



# BUDGET HIGHLIGHTS 2017/18

Ministry of Finance, Republic of Namibia



*“Making Impact where it Matters”*

## BUDGET FRAMEWORK

- A budget deficit equivalent to 3.6% of GDP is projected for 2017/18, representing an improvement from deficits of 6.3% and 8.3% of GDP in 2016/17 and 2015/16, respectively.
- The public debt stock is expected to stabilise at 41.9% of GDP in 2017/18, a marginal fall from its 2016/17 level of 42.1% of GDP. Debt is projected to fall relative to GDP in subsequent years.
- Total public expenditure is budgeted at N\$62.5 billion for 2017/18, representing an increase of 1.7% from the revised 2016/17 budget of N\$61.5 billion. Expenditure will remain flat in subsequent years, at N\$61.9 billion in 2018/19 and N\$62.7 billion in 2019/20.
- Public revenue for 2017/18 is projected to reach N\$56.4 billion, growing by 9.7% from the N\$51.5 billion of revenue estimated to have been collected during 2016/17. This improvement in revenue is expected to result from stronger-than-anticipated SACU receipts.

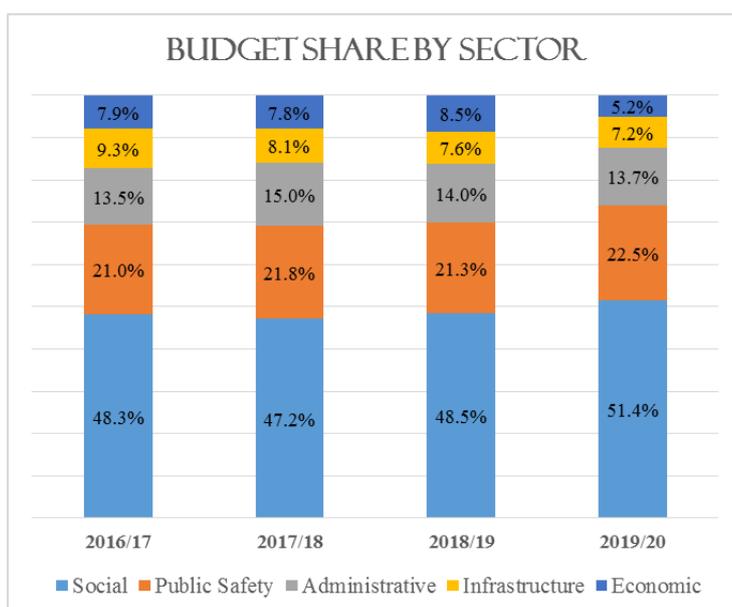
## SPENDING PROGRAMMES

For the 2017/18 financial year:

- N\$12.0 billion is allocated to the Ministry of Basic Education, Arts and Culture. A further N\$3.1 billion is allocated to the Ministry of Higher Education, Training and Innovation.
- N\$3.3 billion is allocated to the Ministry of Poverty Eradication and Social Welfare, for the provision of social safety nets and other anti-poverty measures. Of this, N\$2.4 billion will provide for the old-age pension, which will increase by N\$100 to N\$1,200 per month per senior citizen.
- N\$6.5 billion is allocated to the Ministry of Health and Social Services, the second highest allocation to any Ministry.
- N\$5.0 billion is allocated to the Ministry of Safety and Security, encompassing both the Police and the Correctional Service.
- 2.5 billion for PSEMAS

	Estimates 2016/17	Estimates 2017/18	Estimates 2018/19	Estimates 2019/20
<i>N\$ millions</i>				
<b>Revenue</b>	<b>51,512</b>	<b>56,425</b>	<b>57,192</b>	<b>60,795</b>
<i>as % of GDP</i>	32.5%	33.0%	31.1%	30.5%
<b>Expenditure</b>	<b>61,496</b>	<b>62,541</b>	<b>61,861</b>	<b>62,720</b>
<i>as % of GDP</i>	38.8%	36.6%	33.6%	31.4%
<b>Budget Balance</b>	<b>-9,984</b>	<b>-6,116</b>	<b>-4,669</b>	<b>-1,925</b>
<i>as % of GDP</i>	-6.3%	-3.6%	-2.5%	-1.0%

