

Progress with a Purpose

Budget Review 2014/2015

20 February 2014

*Safari Hotel &
Conference Centre*



“At PwC we build trust & solve problems”

Our presenters:

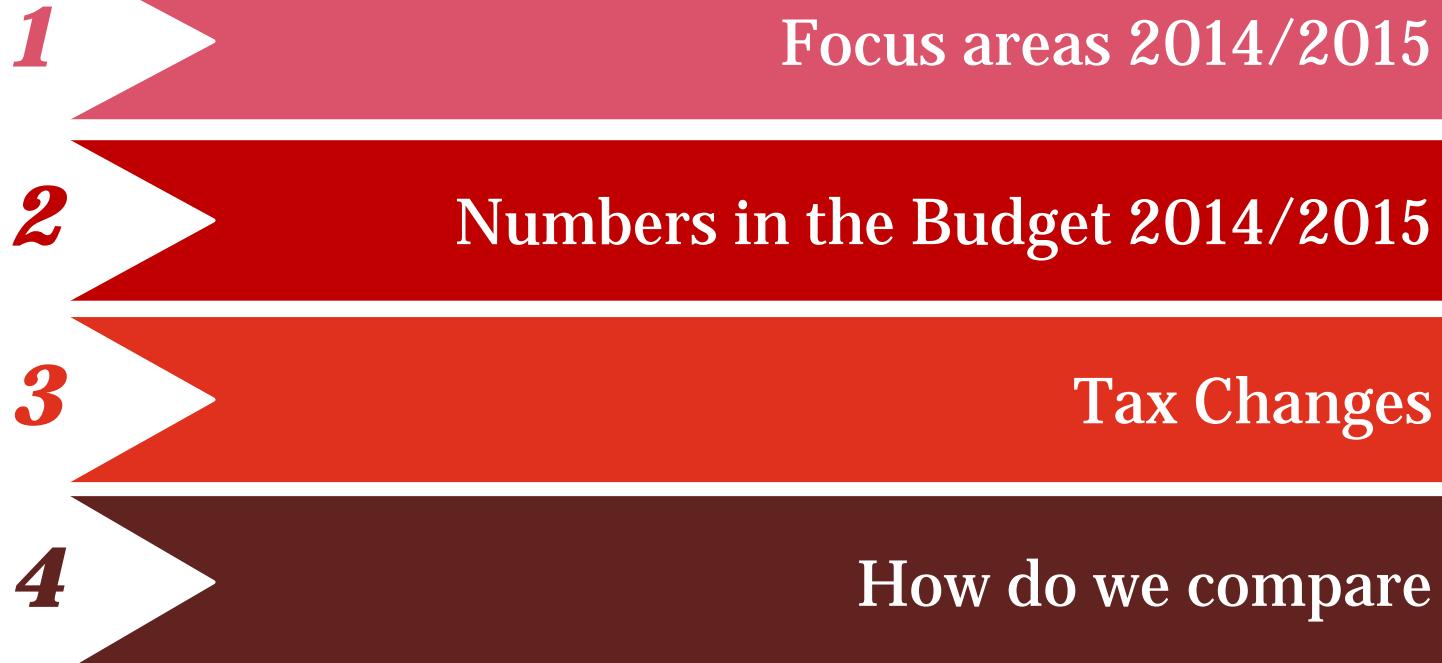


Stéfan Hugo
Partner
Tax Services



Chantell Husselman
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

