

Growth and sustainability during a time of recovery

KPMG in Namibia's 2023/24 Budget Summary

Finance Minister, Ipumbu Shiimi, delivered the National Budget address on Wednesday, 22 February 2023

Namibia 2023/24 Key Budget Highlights

Finance Minister Ipumbu Shiimi presented the 2023/24 Namibia Budget Statement with the theme for the budget is "*Economic Revival and Caring for the Poor*".

The budget comes amidst a moderately improved growth outlook combined with a still elevated public debt profile as well as increased financing needs to boost social safety nets in order to meet the prevailing social and economic climate in the country. On that note, maintaining a careful balancing act in pursuit of a people-centred but sustainable budgetary framework was the organising principle around the preparation of this budget.

The Minister also noted that the previously announced tax proposals will be considered once the economy has recovered sufficiently.

Tax Policy

In the area of tax policy and tax administration reforms during the Medium Term Economic Framework ("MTEF"), focus will be placed on the implementation of measures to provide some relief to taxpayers in the near to medium term. In that regard, the following resolutions have been passed:

- the non-mining company tax rate will be reduced by two percentage points over the two outer years of the MTEF. Accordingly, the tax rate will be reduced to 31 percent effective on 01 April 2024, with a further

reduction to 30 percent on 01 April 2025 (2% overall)

- Introduction of tax relief for individuals in the N\$50,000 to N\$100,000 tax bracket, effectively reducing their tax rate to zero effective in FY2024/25

Administration

- NamRA will continue with the final instalment of the tax arrears relief program, whereby interest and penalties will be fully written off if outstanding capital is fully settled by 30 October 2024. This is the final extension of this program.
- The relief is aimed at promoting the online filing of tax returns and the general use of the Integrated Tax Administration System ("ITAS").

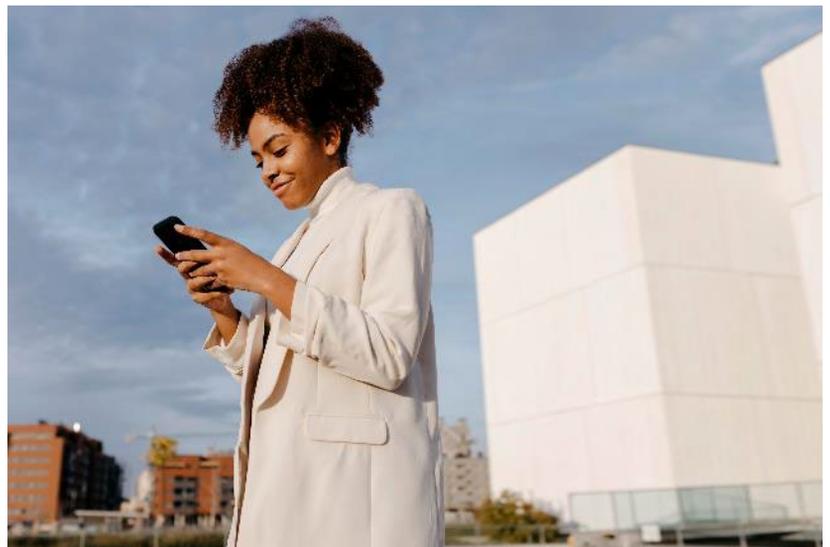
We have noted that there has been significant improvements in collection of revenue on NamRA's side as a result of the relief programme and therefore, we recommend all taxpayers to take advantage of this opportunity to get their tax affairs regularized

Sin Taxes: Excise duty proposed increases

With effect from 22 February 2023 and in terms of the SACU Agreement, the following changes were announced, in relation to the “sin” taxes:

- a pack of 20 cigarettes goes up by 98c
- a kg of cigars will cost an additional N\$237.79
- unfortified wine will increase by 24c per litre
- fortified wine goes up by 41c per litre
- sparkling wine will increase by 12c per litre
- spirits will cost an extra N\$12.08 per litre,
- clear malt beer will increase by N\$5.99 per litre
- ciders and alcoholic fruit beverages goes up by N\$5.99 per litre

The above increases are not only necessitated by SACU Agreement, but also meant to discourage consumers from spending their income on these products, given the economic situation.



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