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Expanding Horizons Budget Review 2016/2017

February 2016

Nampower
Convention Centre



pwc

Budget speech 2016



Focus areas



Numbers in the Budget



Tax: How do we compare



Tax reforms

Focus Areas 2016/2017

Budget Review

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Key Focus Areas for 2016/2017

“Towards pro-growth
fiscal consolidation”

Economic Growth

Poverty Eradication

*Harambee
Prosperity Plan*

*Improved Public Service
Delivery*

Public Finance Reforms



- Mid year Budget Review



- Public Procurement Bill



- PPP Legislation



- Public Finance Management Bill

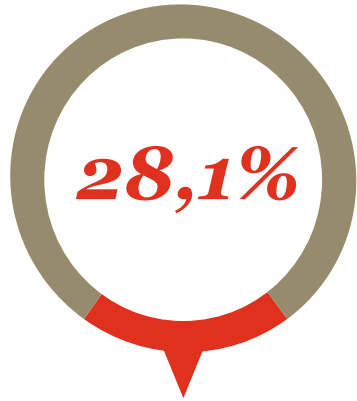


- Asset Management Policy

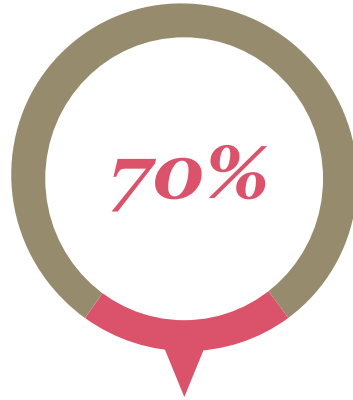


- Public Expenditure Reviews

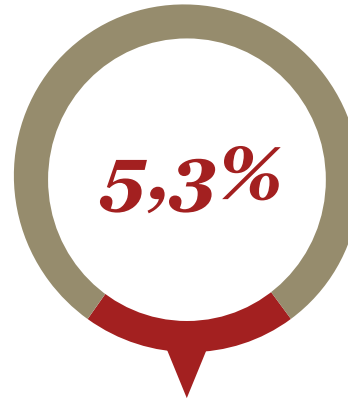
Namibian Economic Statistics



*Unemployment at
30 September 2015*



*Namibian Food
Imports*



*Inflation at Jan
2016*



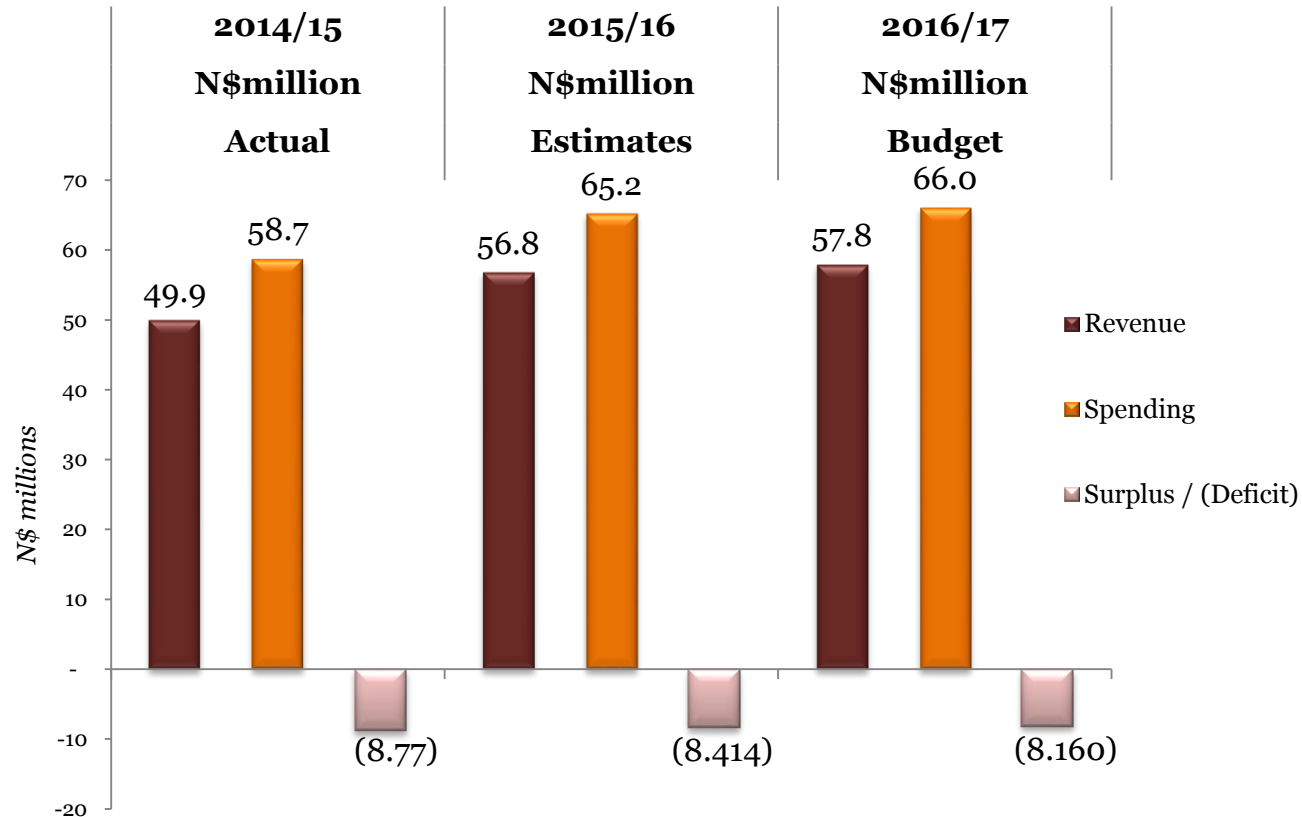
*US to Nam Dollar
Exchange rate*

Numbers in the 2016/17 Budget

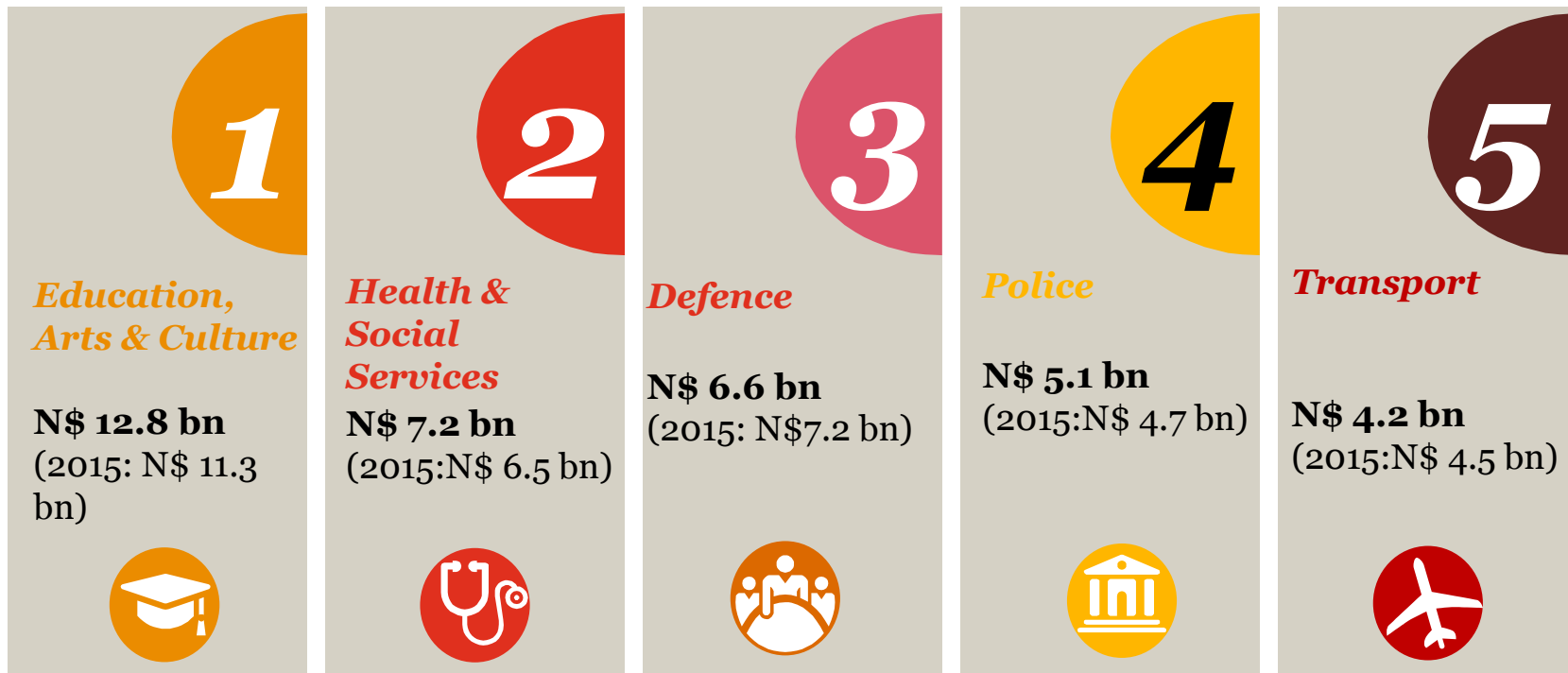
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The Numbers - Revenue vs Expenditure