Focus Area 2014/2015

Budget Review

1



Key Focus Areas for 2014/2015

*1. Economic
stability*

*2. Grow the
economy*

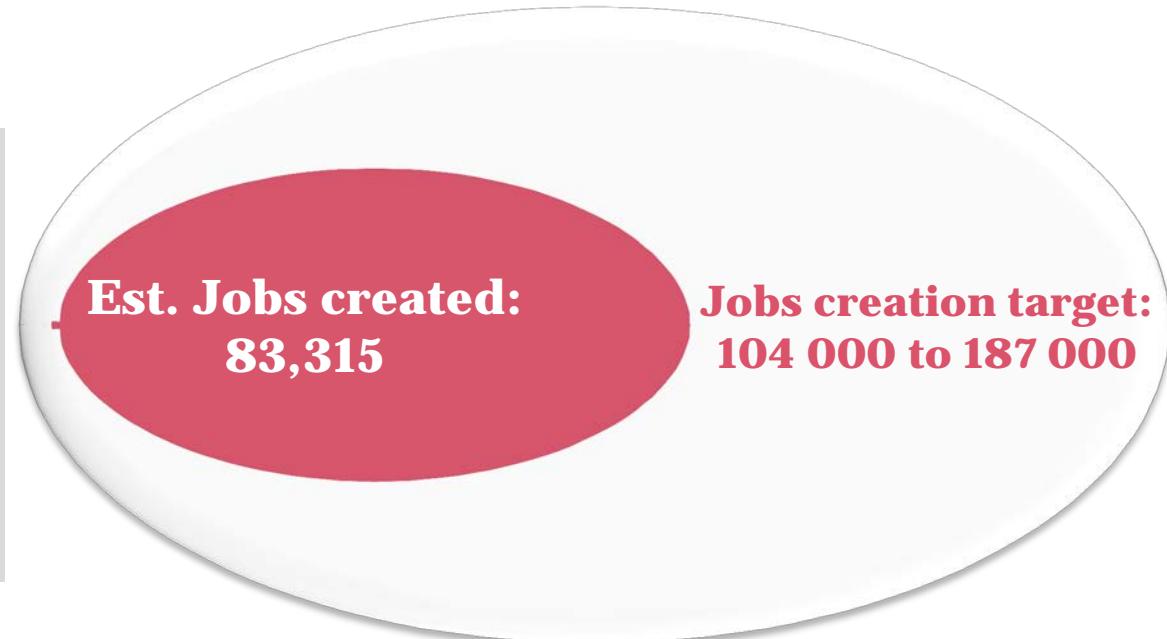
*3. Up skill
Namibians*

*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

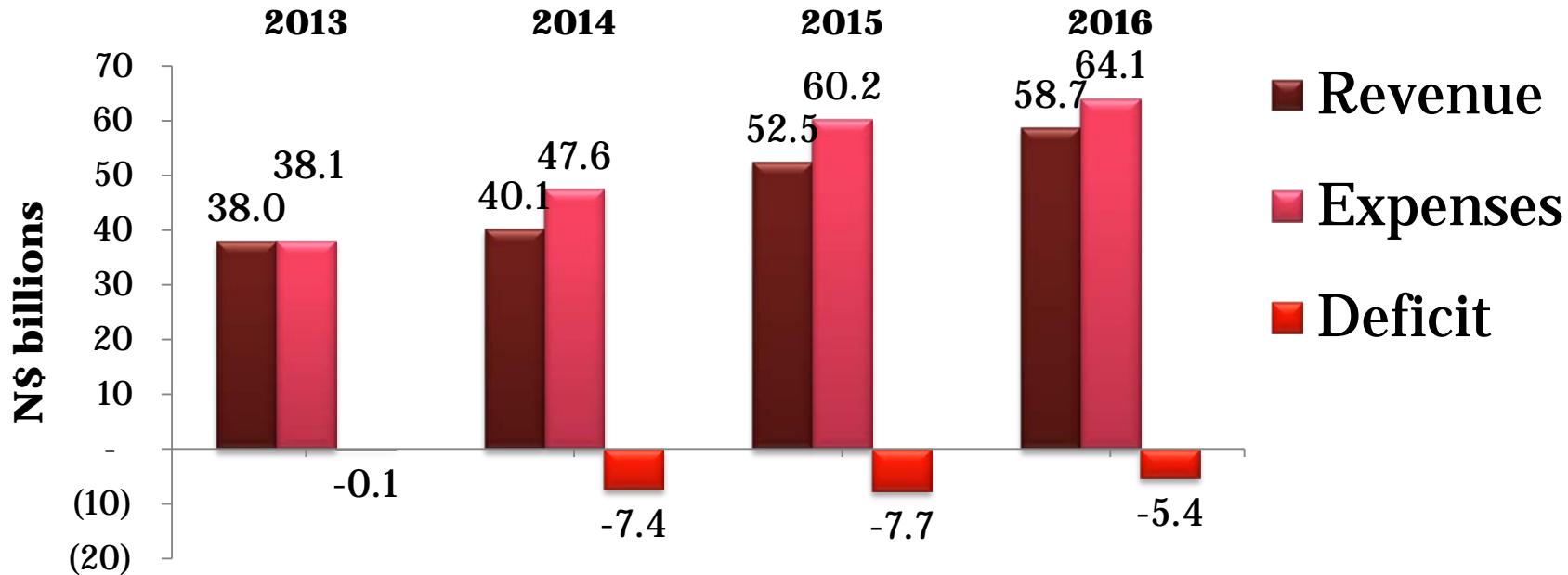


2014/2015 Budget Numbers

2

