

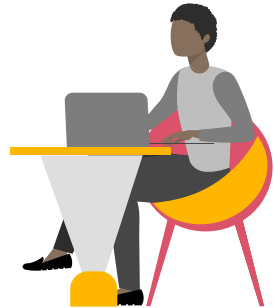
Dissecting the 2021/22 Annual Budget Speech

Time to take our medicine
March 2021



2021/22 Annual Budget Speech

“Boosting Resilience and Recovery”



3
Essential public services, shielding communities

2
Economic recovery objectives

1
Vaccine acquisition, distribution and prevention

Quick Facts:

Public debt **68.5%** of GDP

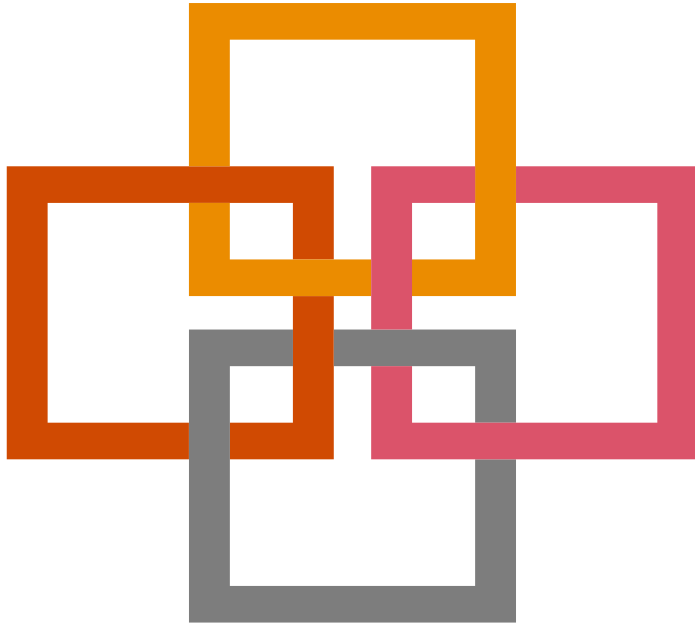
N\$52.1b expected in Revenue

Spending reaches **36.8%** of GDP

N\$8.1b for MoHSS

Proposed non-mining company tax reductions, proposed VAT zero-rating sanitary products and promoting savings culture with individuals

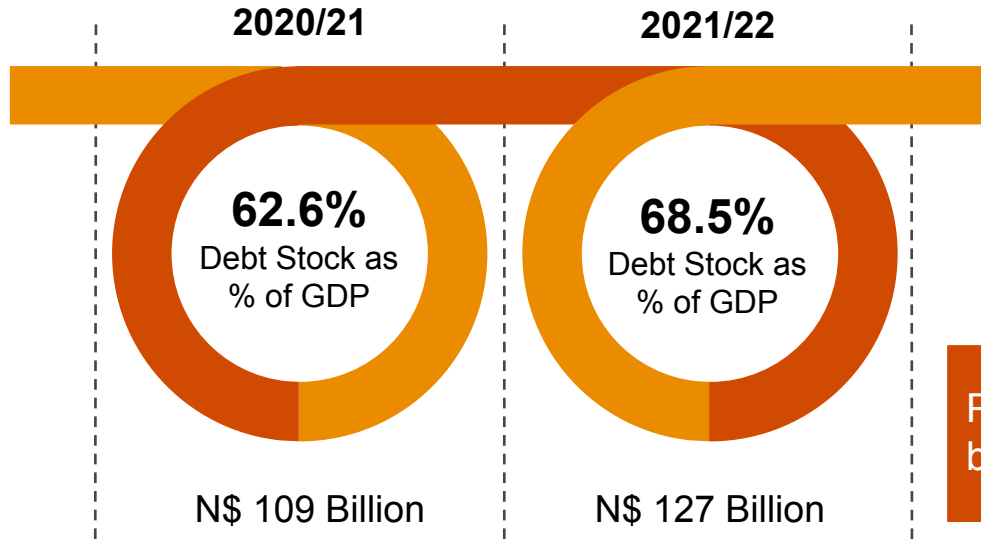
2020/21 Annual Budget Speech: Reflection on Policy Reforms, amongst others



- ❑ **Bank of Namibia N\$500m SME facility launched November 2020**
- ❑ **Pilot capacity assessment of procurement process at four public entities finalised**
- ❑ **Re-engineering VAT claims <90 days**
- ❑ **Tax Relief Programme kick-started in Feb 2021**
- ❑ **Tabling of revised Namibia Investment Promotion Bill and NEEEB**