Top 5 Ministries allocations 2016/17



Government Spending Cuts

- Cuts on non-core activities - Anticipated N\$5 billion in savings
- Capping of public sector wage bill increases
- Cap on civil service size

**Non-core
activities**

Overtime

Vehicles

S&T allowance

Office buildings

**Office equipment
and furniture**

**Materials and
supplies**

Total expenditure execution rates

2013/14 Spending rate 98.2%



2014/15 Spending rate 97.5%



2015/16 Spending rate 79.1% (only up to mid Feb)

Spending priorities

Education (basic and higher)

Public safety and order

Infrastructure development

Improved public administration

PPP's for infrastructure projects

Spending priorities

Health remains a priority spending area

Increase in old age pension to N\$1,100

Contingent provision (e.g. drought relief)

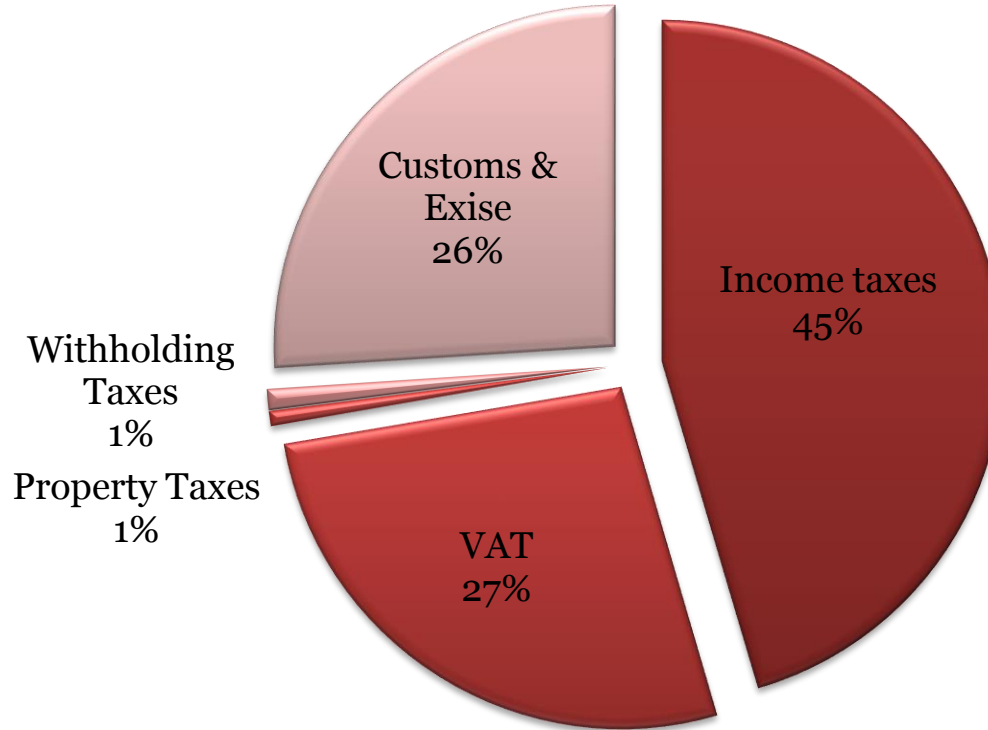
Infrastructure development



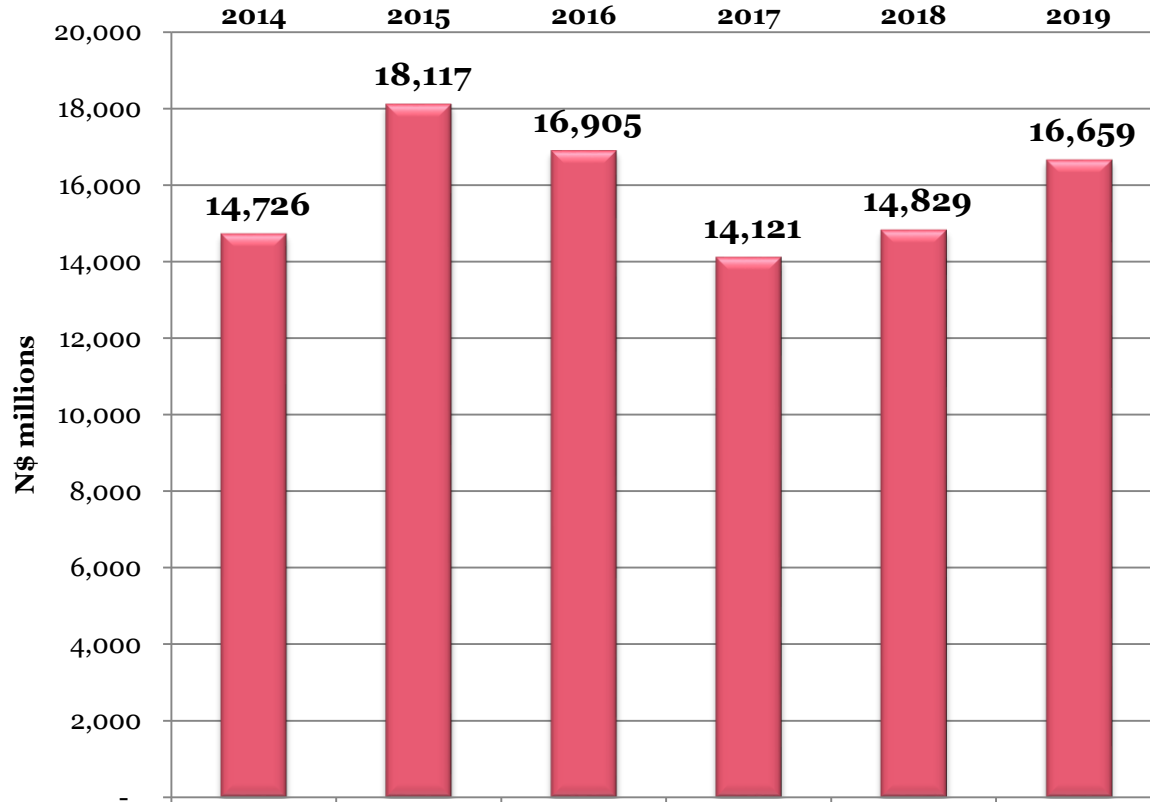
Tax Revenue VS Non-Tax Revenue



Total Tax Revenue (N\$ 57.8 billion)



SACU Receipts



Tax - How do we compare?

