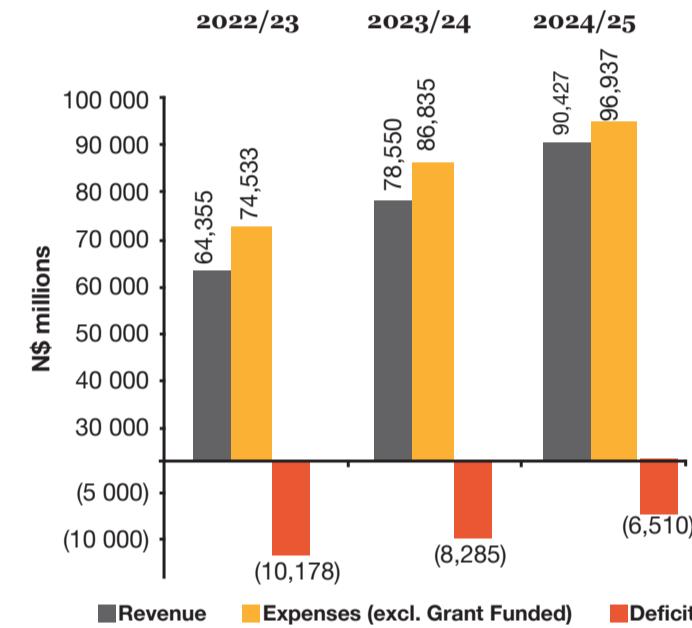


2024/25 Budget Overview

Budget Snapshot

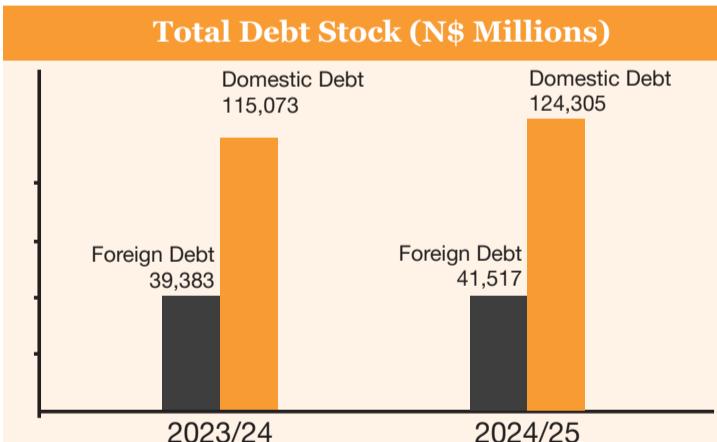
- The significant policy priorities include:
 - N\$2.5 billion is set aside for development of the railway network and a total of N\$6.6 billion over the MTEF;
 - A capital budget of N\$970 million was provided to the Ministry of Education, Arts and Culture for the construction and renovation of classrooms and other school infrastructures;
 - A total of N\$700 million is made available for the upgrade of the informal settlements, land servicing and other programmes to improve access to housing opportunities.
 - N\$200 million in FY2024/25 and N\$200 million in FY2025/26 is allocated to support NamPower in funding the development of the OtiKoto Biomass Power Station.
- Due to improved tax administration as well as the domestic economic recovery, revenue collections amounts to 90.6% over the first 10 months of the financial year and revenue is subsequently revised upwards for FY2023/24 by N\$2.5 billion to N\$81.1 billion. The collection rates are as follows:
 - Corporate income tax: 109.6%
 - Value Added Tax: 89.7% and
 - Withholding tax on services and royalties: 130% each
- Year to date, N\$2.5 billion was collected on other categories through the Tax Amnesty Program between April 2023 and January 2024.
- More than N\$700 million has been set aside for transfers to public enterprises that are under pressure. Some of the most significant contributions are
 - Meatco - N\$212 million
 - Transnamib - N\$300 million
 - Agribank - N\$77 million
- Interest payments amounts to N\$12.8 billion, equivalent to 14.2 percent of revenues and 4.7 percent of GDP. The total debt stock ratio is estimated to reduce to 60.1% of GDP.
- The Old Age Grant and the Disability Grant will be increased from N\$1,400 to N\$1,600 per month effective on 01 April 2024.
- A significantly improved budget deficit of 3.2% for FY2023/24 is projected, compared to the 4.2% projection at the midterm review.