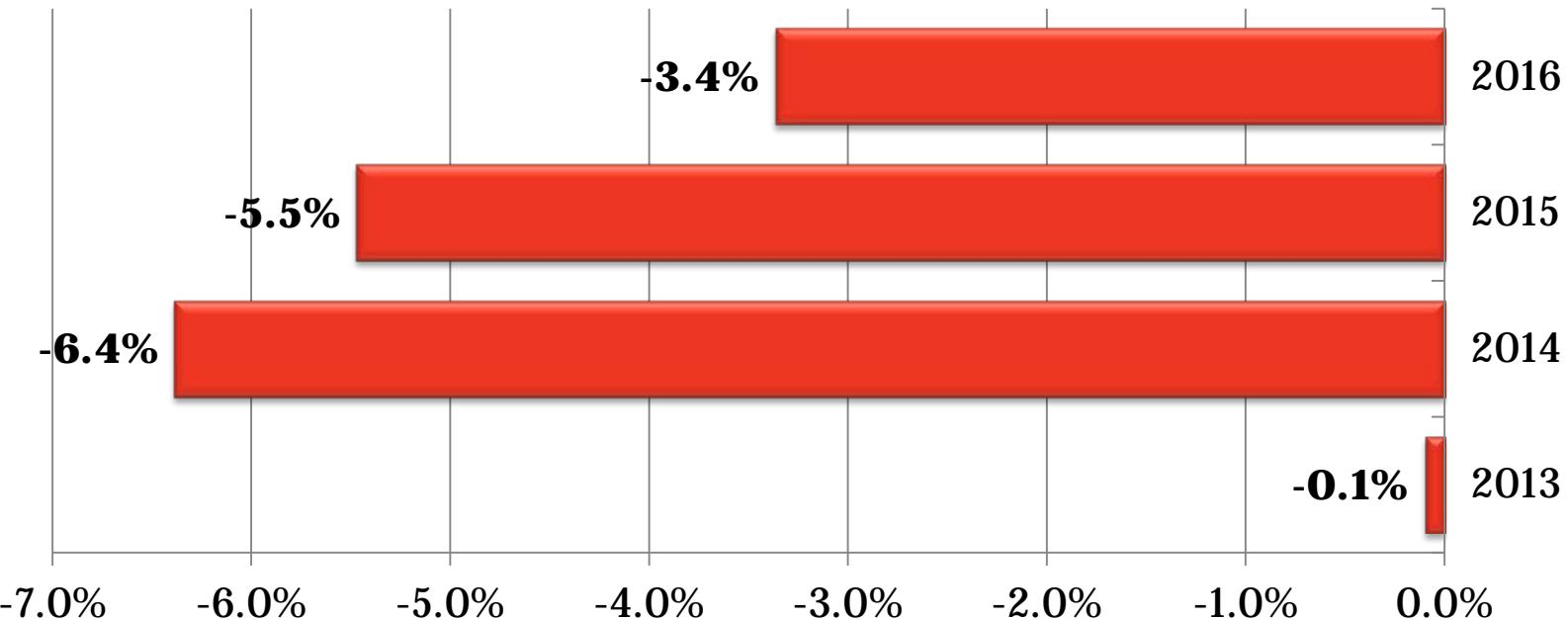


The Numbers



The Numbers

Deficit as % of GDP



Top 5 Ministries allocations 2014



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

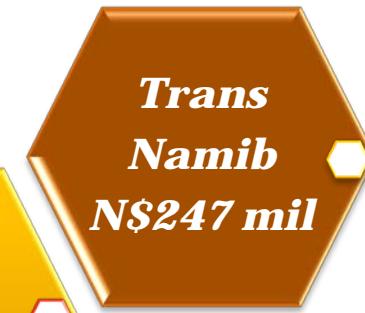
SOE's Budget Allocation



Nampart
N\$100 mil



NWR
N\$ 104 mil



***Trans
Namib***
N\$247 mil