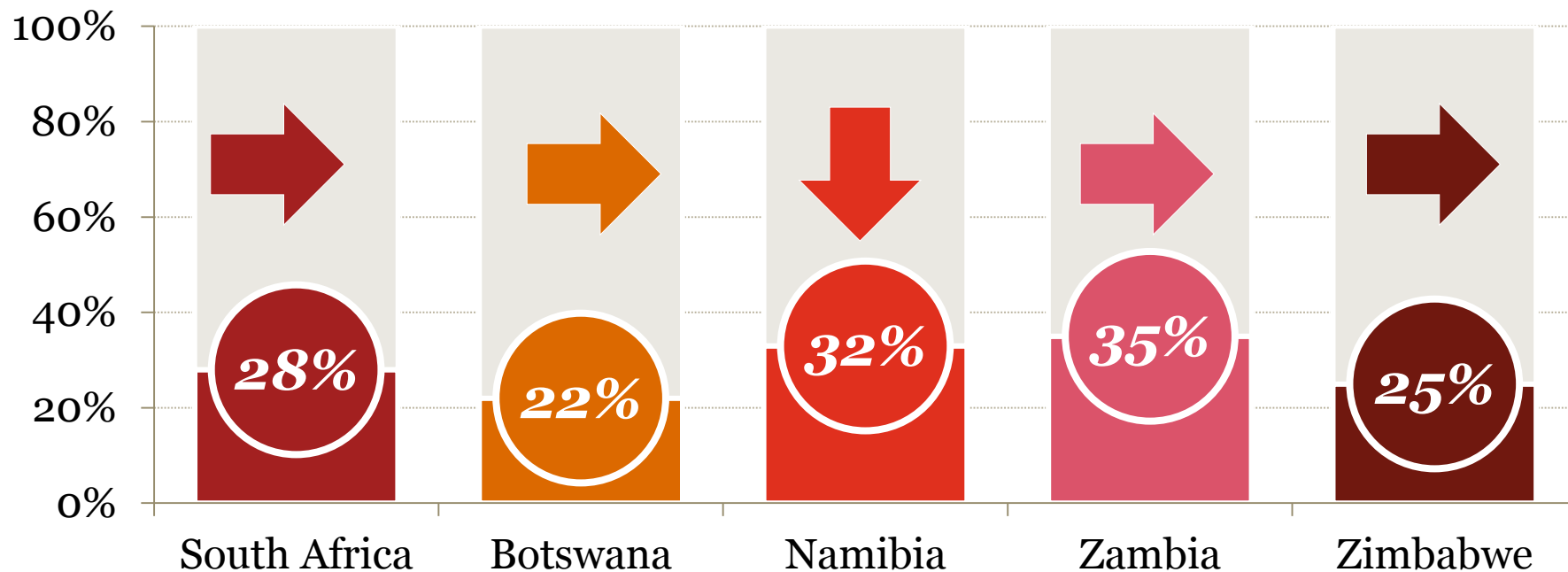
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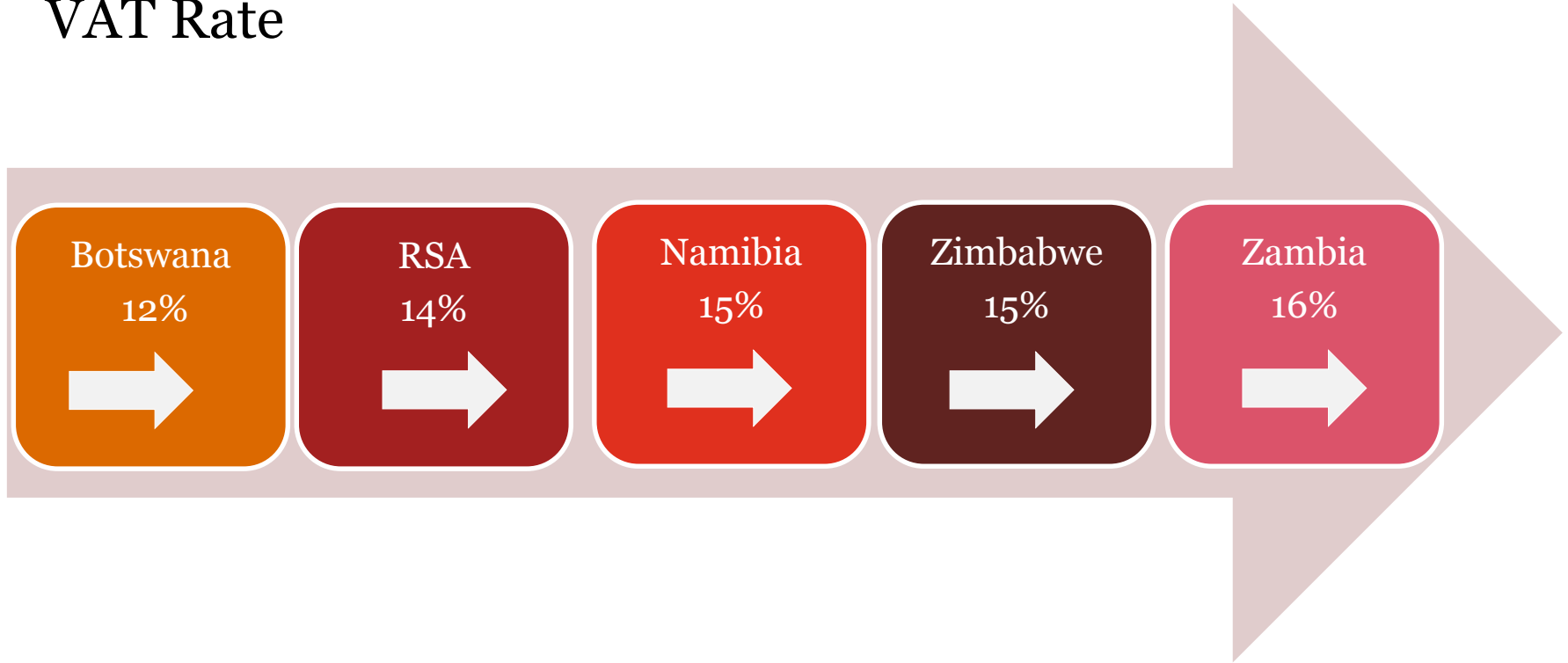
Comparisons: tax rates