Revenue & Expenditure Comparison

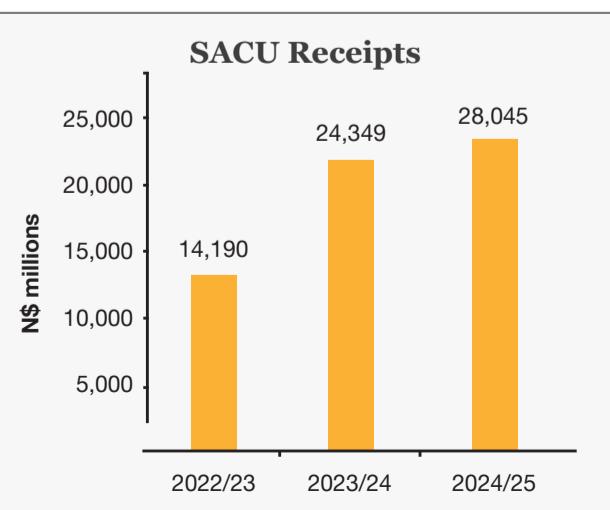


Debt Financing

Debt Financing plan for the Medium Term Expenditure Forecast (MTEF) for 2023/24 to 2024/25



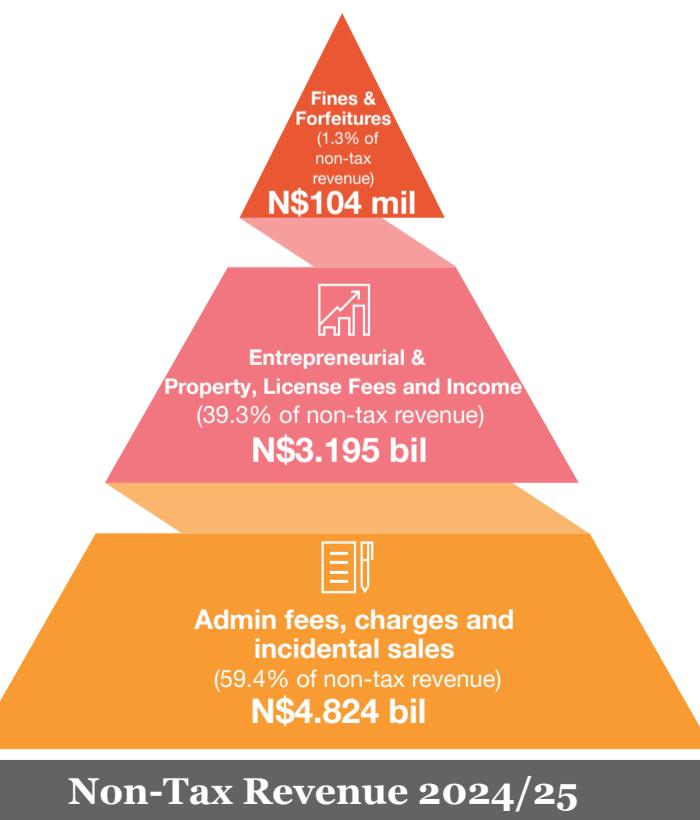
SACU Revenues



2024/25 Excise Duty effective February 2024

Product	Excise Duty Increases
Malt Beer (5% Alcohol)	0.14 cents per 340ml
Unfortified wine	0.28 cents per 750ml bottle
Fortified wine	0.47 cents per 750ml bottle
Sparkling wine	0.89 cents per 750ml bottle
Ciders & Alcoholic fruit beverages	0.14 cents per 340ml
Spirits	N\$5.53 per 750ml bottle
Cigars	N\$9.51 per 23g
Cigarettes	N\$0.97 per packet of 20
Nicotine & Non-nicotine solutions (Electronic Cigarettes/Vaping)	N\$0.14 per 1ml

