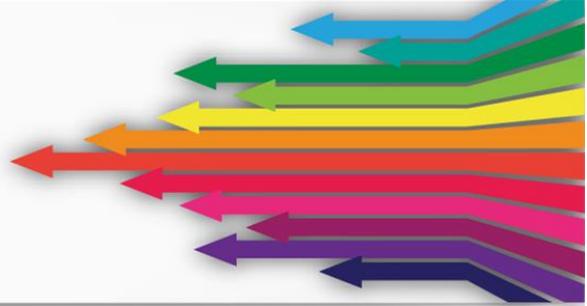


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*“Inclusive Growth
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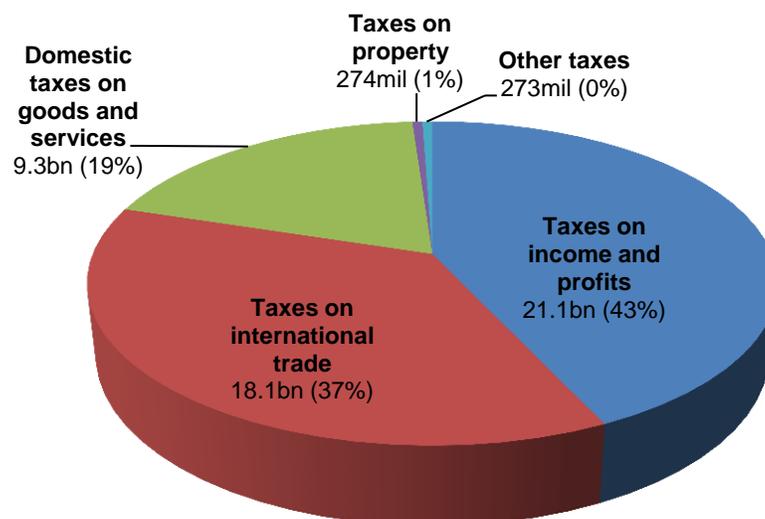
In this budget edition of our newsletter we summarised some economic and tax comments made by the Honourable Minister of Finance, Saara Kuugongelwa-Amadhila, during the reading of the 2014/2015 Budget Speech earlier today.



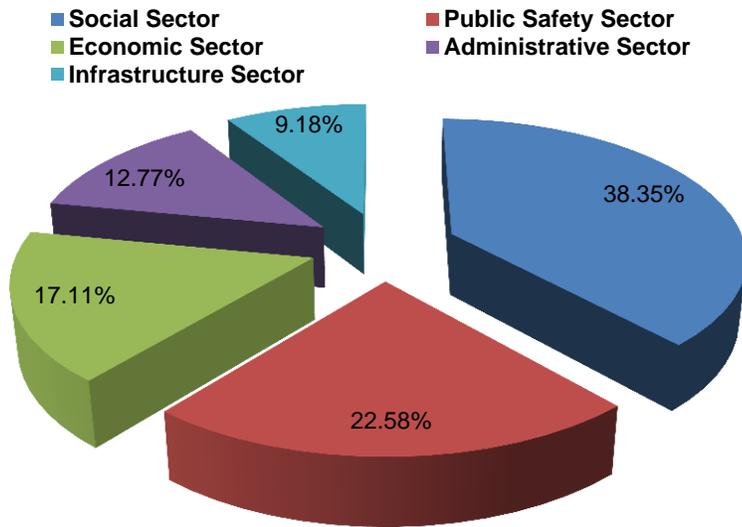
Budgeted revenue and expense breakdown

Total actual revenue for 2012/2013 was N\$ 37.9 billion (of which tax revenue was N\$ 35.3 billion) and estimated total revenue for 2013/2014 is N\$ 40 billion (of which tax revenue is predicted to be N\$37.5 billion). Budgeted revenue for 2014/2015 is N\$ 52.4 billion (of which tax revenue is estimated to be N\$ 49.2 billion).

