



REPUBLIC OF NAMIBIA

MINISTRY OF FINANCE

SECOND READING SPEECH

HONOURABLE SAARA KUUGONGELWA - AMADHILA, MP

MINISTER OF FINANCE

Honourable Speaker,

Honourable members of this House,

1. It is my pleasure to introduce the amendment to the Income Tax Act, (Act No. 24 of 1981 as amended).
2. In the furtherance of the national objectives, various tax policy changes were proposed in the 2013/14 Budget. The domestic tax policy is premised on the objective of enhancing the competitiveness of our economy, promotion of social welfare of our people and encouraging economic activities.
3. This Income Tax Amendment Bill contains adjustments to the income tax rates and categories to be paid by individuals. This amendment Bill also reduces the corporate tax rate from the current 34% to 33%.
4. The proposed changes for Individual Income Tax brackets will relieve the tax burden on all categories of individual tax payers, except to the upper 0.2 percent. In this regard, persons at the bottom of each tax bracket shift into a lower tax bracket than previous and the applicable rate for each bracket is lowered. These adjustments to the income tax rates for individual tax payers is aimed at enhancing the progressivity of the tax system and its contribution towards reduction in income inequalities by retaining progressively higher rates for the upper income brackets. In this respect, the rate for the upper bracket is maintained at 37 percent, but the bracket range is narrowed.

5. Reduction in inequalities is a priority outcome area for Vision 2030 and NDP4. This is a policy challenge that requires appropriate policy mix to address it, and tax policy plays its part.
6. Individuals earning N\$50 000 or less per year will be exempt from the payment of income tax. The new tax brackets will introduce a minimum income tax rate of 18% and a maximum rate of 37%.
7. The last adjustment for Individual Income Tax brackets for Namibia was made in 2009/10. Considering the inflationary effects, regional benchmarks, unequal distribution of income and the general tax burden on the population the adjustments in the Income Tax Bill will relieve the tax burden on various categories of individual tax payers, and thereby enhancing the sense of the progressive approach of our tax system of contributing to the promotion of income equality.
8. The Government plays a critical role in ensuring that the economic environment is conducive to promote business confidence, growth and employment creation. In this respect, the non-mining company tax rate is reduced from 34% to 33% . This reduction rate is expected to incentivise operators to reinvest and expand their operations, thereby creating more economic opportunities and growing the economy.
9. In striving to improve the lives of our people and to grow the Namibian economy, I ask the Honourable Members of this House to pass this Income Tax Amendment Bill.

I thank you Honourable Speaker

REPUBLIC OF NAMIBIA

NATIONAL ASSEMBLY

**INCOME TAX
AMENDMENT BILL**

(As read a First Time)

(Introduced by the Minister of Finance)

[B. 2 - 2013]

EXPLANATORY NOTE:

- _____ Words underlined with a solid line indicate insertions in existing provisions.
- [] Words in bold type in square brackets indicate omissions from existing provisions.

BILL

To **amend the Income Tax Act, 1981, so as to increase the threshold on income tax payable by individuals; to reduce the tax rate payable by individuals and non-mining companies; and to provide for incidental matters.**

BE IT ENACTED as passed by the Parliament, and assented to by the President, of the Republic of Namibia as follows:-

Amendment of Schedule 4 to Act No. 24 of 1981, added by section 21 of Act No. 25 of 1992 and amended by section 14 of Act No. 10 of 1993, section 10 of Act No. 17 of 1994, section 13 of Act No. 22 of 1995, section 28 of Act No. 12 of 1996, section 1 of Act No. 13 of 1998, section 1 of Act No. 7 of 1999, section 13 of Act No. 7 of 2002, section 1 of Act No. 11 of 2003, section 11 of Act No. 5 of 2007 and section 8 of Act No. 5 of 2010

1. Schedule 4 to the Income Tax Act, 1981(Act No. 24 of 1981) is amended by -

(a) the substitution for paragraph 1 of the following paragraph:

“1. RATES OF NORMAL TAX
(section 6)

<i>Taxable amount</i>	<i>Rates of tax</i>
Where the taxable amount –	
(a) does not exceed N\$50 000	no tax payable
(b) exceeds N\$50 000 but does not exceed N\$100 000	18 per cent of the amount by which the taxable amount exceeds N\$50 000
(c) exceeds N\$100 000 but does not exceed N\$300 000	N\$9 000 plus 25 per cent of the amount by which the taxable amount exceeds N\$100 000

(d)	exceeds N\$300 000 but does not of exceed N\$500 000	N\$59 000 plus 28 per cent of the amount by which the taxable amount exceeds N\$300 000
(e)	exceeds N\$500 000 but does not exceed N\$800 000	N\$115 000 plus 30 per cent of the amount by which the taxable amount exceeds N\$500 000
(f)	exceeds N\$800 000 but does not exceed N\$1 500 000	N\$205 000 plus 32 per cent of the amount by which the taxable amount exceeds N\$800 000
(g)	exceeds N\$1 500 000	N\$429 000 plus 37 per cent of the amount by which the taxable amount exceeds N\$1 500 000; and

(b) the substitution for item (a) of subparagraph (1) of paragraph 3 of the following item

“(a) on each N\$ of taxable income derived from a source other than mining, [34] 33 cents;”.

Short title and commencement

2. This Act is called the Income Tax Amendment Act, 2013, and is deemed to have come into operation, unless stated otherwise, as follows:

- (a) in the case of any taxpayer, other than a company, at the commencement of the year of assessment commencing on or after 1 March 2013; and
- (b) in the case of any taxpayer which is a company, at the commencement of the year of assessment of such company on or after 1 January 2013.