Non-Tax Revenue 2024/25



Fiscal targets 2024/25

35.1%

Spending as % of GDP

2.4%

Deficit as % of GDP

32.8%

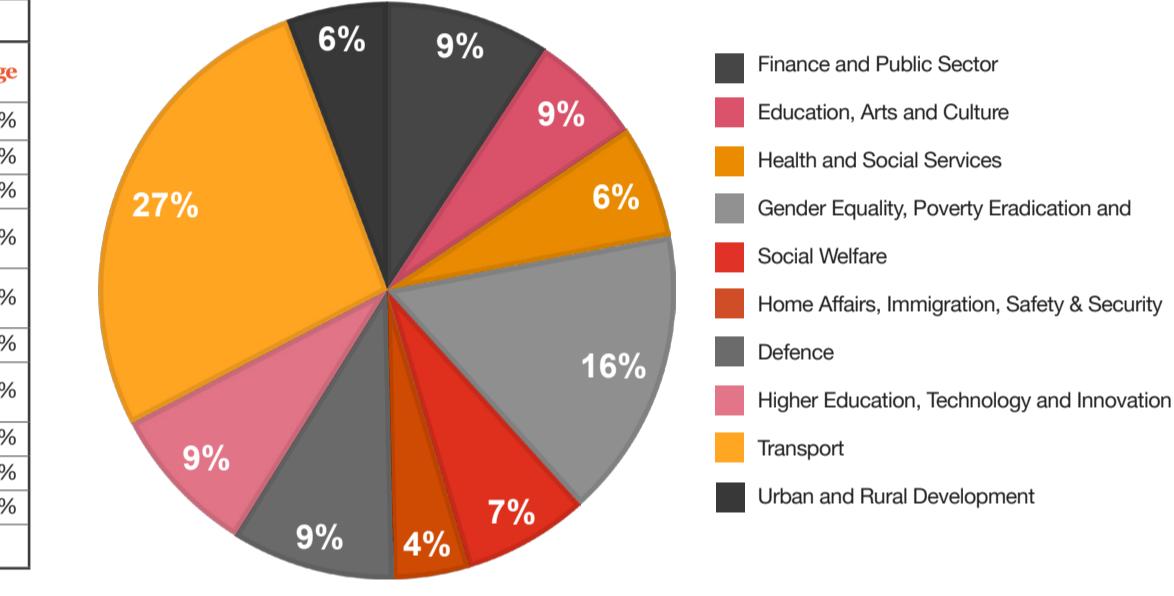
Revenue as % of GDP

Operational Expenditure

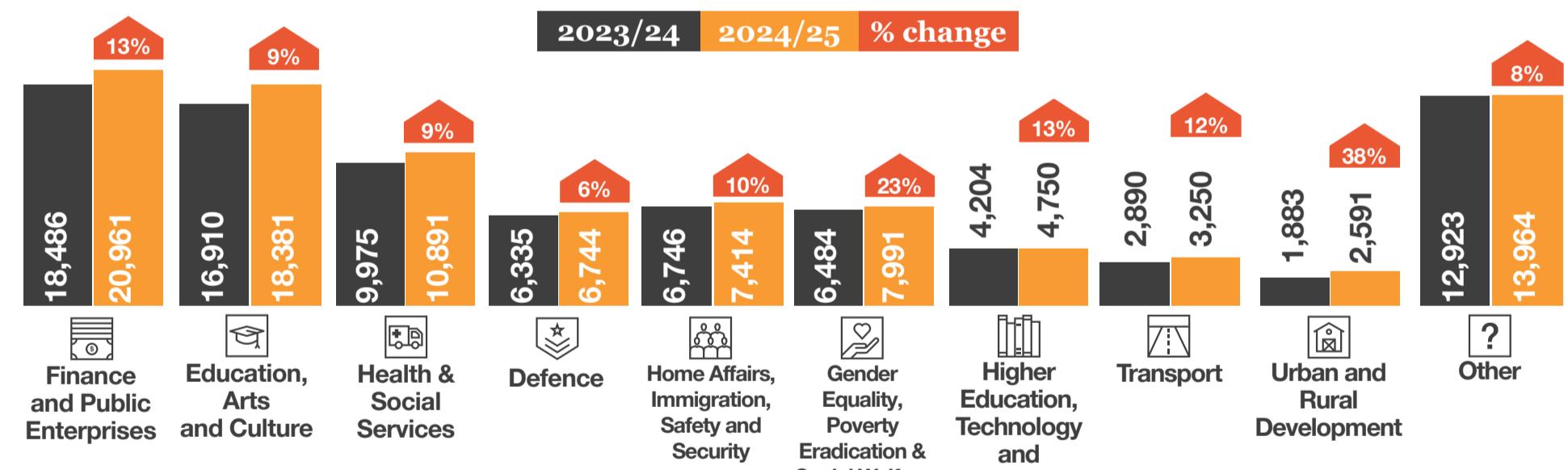


Government Expenditure by Department for 2024/25

Department	2023/24 Revised	2024/25 Budget	% change
Finance and Public Enterprises	18,486	20,961	13%
Education, Arts and Culture	16,910	18,381	9%
Health and Social Services	9,975	10,891	9%
Gender Equality, Poverty Eradication and Social Welfare	6,484	7,991	23%
Home Affairs, Immigration, Safety and Security	6,746	7,414	10%
Defence	6,335	6,744	6%
Higher Education, Technology and Innovation	4,204	4,750	13%
Transport	2,890	3,250	12%
Urban and Rural Development	1,883	2,591	38%
Other	12,923	13,964	8%
Total	86,855	96,937	



Comparison 2023/24 to 2024/25 (N\$ millions)



Tax Policy and Administration Mentioned for the 2024/25 financial year

- The threshold for Income Tax on Individuals will increase from the current N\$50,000 to N\$100,000 per annum from 1 March 2024.
- The corporate income tax rate (CIT) for non-mining entities is reduced to 31% effective on 01 January 2024 (i.e. for year ends ending 31 December 2024 and thereafter) with a further reduction to 30% taking effect on 01 January 2025. For SMEs below a certain threshold, a reduced corporate income tax rate of 20% will be applicable in the future.
- The corporate income tax rate for non-mining companies will be further reduced to 28% during FY2026/27. This is however accompanied with the following proposed changes that will be implemented:
 - replacing the 3:1 thin capitalisation ratio with a 30 percent limit on interest deductions;