2021/22 Annual Budget Speech: Debt Stock

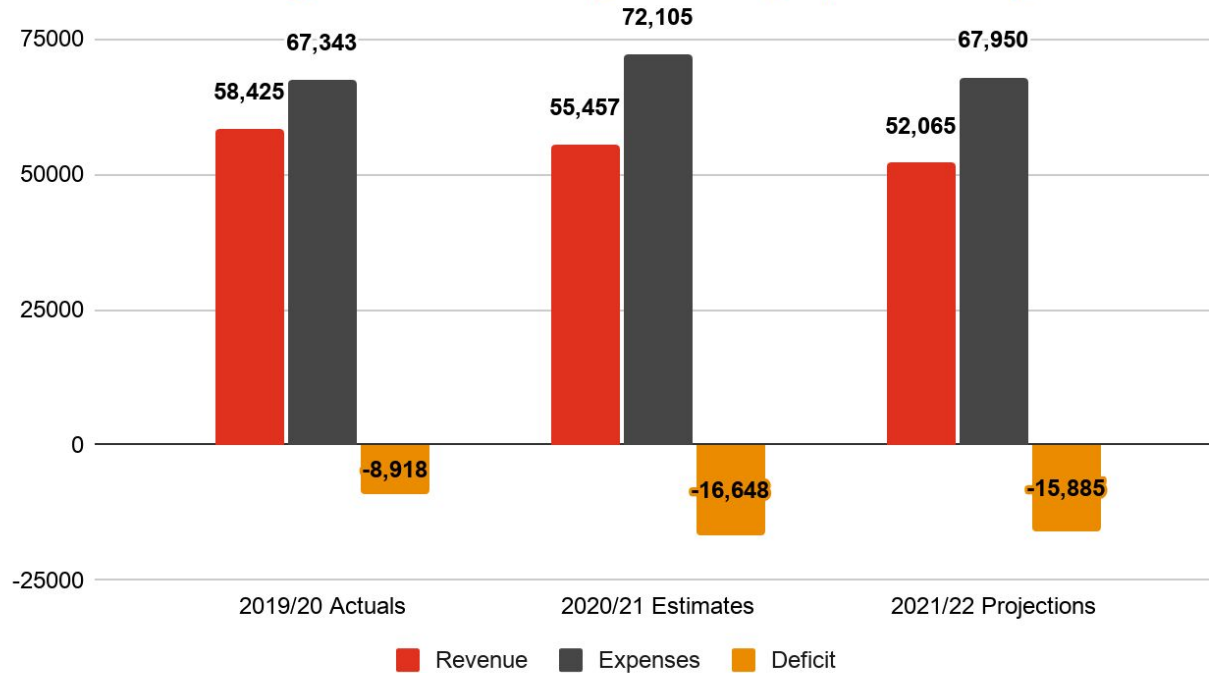
15.5%
increase
from
prior
year



Projected to stabilize
by 2025/26 **84.6%**

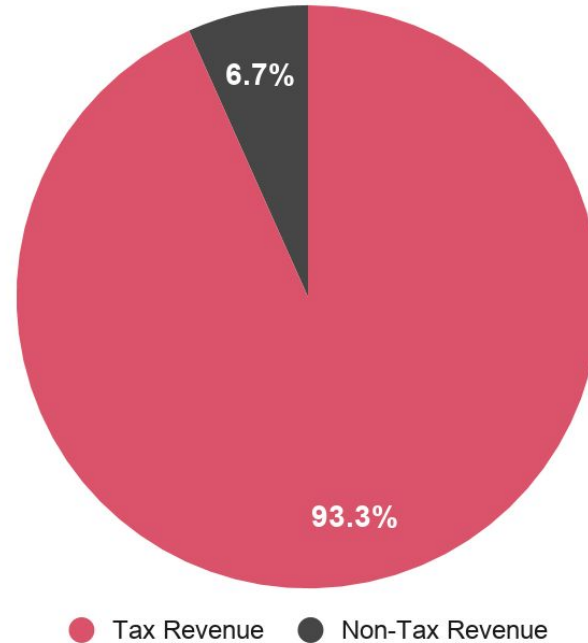
2021/22 Annual Budget Speech: Revenue vs. Expenditure

Revenue & Expenditure Comparison (N\$ Millions)