Corporate Tax Rate



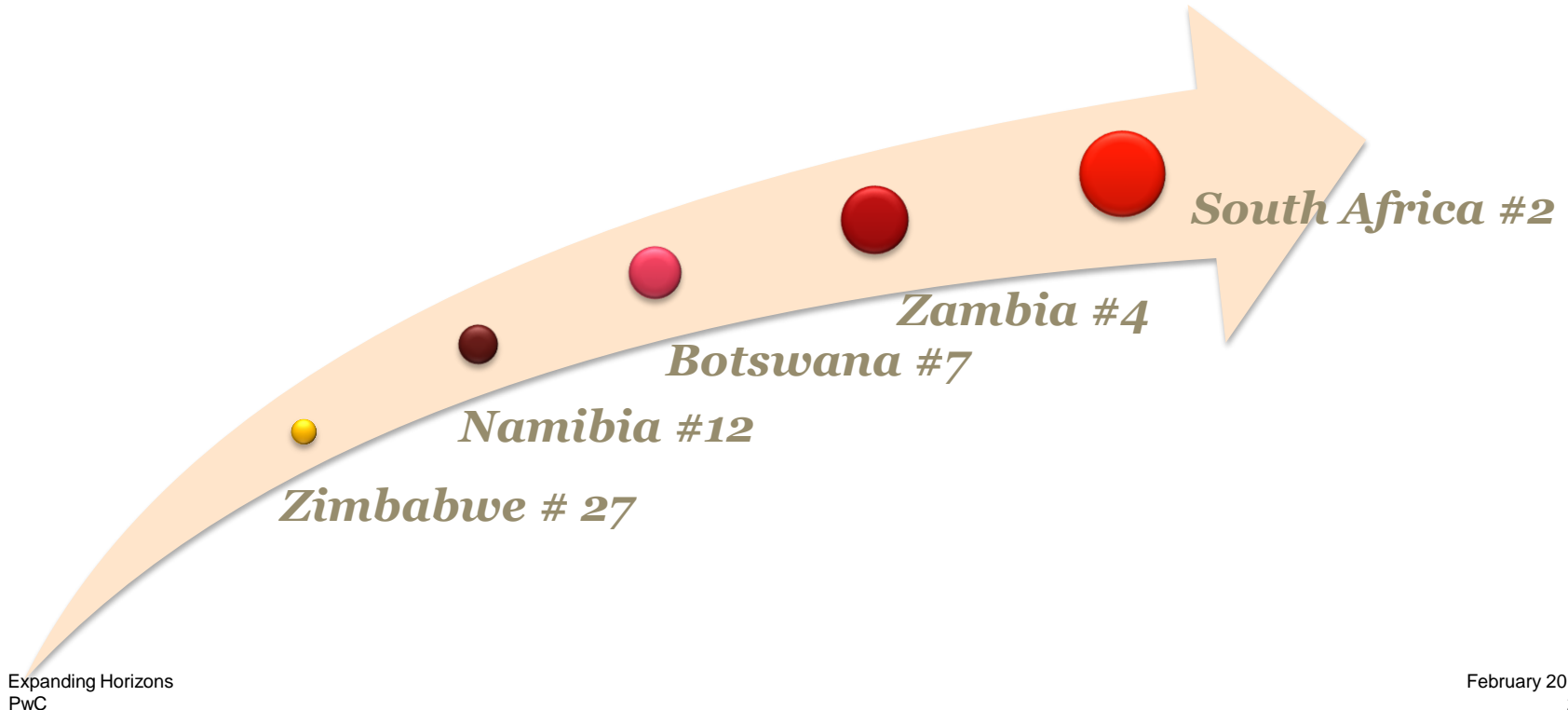
Comparisons: tax rates

VAT Rate



