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In this budget edition of our newsletter we will briefly touch on the tax changes that the Honourable Minister of Finance, Saara Kuugongelwa-Amadhila, announced during the reading of the 2012/2013 Budget Speech earlier today. Except for the changes discussed below no further changes were announced in the 22nd Budget of an Independent Namibia.

Finance Management

The Minister announced that measures are underway to modernise the tax system through an integrated computerised system, establishing specialised tax offices and strengthening internal audit capacity. The Minister also announced the introduction of voluntary tax compliance, simplified special tax system for small and medium-sized businesses and the undertaking of a study to investigate the viability of an autonomous Revenue Authority.

2012 Tax Proposals

- Introduction of an 0% - 2% export levy on natural resources e.g. raw minerals, unprocessed fish, game, crude oil and gas;
- Revised Corporate Tax rate for non-diamond mining companies;
- An environmental levy on a range of environmental harmful products; and
- Introduction of a transfer duty on the sale of shares in companies owning fixed property and mineral rights or licences.

No further details were provided in respect of these suggested proposals. These proposals also come as no surprise, as the Minister announced them in July 2011 already.

Sin taxes

The following increases in excise tax rates are effective from 23 February 2012:

- The excise duty on malt beer increased by 9.99% from N\$ 53.97 to N\$ 59.96 per litre of absolute alcohol (“LAA”) which equates to an average increase of 9 cents per 340ml can.
- For the seventh year, there are no changes to the excise duty on traditional beer, which remains at 7.82c per litre.
- Wine increased in excise duty of 7.76% for unfortified, 6.00% for fortified and 8.03% for sparkling respectively.
- Ciders and alcoholic fruit beverages received an increase in excise duty of 9.59.
- Spirits increased by 20% from N\$ 93.03 per litre to N\$ 116.29 per LAA and the effect is thus an increase of N\$ 6 per 750ml bottle of spirits.
- Smokers will also face increased prices as a result of increases in the excise duties on cigarettes (5.95%), cigarette tobacco (4.94%), pipe tobacco (8.05%) and cigars (5.01%). Effectively a packet of cigarettes will cost 58 cents more.

Contact us

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