## BUDGET SHARE BY SECTOR





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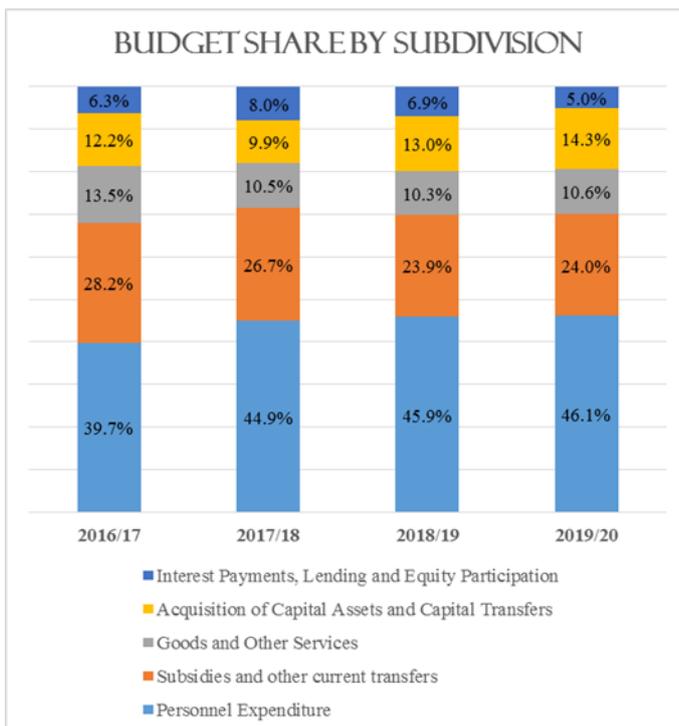
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	Estimates 2016/17	Estimates 2017/18	Estimates 2018/19	Estimates 2019/20
Taxes on income and profits	19,842	19,161	19,977	21,464
Domestic taxes on goods and services	14,218	14,025	15,344	16,296
Taxes on international trade	14,071	19,597	17,978	18,891
Other taxes	545	591	617	641
<b>Total Tax Revenue</b>	<b>48,676</b>	<b>53,375</b>	<b>53,915</b>	<b>57,292</b>
Total Non-Tax Revenue	2,447	2,656	2,878	3,098
<b>Total Revenue and Grants</b>	<b>51,512</b>	<b>56,425</b>	<b>57,192</b>	<b>60,795</b>

## TAX PROPOSALS

- Implementation of the Tax Arrear Recovery Incentive Programme will continue across all categories of taxes within the announced calendar.
- The provisions of the Capital Gains Tax will be expanded to provide for wealth-based taxation to embody the principles of a Solidarity Wealth Tax, based on certain categories of capital asset.
- A tax proposal for a Simplified Presumptive Tax on small units will be developed and tabled.
- In keeping with the SACU Agreement, excise duties on alcohol and tobacco products will increase.
- The enabling legislation will be tabled for the Revenue Agency, which is expected to commence operations on 1st April, 2018.
- A phased roll-out of the new Integrated Tax System will commence during year for the full deployment of the system by 2018.
- Tax proposals for curbing base-eroding tax exemptions and deductions on the Income Tax and VAT will be proposed through a stakeholder consultation process.



## EXPENDITURE BY SUBDIVISION

- The share of the budget allocated to personnel (salaries and related benefits) will average 45.6% over the 2017/18 – 2019/20 MTEF period. This is a sharp increase from 2016/17, when less than 40% of public expenditure was allocated to personnel, and the elevated spending on salaries leaves less room for other important budget areas.
- The share of public expenditure going to subsidies and other current transfers (which includes state-owned enterprises and social grants) will fall from 28.2% in 2016/17 to an average of 24.9% over the MTEF period.
- The share allocated to capital expenditure will fall from 12.2% in 2016/17 to 9.9% in 2017/18.