World Bank Report 2016

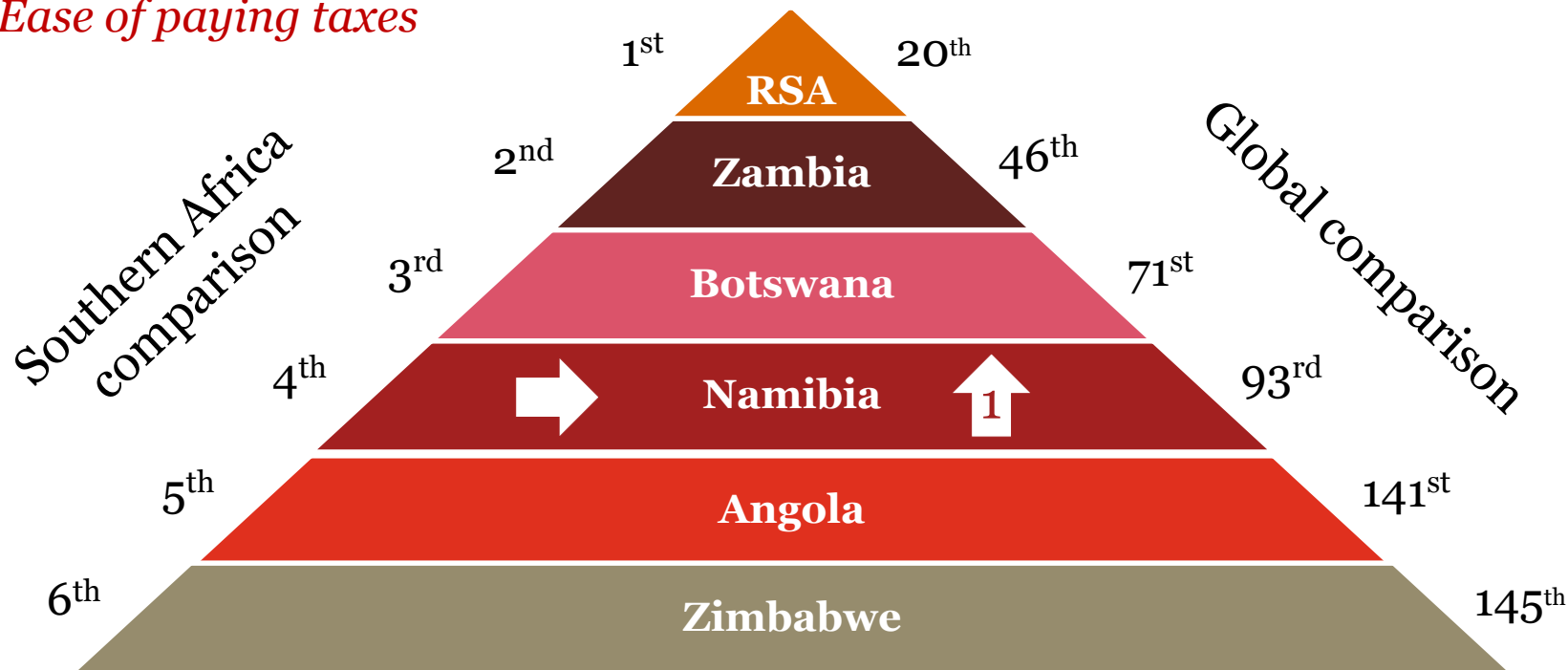
Paying taxes ranking out of 53 countries in Africa