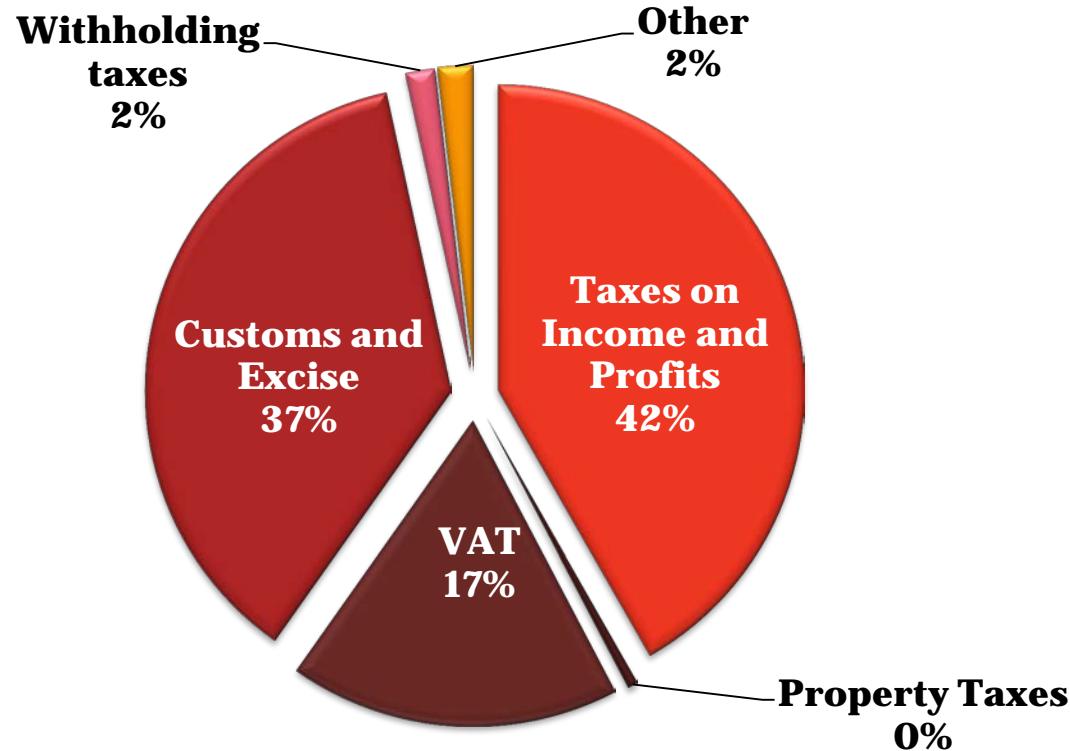
***Air
Namibia***
N\$472 mil



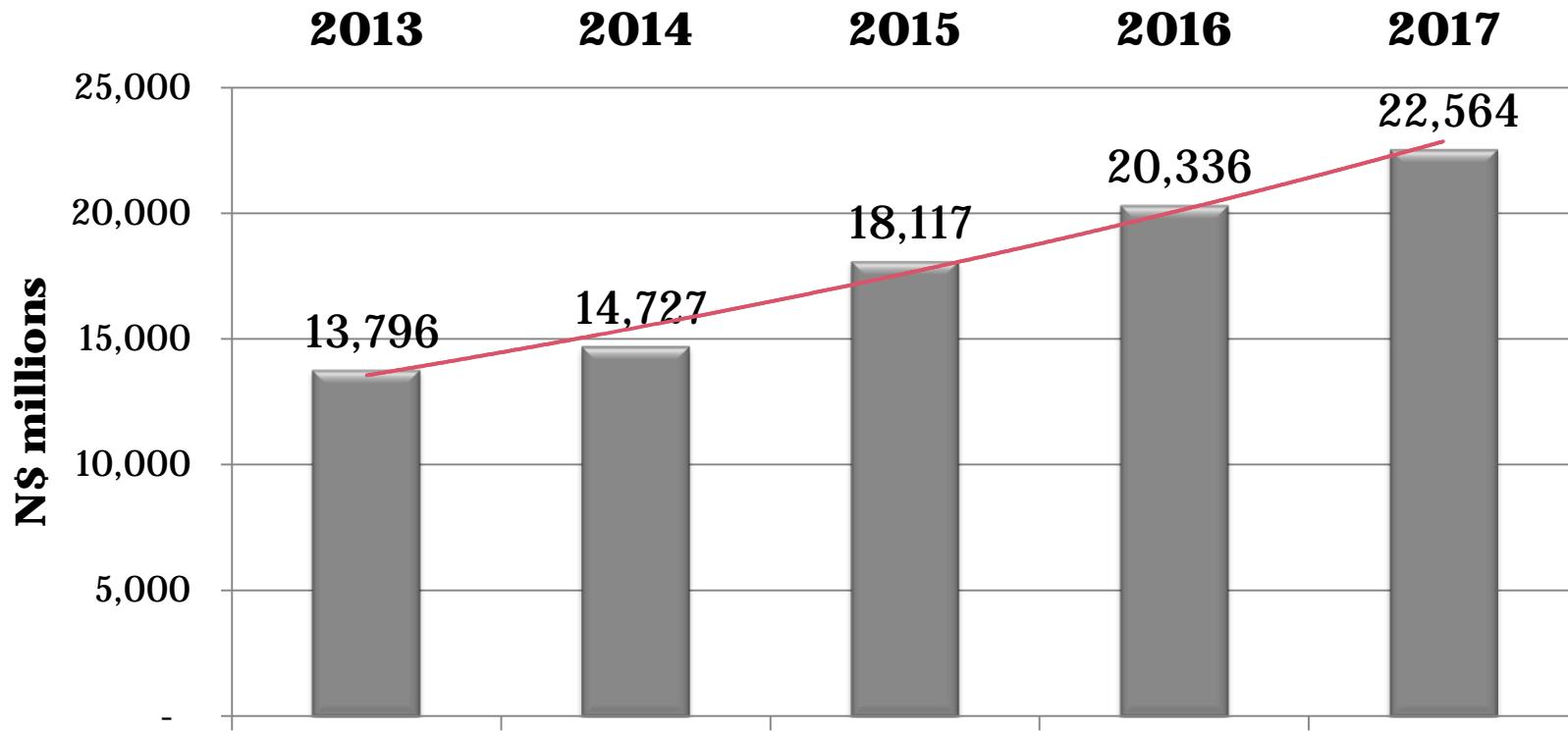
Tax Revenue VS Non-Tax Revenue



Total Tax Revenue (N\$49,213 million)



SACU receipts



Tax Changes

3

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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