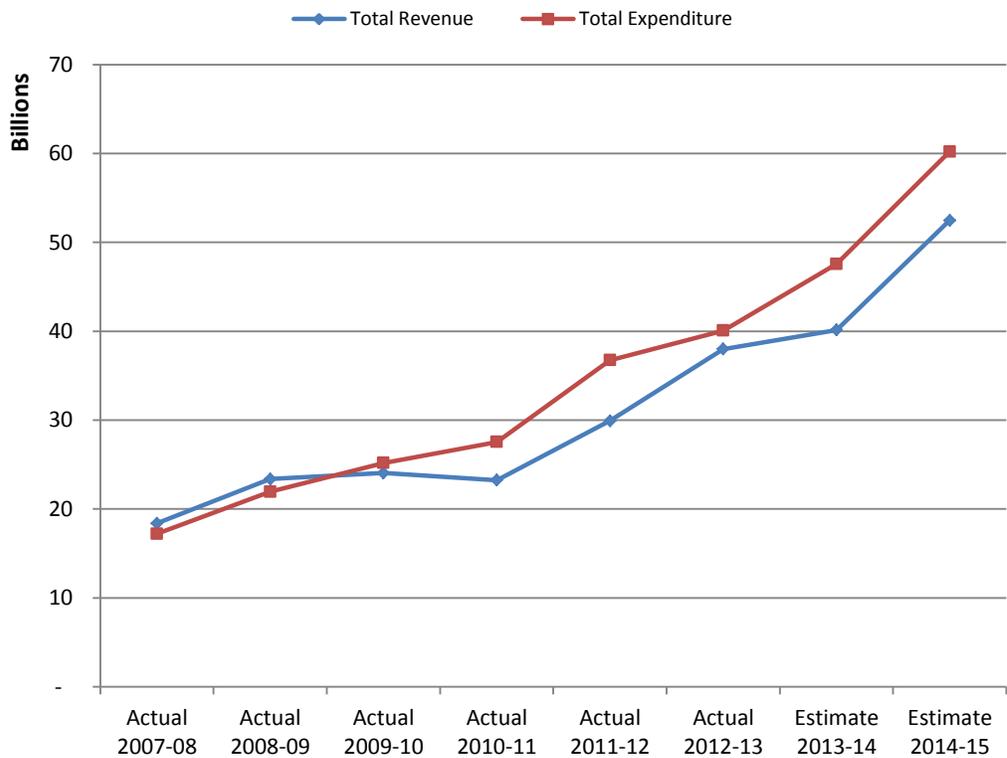
Tax Revenue Analysis 2014/2015



2014/2015 Budgeted Expenditure



Revenue vs Expenditure



Corporate Income Tax

The non-mining company tax rate will reduce further from 33% to 32% during 2014/2015. The reduced rate is aimed at encouraging investments in Namibia. The rate still needs to be gazetted as law and the effective date will only be known at that time.



Value-Added Tax (VAT)

The Minister once again announced an increase in the VAT registration threshold from N\$ 200 000 to N\$ 500 000. The effective date of this change has not been provided and will have to be published in the government gazette before it will become effective. The full impact of the increase in the registration threshold will become known once the amendment is promulgated.



Export Levy

The Minister confirmed the finalisation of the export levy Bill, aimed at the promotion of domestic value-addition in the primary commodity and natural resources sectors. Indications are that the Bill will be promulgated during the first half of 2014 and rates will be published in the government gazette.



Environmental Levy

The Minister will also table the environmental levy bill in respect of carbon taxes, levies on light bulbs and motor vehicle tyres during the course of 2014. The effective date of these rates has not been provided and the rates will have to be published in the government gazette before they will become effective.



Tax Administration

Tax policy and administration reforms announced in the 2013/2014 budget lowered the tax burden, broadened the revenue base and enhanced compliance. In an effort to continue with the reforms Cabinet has approved the establishment of a semi-autonomous Revenue Agency. The transitional process will occur over the next 36 months.

The Minister once again called on taxpayers to settle all outstanding tax balances before statutory measures are enforced.



Presumptive Tax

Government is investigating the introduction of a presumptive tax for small businesses. A presumptive taxation system is generally one where the income of the business is assumed and taxed accordingly. It is therefore a simplified system and can reduce the cost of compliance by the taxpayer as well as the tax administration cost.



Capital Gains Tax

The Minister further announced that they are investigating the introduction of capital gains tax. No details were provided regarding the scope, rate and timing of this proposal.



Transfer Duty and Stamp Duties for natural persons

No changes to the transfer duty and stamp duty rates were announced.

The introduction of transfer duties on the sale / membership in property owning companies / close corporations are still in development but no further details were provided in the budget.



Individual Income Tax

No changes to the individual income tax rates were announced. This means that the tax rates will remain as follows:

RATES OF NORMAL TAX			
TAXABLE AMOUNTS (N\$)		Tax On Lower Amount (N\$)	Percentage Tax On Excess Over Lower Amount
0	50 000	0	
50 001	100 000	0	18%
100 001	300 000	9 000	25%
300 001	500 000	59 000	28%
500 001	799 999	115 000	30%
800 000	1 500 000	205 000	32%
1 500 001		429 000	37%



Exchange control

No changes were announced in respect of exchange control regulations.



Sin Taxes

The 2014/2015 excise duty rates will be reviewed in line with the provision of the SACU Agreement. The South African Minister of Finance will announce these rates on the 26th February 2014.



Contact us

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