World Bank Report 2016

Comparisons in Southern Africa

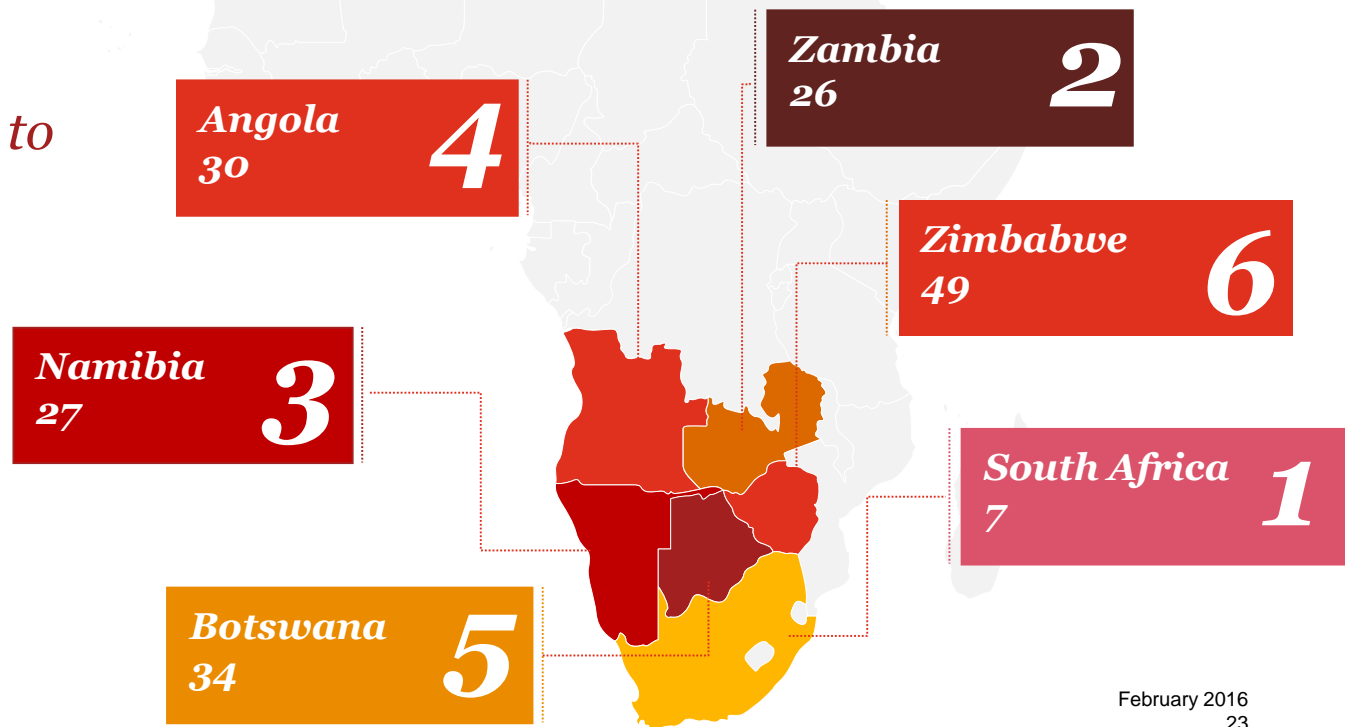
Ease of paying taxes



World Bank Report 2016

Tax Payments Comparisons in Southern Africa

The number of tax payments required to be compliant.



World Bank Report 2016

Comparisons in Southern Africa



The time it takes in hours per year for tax administration and compliance.