 - capping assessed losses carried forward at 5 years for normal companies and 10 years for companies operating in the natural resources sectors (i.e. mining);
 - introducing a 10 percent local dividend tax effective on 01 January 2026
- The current exemption of non-resident shareholder tax for long and short term insurance companies will be removed.
- The Special Economic Zone (SEZ) Bill will be tabled in the National Assembly during FY2024/25 before expiry of the Export Processing Zone (EPZ) regime in 2025.

The following incentives will be available to participants in the SEZ:

- CIT rate of 20%
- VAT will be zero rated
- FY2024/25, the threshold for mandatory VAT registration will increase from N\$500,000 to N\$1,000,000.
- Introduction of an Internship Tax Incentive Programme that will incentivize employers to enrol interns by providing an additional corporate tax deduction as a result of this.
- A building improvement deduction is proposed whereby a capital depreciation allowance of 10% can be claimed on the costs of buildings erected, added to, extended or improved as long as the buildings are used for trade purposes.
- The following changes regarding transfer duties and stamp duties will be made to adjust for the effect of inflation:
 - Increasing the brackets for exempt levels from N\$600,000 to N\$1.1 million;
 - The threshold to trigger the transfer duty rate of 8% will be increased to N\$3.15 million from the current level of N\$2 million effective in FY2024/25; and
 - A supertax transfer duty and stamp duty bracket for luxury residential properties will be introduced for properties costing above N\$12.0 million.