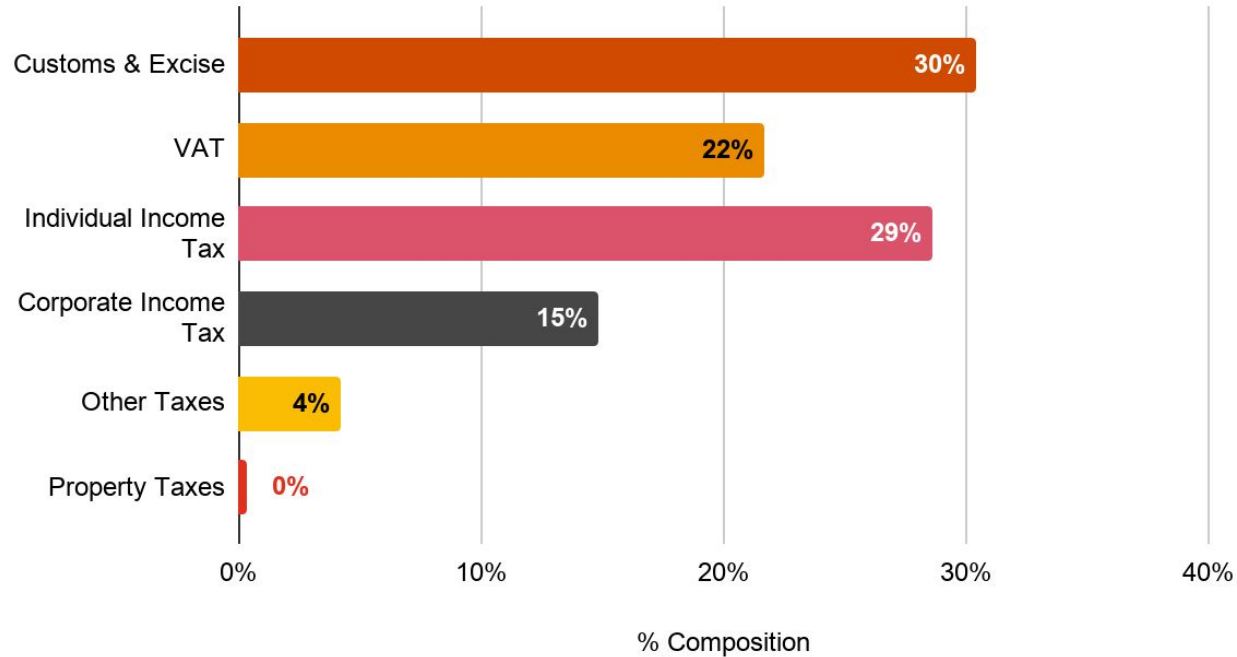
2021/22 Annual Budget Speech: Tax vs. Non-Tax Revenue

Tax Revenue vs Non-Tax Revenue



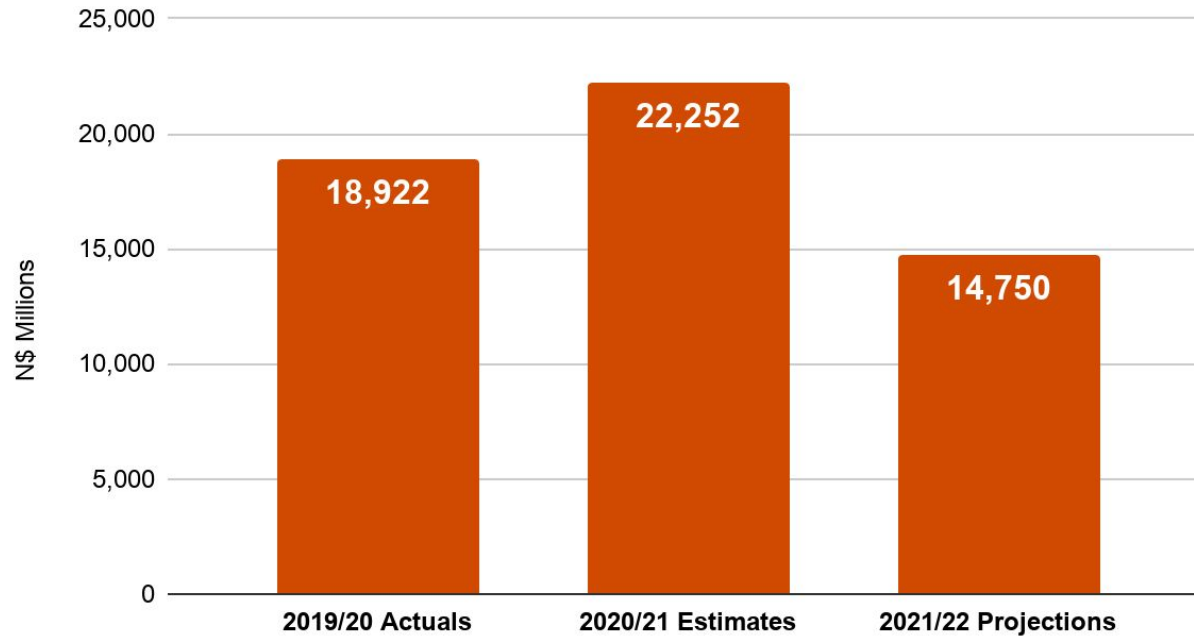
2021/22 Annual Budget Speech: Tax Revenue Composition

