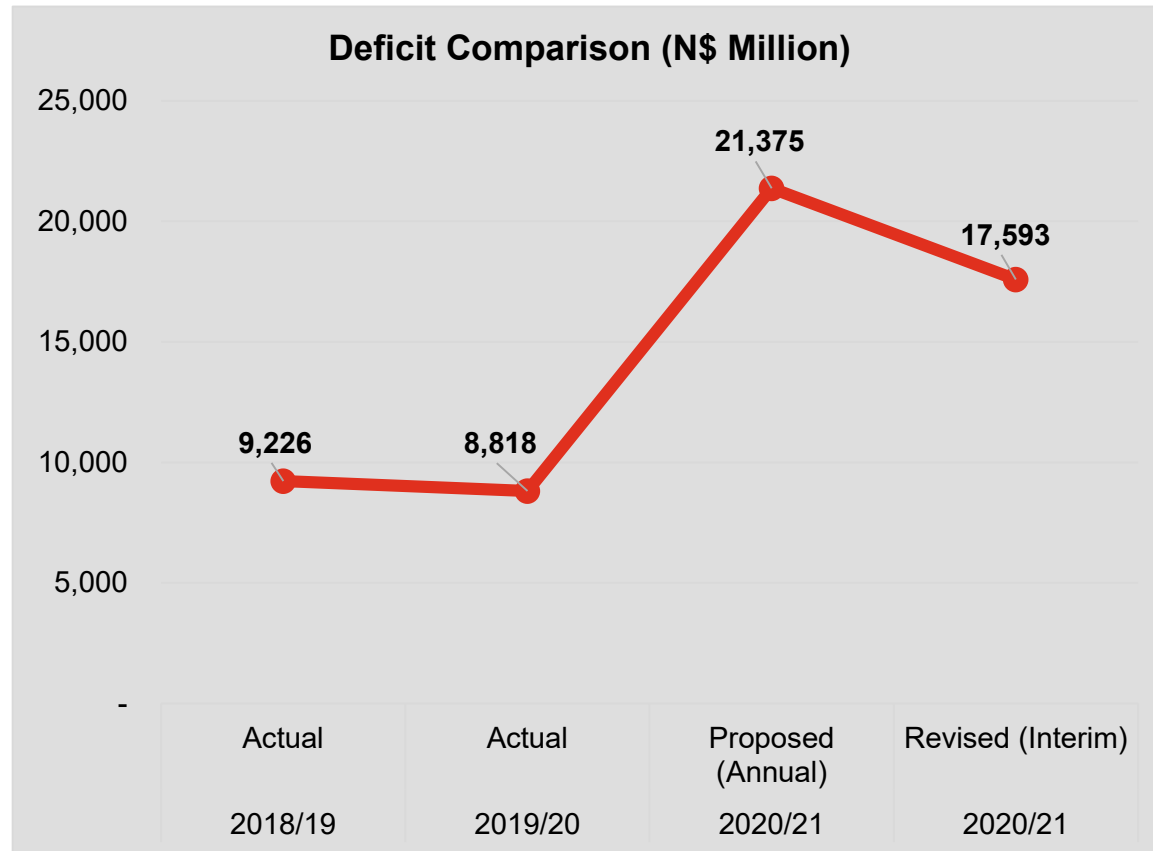
Reallocation of funds amounts to **N\$842 million**, comprising of **N\$240 million** for the development budget and **N\$602 million** for the operational budget.