N\$ 7 m
budgeted

Environmental Taxes Bill -
Light bulbs, tyres, CO² emission

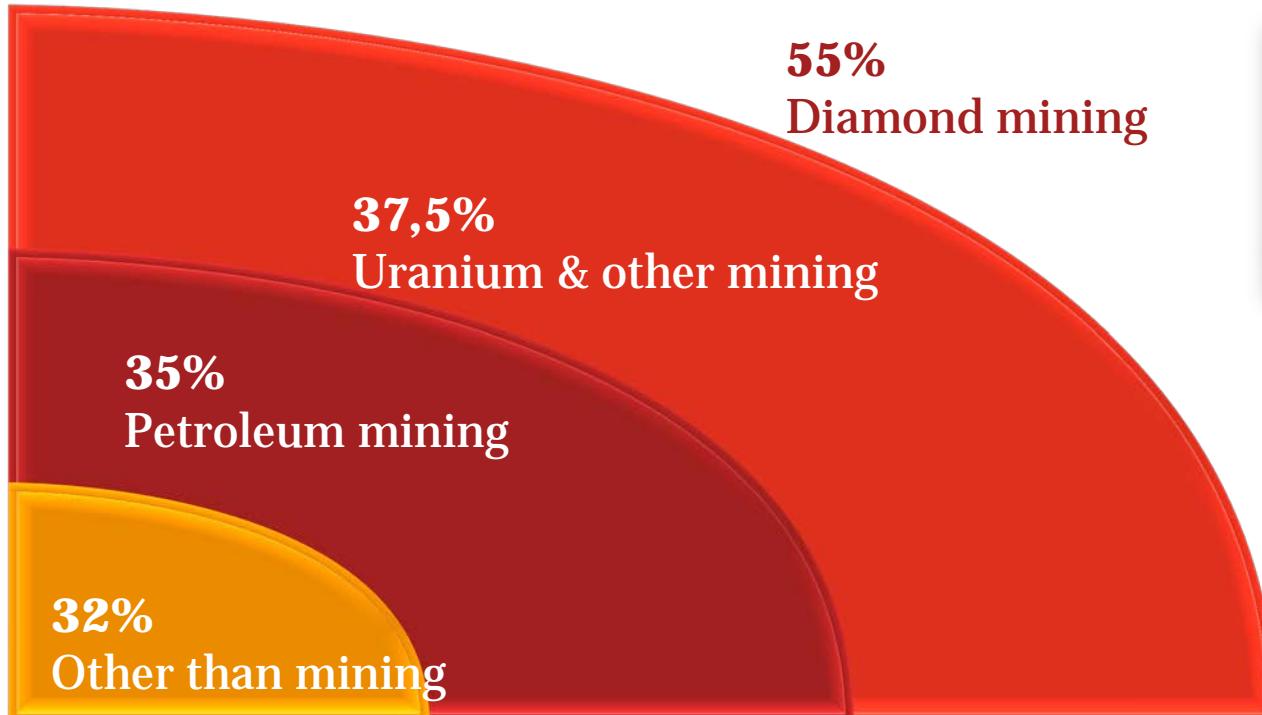
N\$ 517m
budgeted

Tax Amendments - Proposed for introduction during 2014 / 2015



**VAT registration threshold increase
N\$200 0000 to N\$500 0000**

Mining Tax Rates



- + Mineral royalties*
- + New VET Levy*
- + New Export taxes*

How do we compare?