Tax Revenue Composition 2021/22



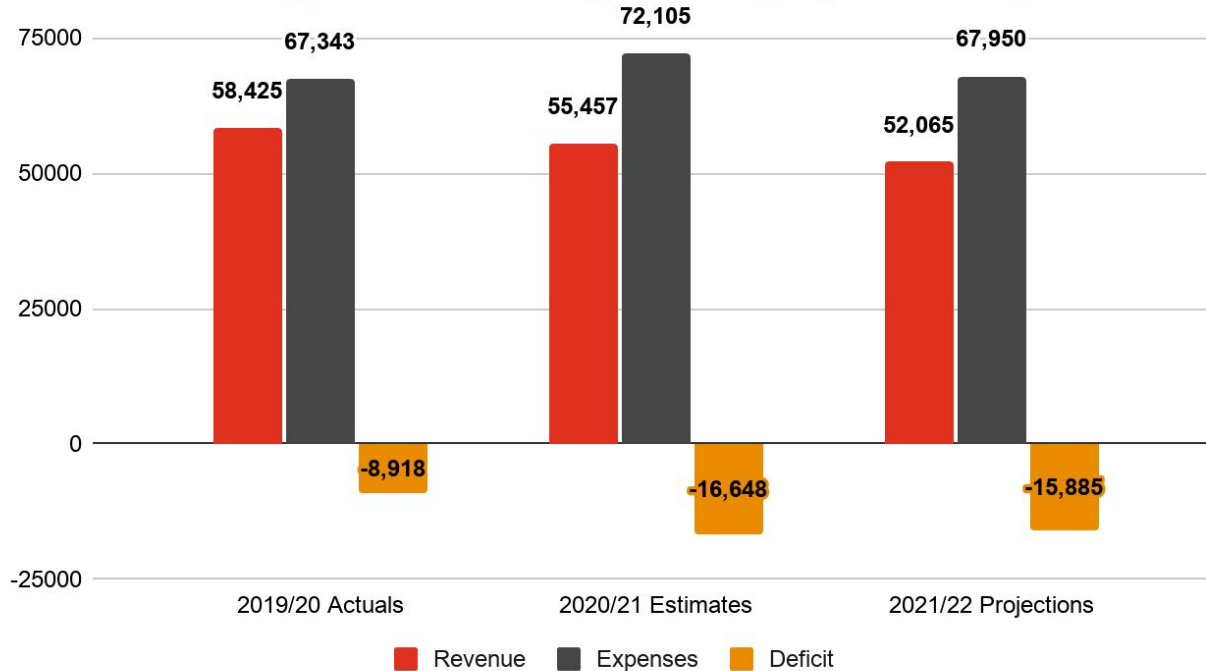
2021/22 Annual Budget Speech: SACU Receipts

SACU Receipts Comparison (N\$ Millions)



2021/22 Annual Budget Speech: Revenue vs. Expenditure

Revenue & Expenditure Comparison (N\$ Millions)