2020/21 Mid-Year Budget Review

Budget Comparisons (N\$ Millions)

Total Deficit Comparison



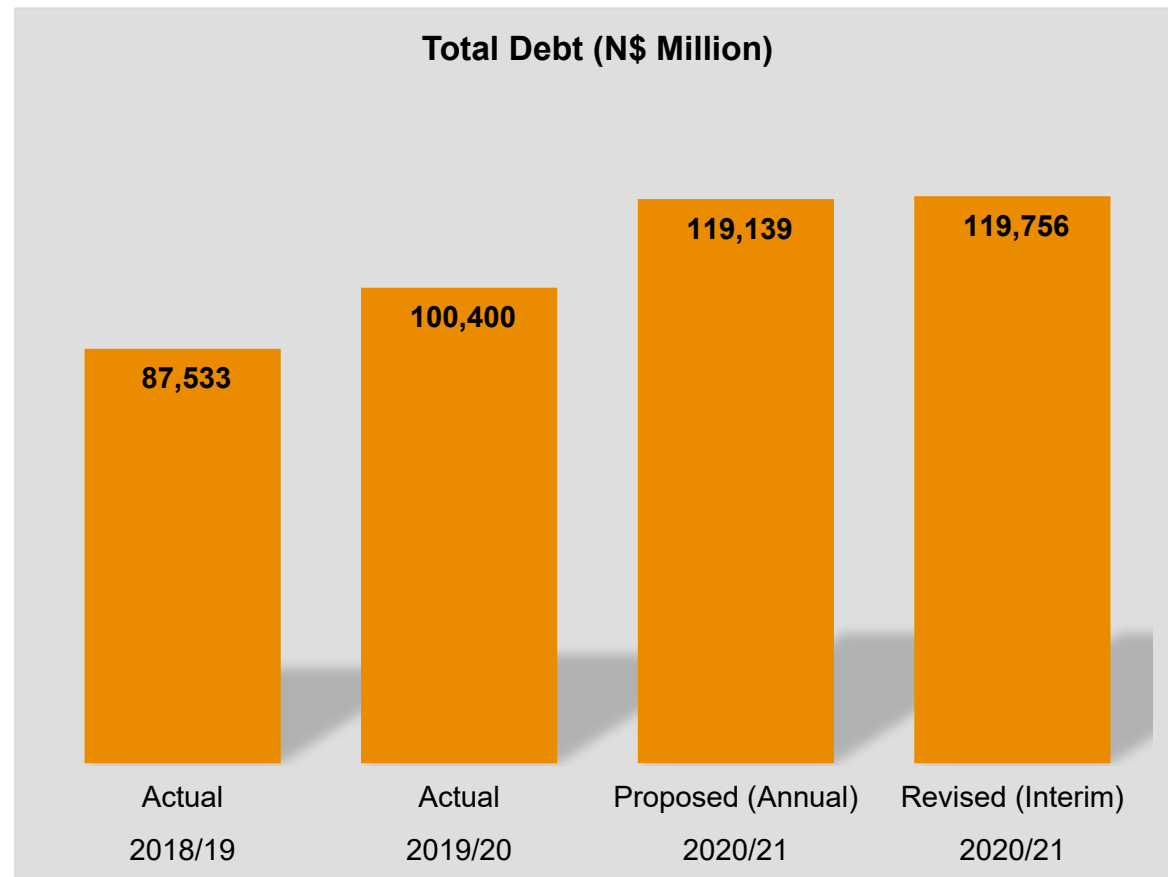
Riana Esterhuyse
Associate Director
Corporate Tax and Compliance
riana.esterhuyse@pwc.com

The 2020/21 Mid Year budget review reflects a budget deficit that has decreased from 12% to 10.1% of GDP from the initial budget tabled earlier this year. This is estimated to reach 6.4% of GDP by FY2022/23.

2020/21 Mid-Year Budget Review

Budget Comparisons (N\$ Millions)