Tax reforms

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2015 Tax Amendments



Corporate tax rate reduction – 33% to 32%



Taxation of restraint of trade payments



WTS reduction – 25% to 10%



VAT threshold – N\$500,000

2015 Tax Amendments



Mandatory security on import accounts



Criteria for voluntary VAT registration &
Import VAT accounts



Strengthening provisions for recovery
of tax debts



Electronic communication rules –
Online filing & tax payment

Tax Amendments – Sin Taxes

Rise in tobacco and alcohol excise duties:	Increase	New Duty
340 ml malt beer	7c	N\$1,24
750 ml bottle of unfortified wine	15c	N\$2,48
750 ml bottle of sparkling wine	48c	N\$7,90
750 ml bottle of whisky	N\$3,77	N\$48.13
Pack of 20 cigarettes	82c	N\$13,24

Tax Amendments – Previously proposed & not yet legislated



Transfer duty – sale of shares
(property rich & mineral licences)



Environmental Taxes



Export Levy



Tabling of Customs & Excise Bill

Other reforms - Inland Revenue Reforms

***ITAS
System***

***Business Process
Re-engineering***

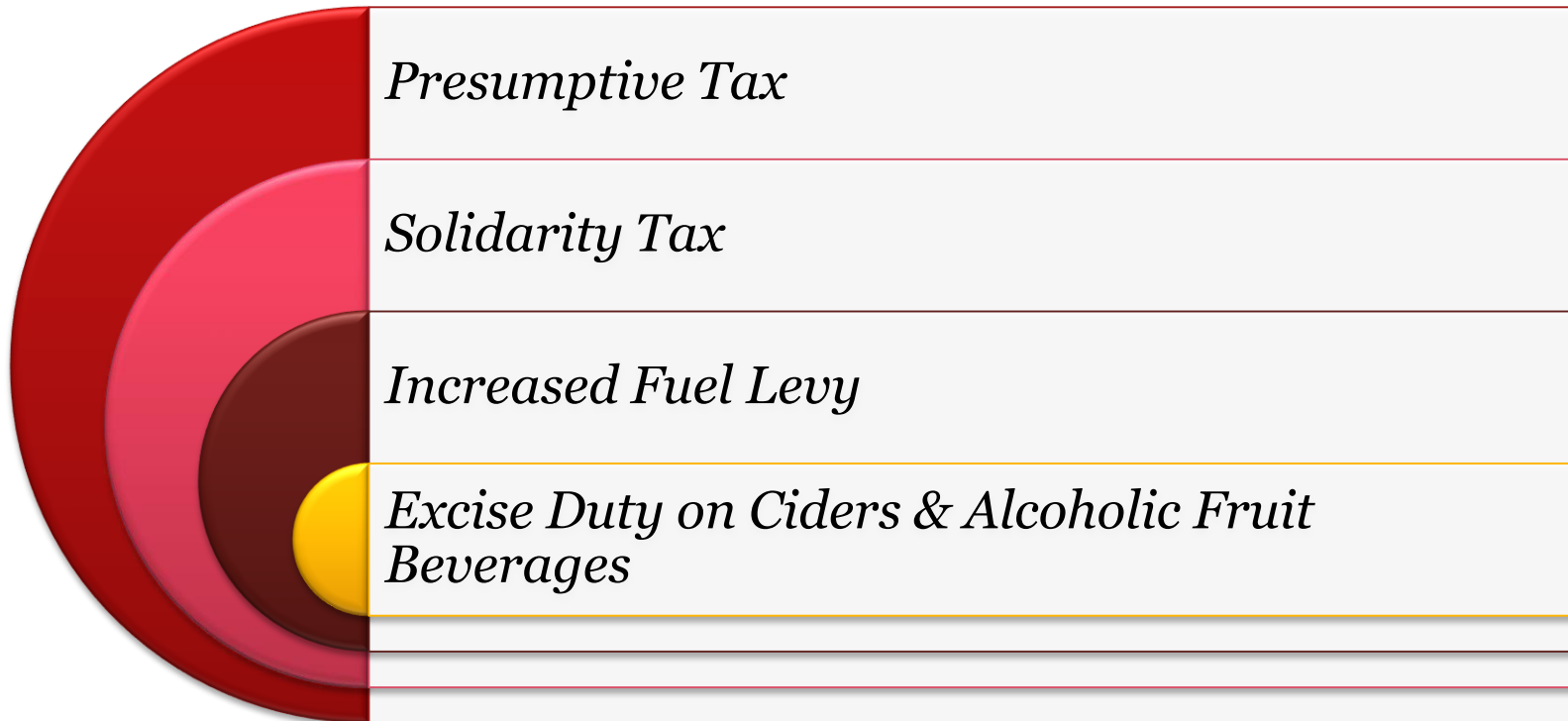
***Transfer
Pricing***

***Revision of
DTA framework***

***Revenue
Agency***

***Tax
Incentives
Review***

Taxes under discussion



Expanding Horizons

“In 2016, it is a time to turn words into reality, it is a time to implement and, therefore, this is the year of implementation ”

President of Namibia, Hage Geingob

Thank You

*The Budget Speech and
presentations are available on:*

www.pwc.com.na

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