

Budget Highlights 2018/2019

Below is a summary of the tax proposals that were delivered by Honourable Minister of Finance, Mr, Calle Schlettwein at the National Budget address on 7 March 2018. This is a high level overview of the changes.

Tax Proposals :

- Phase out of the preferential tax treatment only granted to certain existing manufacturers to achieve equity and equal treatment of all operators.
- Intervention to encourage business development and job creation, support instruments for SMEs and start ups will be determined.
- Repeal of the Export Processing Zone Act and introduce the Special Economic Zones. A sunset clause for current operators with the EPZ status will be announced.
- Adjustment to current tax brackets for Individual Income Tax. Lower bracket will be reduced from 18% to 17% and introduction of a new bracket of 39% and 40% for individuals earning over N\$ 1.5 million and N\$ 2.5 million respectively.
- Introduction of a 10% dividend tax for dividend paid to residents to enhance the fairness of the tax system.
- Abolish the current practice of a conduit (flow through) principles in the taxation of trust to harmonize the taxation of trusts in line with regional economies.
- Subject income derived from commercial activities by charitable, religious, educational and other types of institutions under Section 16 of the Income Tax Act to normal corporate tax. Institutions will therefore be required to register as taxpayers and file annual tax returns.
- Taxing of all income earned from foreign sources. Namibian residents will have to declare such income in their annual tax returns.
- Explore a profit tax of 37% on betting and gaming entities.
- VAT on income of listed asset managers
- Introduce VAT on proceeds on sale of shares or membership in a company largely owning commercial immovable property

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Revenue Management Objectives:

- Transitional arrangements for the establishment of the Namibian Revenue Agency by 1 March 2019
- Roll- Out of the Integrated Tax System by July 2018.
- Development of guidelines and regulations to give effect to voluntary or forced registrations of all small business not currently registered and determine the rates payable by such business.
- Leveraging regional and international tax cooperation as a mechanism to enhance national technical capacity in areas of tax administration specifically in respect of transfer pricing
- Scaling up of program for targeted recovery of tax arrears after the lapsing of the Tax Arrears Recovery Program on 11 March 2018.
- Finalization of the Draft Customs Modernization Bill including the development of Regulations to the Customs & Excise Act and the signing of the One Stop Border Post Bilateral Agreement with Botswana.
- Implementation of the Asycuda World system to offices not previously covered including the interface with other O/M/As and interconnectivity with Botswana for information sharing and risk management purposes.

Excise Levies and Duties

- Fuel levies will increase by 25 cents per litre for all levied fuel products.
- Export levy will be expanded to cover specific agriculture, forestry and game products and other mining products currently not covered.
- Additional 5% national "sin" tax on alcohol and tobacco products.