4



Manufacturing Tax rates

Incentives for Industrialised Nation



South Africa



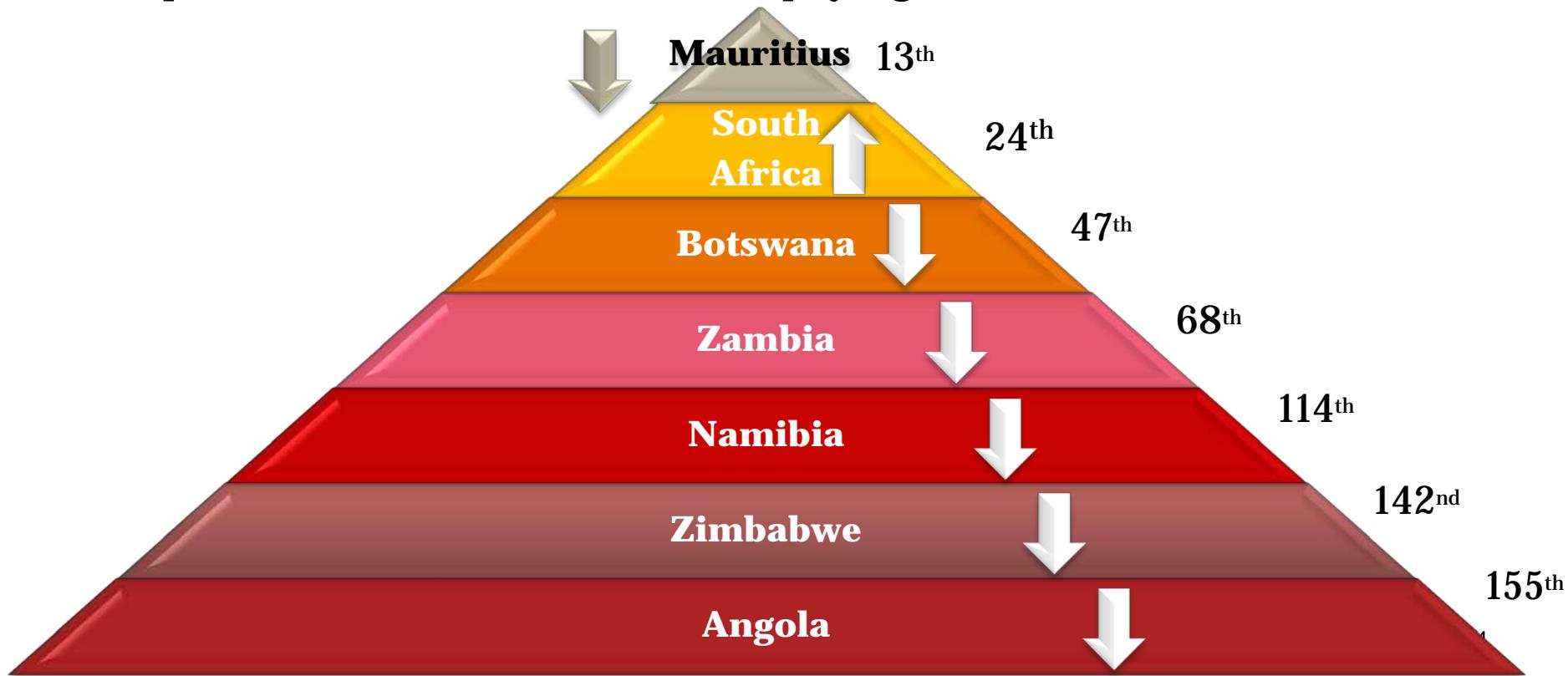