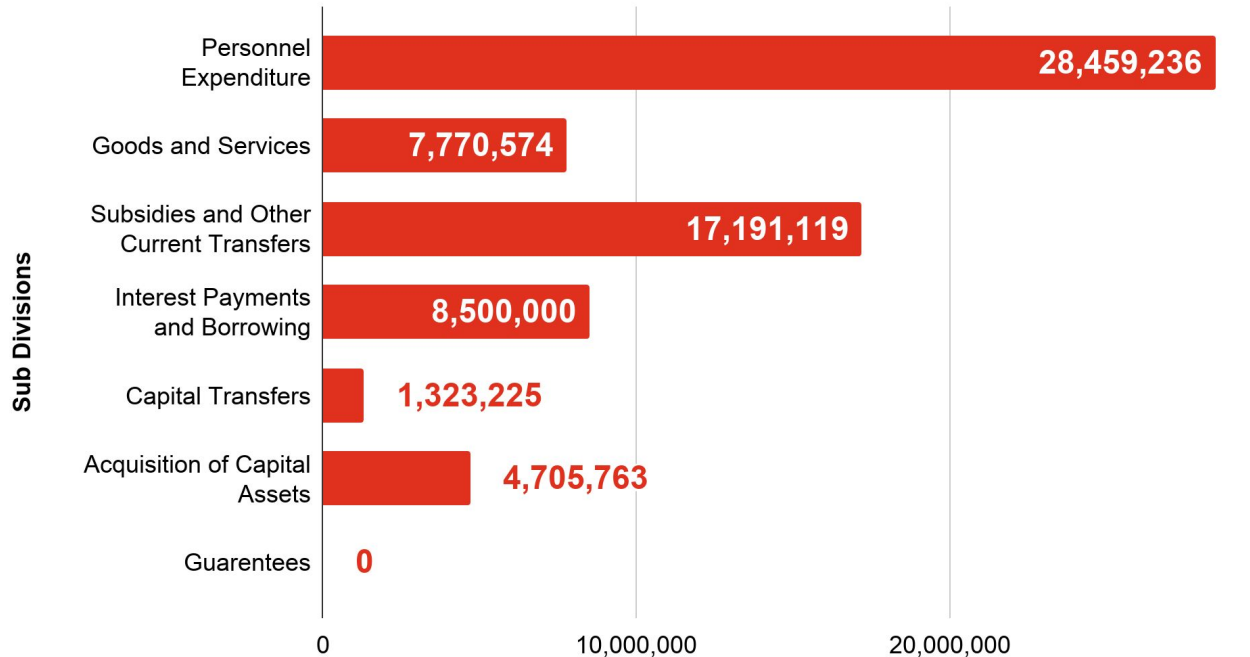
**Interest Payments =
N\$8.5 billion**

**Development =
N\$5.6 billion**

**Operational =
N\$53.9 billion**

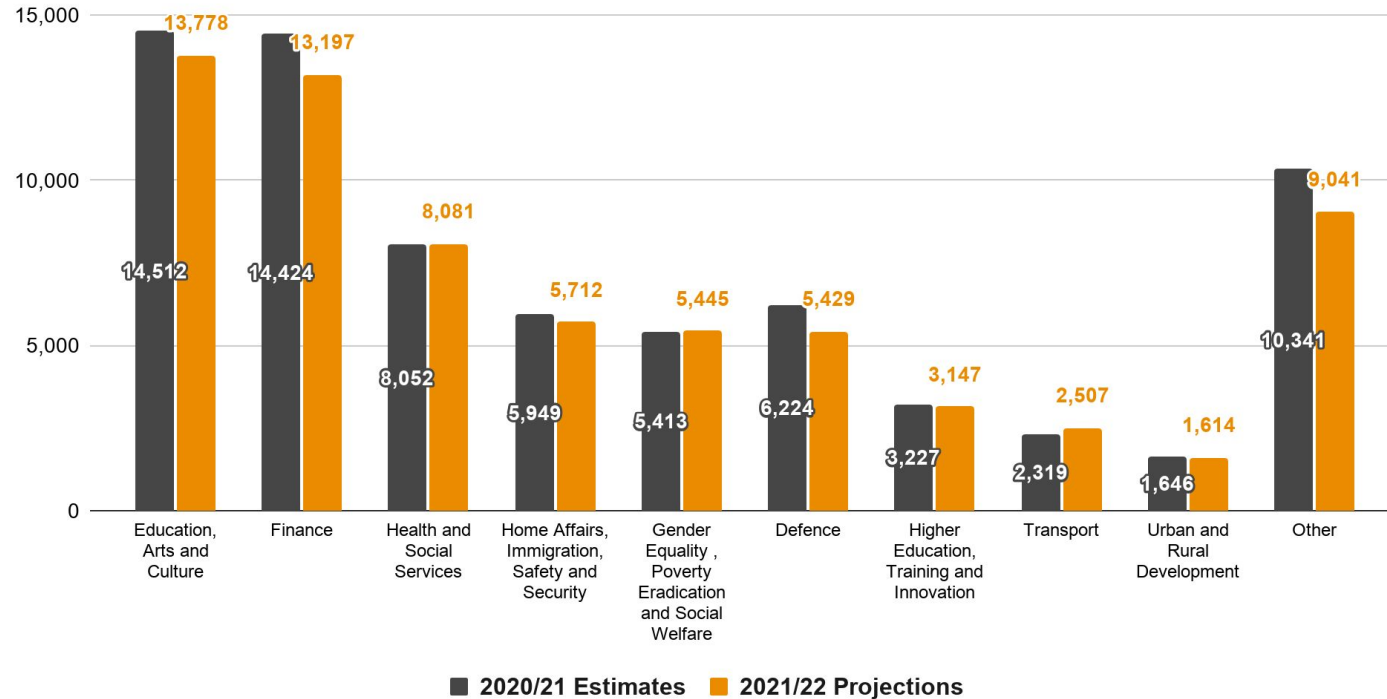
2021/22 Annual Budget Speech: Operational Expenditure

Government Expenditure Estimates by main items / sub divisions (including statutory) N\$ '000 Million