Total Debt Comparison & Expenses Composition

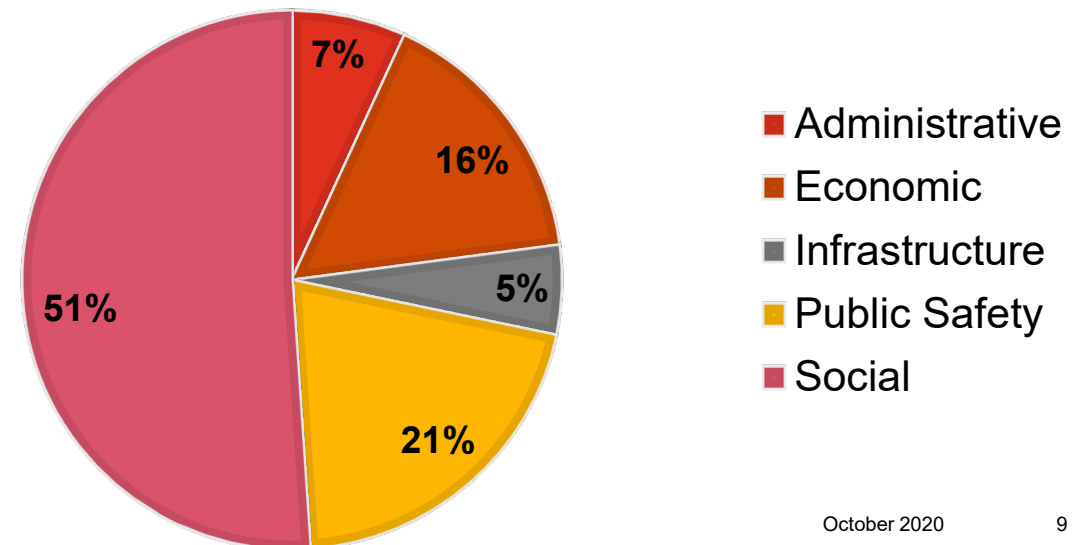


Debt as a %
of GDP
estimated at
68.8%



Expenditure
as a % of
GDP
estimated at
41.8%

EXPENDITURE BY MAIN (REVISED AVAILABLE BUDGET)



2020/21 Mid-Year Budget Review

Electronic Filing Tax Relief Programme

- Introduction of a one-year, **Electronic Filing Tax Relief Programme**. A penalty and interest relief is to be provided to taxpayers with outstanding tax arrears filing returns electronically, starting **February 2021**.
- - **100%** of penalties and **95%** interest to be waived provided capital tax debt settled within 3 months;
 - **100%** penalties and **75%** interest to be waived provided capital tax debt settled within 12 months;
 - **100%** of penalties and **95%** interest to be suspended for the hardest hit industries such as tourism, hospitality, aviation, travel and construction sectors.
- Proposed **re-engineering of the VAT refunds audit process**, reducing turnaround payment for undisputed VAT to no more than **90 days** after receiving the VAT claim and upon fulfilling set requirements by February 2021.

2020/21 Mid-Year Budget Review

MTEF Policy Priorities



Ansie Rossouw

Partner in Charge Walvis Bay
ansie.rossouw@pwc.com

Amongst others, the following MTEF Policy priorities were noted during the Honourable Minister of Finance's Mid-Year Budget Speech.



- Proposal to review the public wage sector bill by introducing options for voluntary retirement for the age cohort 55-60 years;
- Assessing a restructuring of PSEMAS;
- Finalising reforms to enable state divestiture and listing of state assets; and
- Finalising the special economic zone policy to retool and modernise the incentive regime.

2020/21 Mid-Year Budget Review

As concluded by the Honourable Minister of Finance
“The darker the night, the brighter the stars...” – Russian Poet

Questions? Contact one of our tax experts below:



Chantell Husselmann
Country Senior Partner
Tax Leader / Indirect Tax Partner
chantell.husselmann@pwc.com



Johan Nel
Partner
Corporate and International Tax
johan.nel@pwc.com



Ansie Rossouw
Partner-In-Charge
Walvis Bay Office
ansie.rossouw@pwc.com



Riana Esterhuyse
Associate Director
Corporate Tax and Compliance
riana.esterhuyse@pwc.com



Standard Bank



LIBERTY



The information contained in this document is based on current Namibian legislation and practice as well as the 2020/21 Mid Year 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.

© PwC Namibia [Practice No. 9406] ("PwC"). All rights reserved. PwC refers to the Namibian member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/na for further details.