Namibia



Botswana

World Bank Report 2014

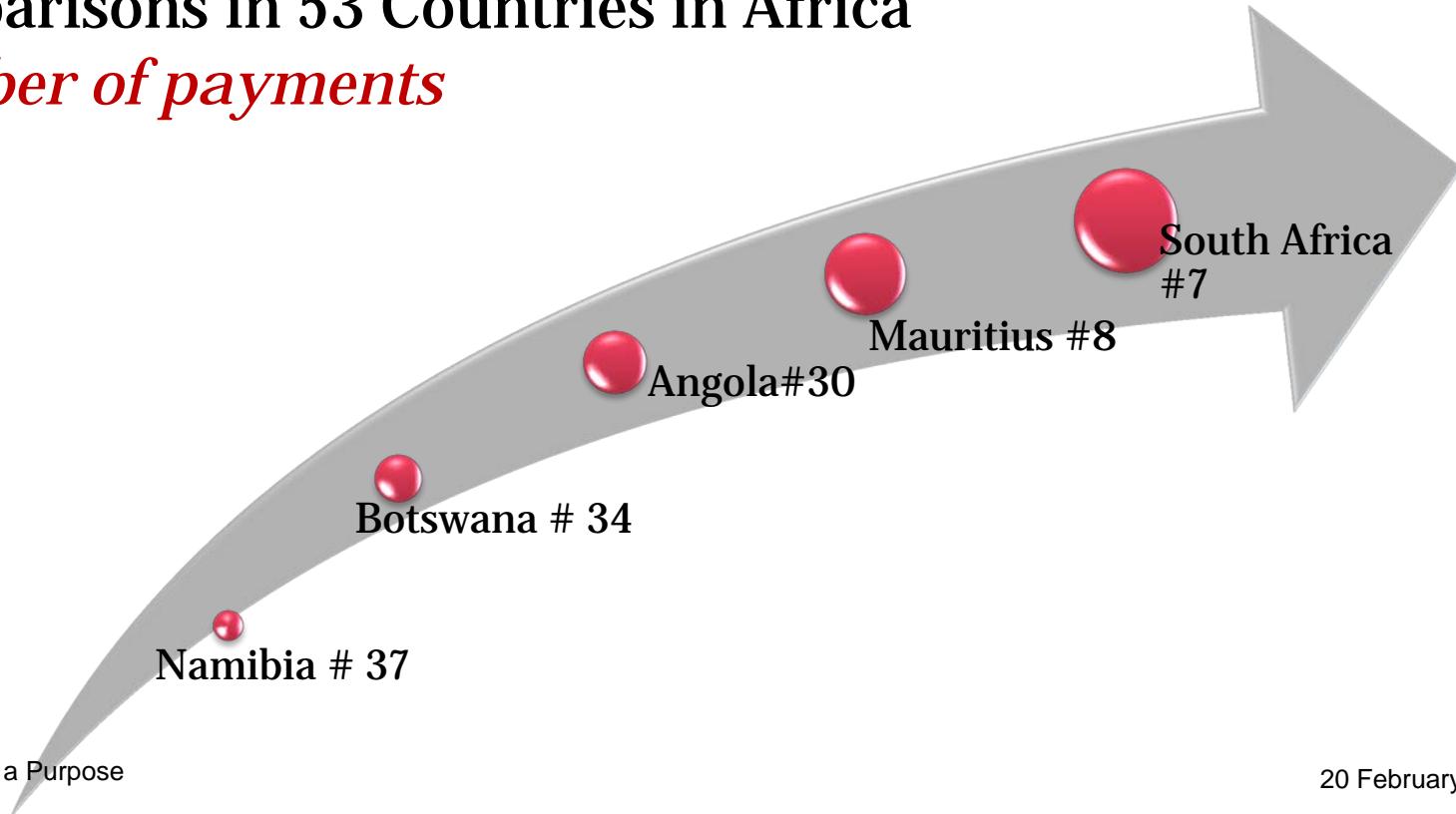
Comparisons in the World – Ease of paying taxes