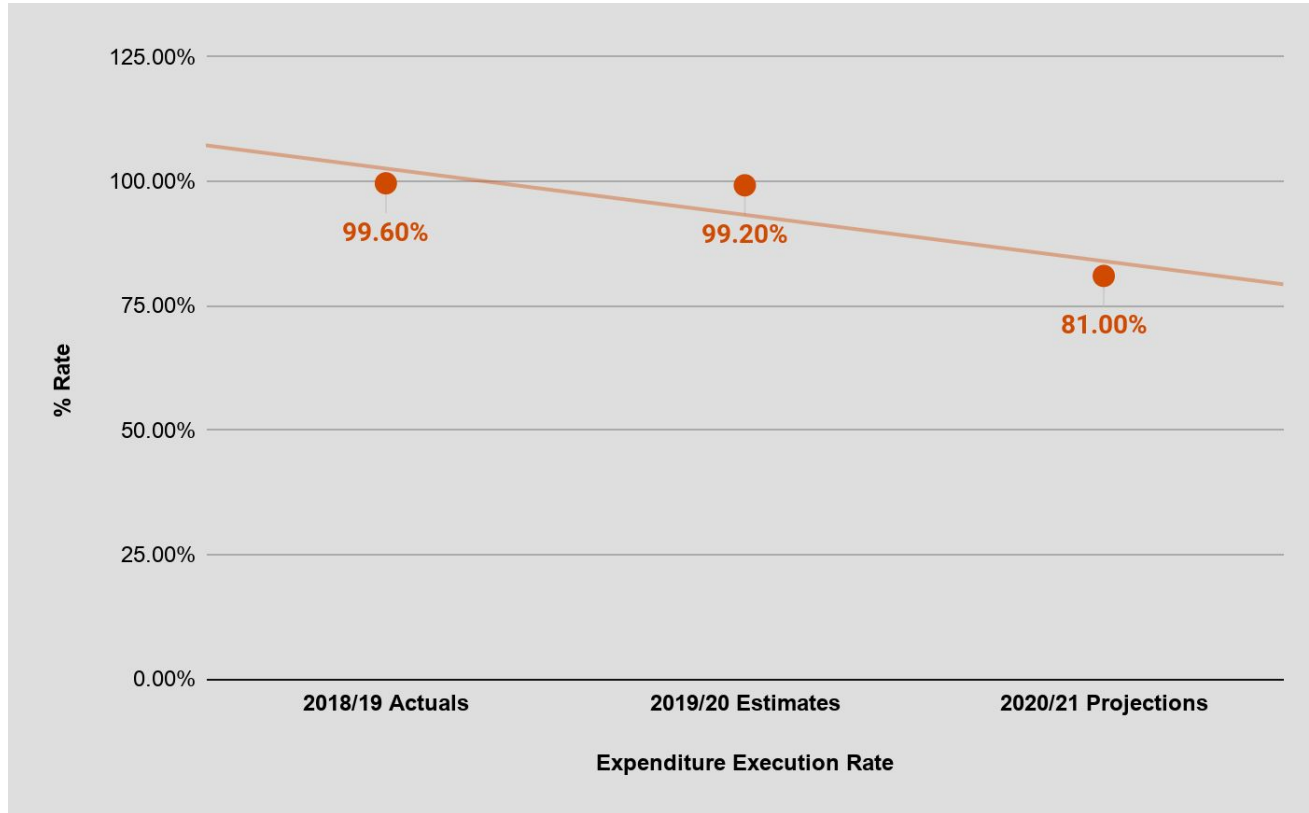


2021/22 Annual Budget Speech: Departmental Expenditure

Expenditure Allocations by Department (N\$ Million)



2021/22 Annual Budget Speech: Expenditure Execution Rate



2021/22 Annual Budget Speech: Spending Priorities



COVID-19 Response

- Vaccination plan
- Pharmaceuticals
- Provision of services countrywide

Gender Equality, Poverty Eradication and Social Welfare

- Social safety net programs
- Gender-based violence

Education

- Primary Education
- Secondary Education
- UNAM
- NUST
- NSFAF

Public Safety and Order

- Maintenance of law and order
- Defense and Veteran Affairs
- Ministry of Justice
- Anti-Corruption Commission

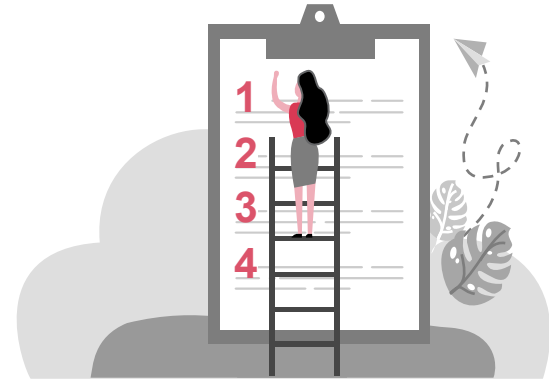
Infrastructure

- Rail, road and water sectors
- N\$96m allocated to PPP projects
- Nampower N\$10bn investment over 3 years

2021/22 Annual Budget Speech: Structural Policy Reforms

Structural Policy Reforms noted:

- Implementation of Presidential Economic Recovery Plan
- Policy intervention through the Public Asset Ownership Policy
- Wage Bill reform - vacancy freeze/voluntary early retirement
- PSEMAS reforms
- Public Finance Management reforms
- Financial sector reforms (Financial Institutions and Markets Act, Central Securities Depository, Banking Institutions Bill)



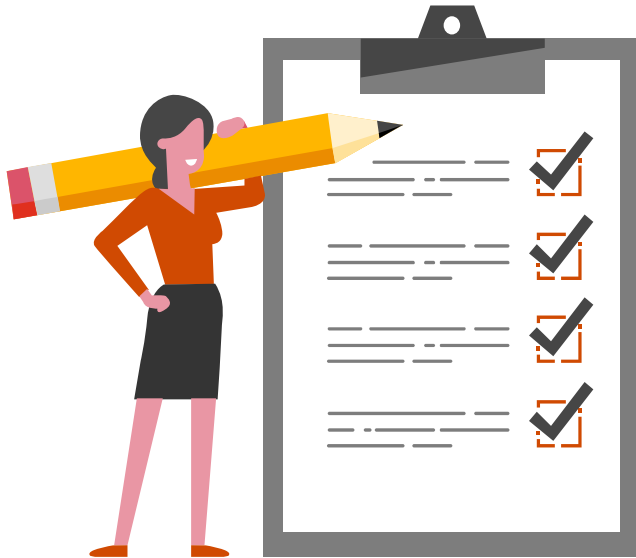
2021/22 Annual Budget Speech: Administrative Reforms

Administrative Reforms noted:

- Namibia Revenue Agency (NamRA) diarized for **7 April 2021**
- No increase in general tax rates
- Targeted recovery of tax arrears through recently launched Tax Relief Programme
- Tax admin efficiency, including administration on withholding tax on services and freight taxes



2021/22 Annual Budget Speech: New Income Tax Proposals



1

Non-mining company tax reduction

2

Increase tax deductibility pension, retirement and educational policy contributions (N\$40k to N\$150k)

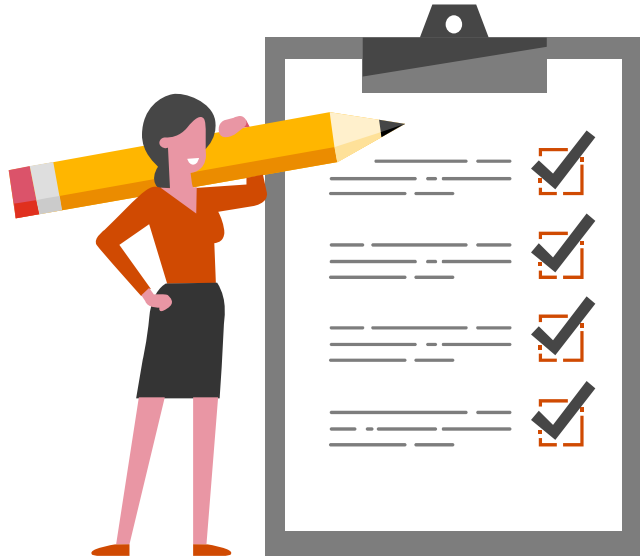
3

Introduction of 10% WHT on dividends paid to Namibians

4

Review withholding tax on interest from unit trusts relating to Namibian companies

2021/22 Annual Budget Speech: New Indirect Tax Proposals



1

VAT zero-rating on sanitary products

2

Introduction of 15% VAT on management fees for listed asset managers

3

Various sin tax increases

2021/22 Annual Budget Speech: Previously Mentioned Tax Proposals

Previously Mentioned: No Mention

1. Taxation of foreign income
2. Sale of shares/CC membership in property company VATable
3. Taxing of Trusts- abolish conduit principle

Previously Mentioned: No Mention

4. Charitable / Religious / Educational institutions with commercial activities - subject to be taxed
5. Remove VAT zero rating of sugar