World Bank Report 2014

Comparisons in 53 Countries in Africa

Number of payments



World Bank Report 2014

Comparisons in Southern Africa – Tax Compliance

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

Botswana
152 hours

Zambia
183 hours

South Africa
200 hours

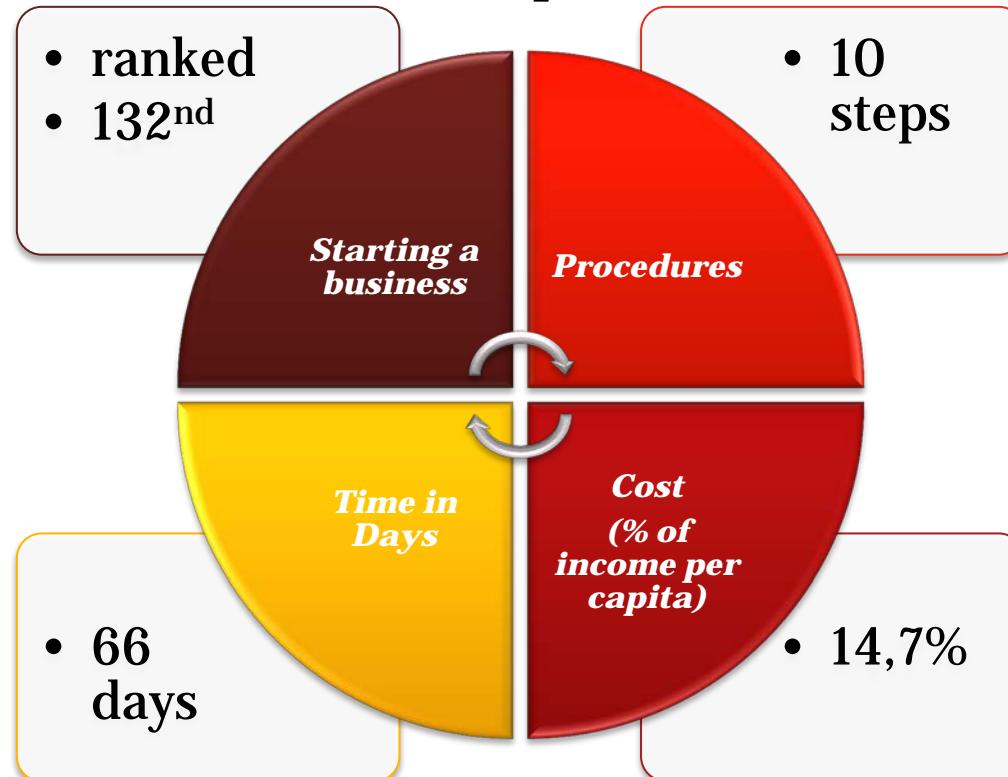
Zimbabwe
242 hours

Angola
282 hours

Namibia
314 hours

World Bank Report 2014 - Namibia

Setting up Business – time and procedures



Progress with a Purpose:

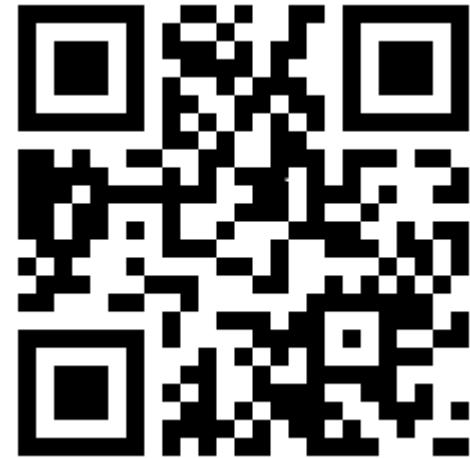
“... We are convinced that through this budget we will fulfil our vision of Inclusive Growth and Fiscal Sustainability...”

***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



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