Previously Mentioned: Still under Review

1. Introduction of Special Economic Zones

2021/22 Annual Budget Speech: Sin Taxes

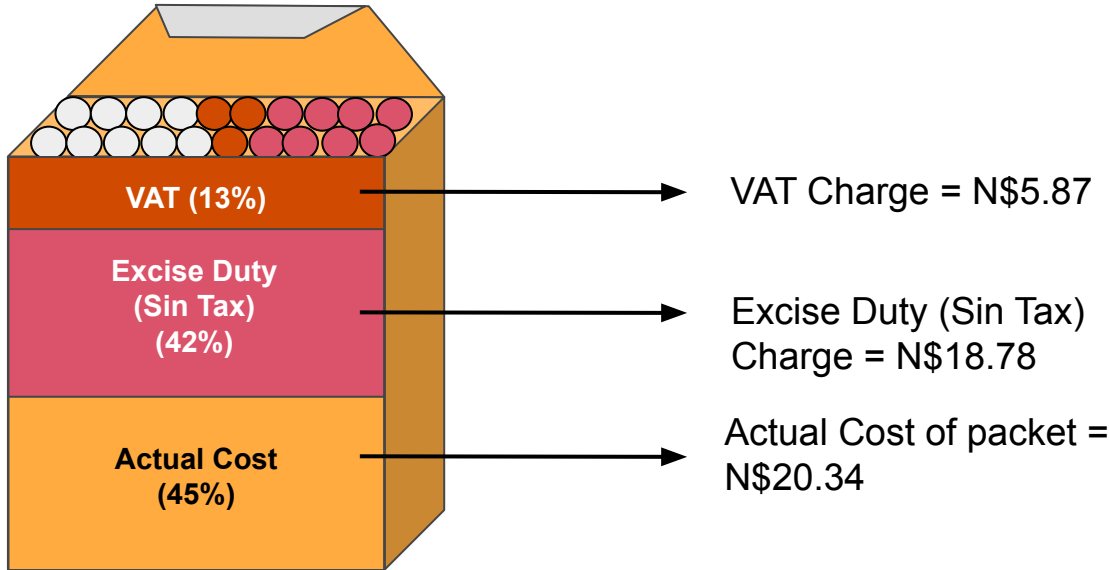
2021/22 Excise Duty effective **24 February 2021**

Product	Quantity	2020/21 Cost (N\$)	2021/22 Cost (N\$)	Increase in Namibian Dollars (N\$)
Spirits	per 750ml	68.73	74.23	↑ 8% 5.50
Cigarettes	per packet of 20	17.40	18.78	↑ 8% 1.38
Sparkling wine	per 750ml	10.77	11.63	↑ 8% 0.86
Fortified wine	per 750ml	5.51	5.94	↑ 8% 0.44
Unfortified wine	per 750ml	3.29	3.56	↑ 8% 0.26
Malt Beer (5% alcohol)	per 340 ml	1.81	1.96	↑ 8% 0.14
Ciders & Alcoholic fruit beverages	per 340 ml	1.81	1.96	↑ 8% 0.14



2021/22 Annual Budget Speech: Excise Duty on Cigarettes

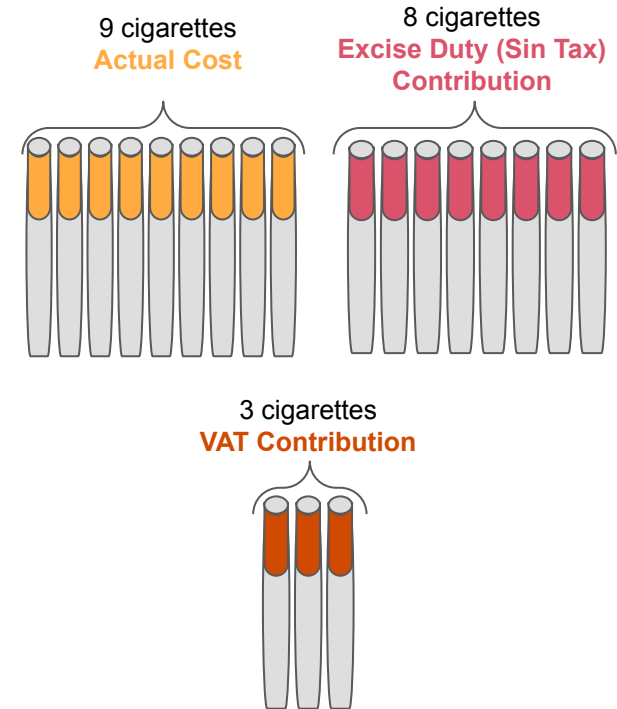
Standard Packet of Cigarettes (20 units) - Total Cost of N\$44.99



Assumptions:

1. Based on the average price of a packet of 20 cigarettes purchased in a retail store located in Windhoek;
2. For this analysis, statistics were rounded to the nearest whole number; and
3. The above schematic presentation depicts the best estimate of taxes payable, upon the purchase of cigarettes. It may not be a fully accurate portrayal, as costing may fluctuate.

Composition in terms of Cigarette Units



Annual Budget Speech 2021/22

“It always seems impossible until it is done” - *Nelson Mandela*

Thank you

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This information gathers together information on matters of general guidance and provides a high-level overview of the nature and extent of the Namibian Annual Budget Speech as at the date set out herein. This is made available for information purposes only and no PwC Member Firm accepts any liability or responsibility whatsoever for the accuracy or completeness of this information or any use you may make of it. While best efforts from our PwC team of experts have been used to compile this information, from reliable sources, accuracy is not guaranteed. Accordingly, you are on notice that any use you make of this information, or any reliance you place on it, is solely your responsibility. For professional advice and assistance, please contact your usual PwC contact.

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