



People, Productivity, Prudence

KPMG in Namibia's 2026/27 Budget Summary

Finance Minister, Ms Ericah B Shafudah, delivered the National Budget address on **Thursday, 26 February 2026**

Finance Minister **Ericah Shafudah** presented the 2026/27 Namibia Budget Statement with the theme

“People, Productivity, Prudence”.

“This is a call to action to nurture human potential, boost growth drivers, and ensure fiscal sustainability.”

The budget introduces the 9th Medium-Term Expenditure Framework (MTEF) three year-cycle from 2026/27 to 2028/9 and is grounded in the following three essential principles:

1 Government aims to **solidify fiscal prudence** as a norm through budget choices being guided by affordability, sustainability over the long term and the need for macroeconomic stability

2 Government intends to ensure that every dollar spent returns **value and measurable results**

3 **Enhancing the collaboration of state-owned enterprises and the private sector** to drive the developmental agenda, enabling Government to focus on policy formulation

Tax Policy

In the area of tax policy and administration reforms for the 2025/6 fiscal year, the Minister re-iterated Government's commitment to implementing measures for boosting economic growth. In that regard, the Income Tax Amendment Bill is currently under legal review and is set to be presented in the second quarter of 2026.

With regard to the 9th MTEF, the following tax policy and administration reforms are proposed:

Corporate tax

- Review and **update capital allowances** to accelerate claiming of costs for tax purposes
- Mandatory disclosure for aggressive tax planning** in line with the OECD/G20 BEPS Action 12 to improve transparency and reduce tax avoidance
- Review and update the **introduction of tax incentives under the Special Economic Zones (SEZ) regime**
- Amendments to the Petroleum Income Tax Act** to address new developments in this sector
- Introduction of a Corporate Social Responsibility (CSR) **contribution tax deduction or incentive**
- Streamline tax of **revenues from international sporting events**
- Reconfigure corporate properties within group structures** to enable tax-neutral mergers, acquisitions and restructurings through group relief provisions under certain conditions

Individuals

- Adjustment of income tax brackets for individuals** over two financial years to reduce fiscal drag and improve fairness

VAT

Amendments to the VAT Act to underpin key priority sectors such as **agriculture input imports and the creative industry**

Modernising the VAT Act for the implementation of e-invoicing as a means to enhance compliance and reduce fraud

Administration

Tax amnesty programme

The relief is aimed at promoting the online filing of tax returns and the general use of the Integrated Tax Administration System ("ITAS").

NamRA will continue with the final instalment of the tax arrears relief program, whereby all interest and penalties will be written off if outstanding capital is settled in full by **31 October 2026**.

The Minister has confirmed that the program will **not be extended** again. We therefore highly recommend all taxpayers to take advantage of this opportunity to get their tax affairs regularised.

Tax refunds

Recognizing that timely tax refund payouts is essential to taxpayer confidence, NamRA is working towards reducing refund turnaround times from 90 days to between 30 to 60 days.

Order With Me Initiative

To address the challenges that the Small and Medium Enterprises sector faces in the Order With Me initiative, NamRA will establish a Centralised E-Commerce Clearance Centre to streamline clearance processes, reduce transaction costs and minimize the risk of lost goods. The centre is expected to be operational by 30 April 2026.

Other Matters

Fiscal Reforms and Policy Priorities over the MTEF

To provide investors, entrepreneurs and Namibia's development partners with much-needed clarity, predictability and confidence, the following three policy instruments were highlighted as the cornerstone to Namibia's industrialisation, investment and enterprise development:

- the Namibia Investment Promotion and Facilitation Bill (NIPFA);
- the National Equitable Economic Empowerment Framework (NEEEF); and
- the Special Economic Zones (SEZ) regime.

For NIPFA, feedback from stakeholders is currently under review and further updates will be communicated as the legislative refinement process progresses.

The SEZ Bill is currently under legal review and will be presented to Parliament for approval by year-end, whilst the Office of the Prime Minister is scheduled to engage the business community in early March for input and viable options for the NEEEF.





Sin Taxes: Excise duty proposed increases

With effect from 25 February 2026 and in terms of the SACU Agreement, the following changes were announced, in relation to the “sin” taxes:



a litre of sparkling wine will cost an additional **65c**



Ciders and alcoholic fruit beverages will increase by **N\$4.91** per litre of absolute alcohol



Clear (malt) beer per litre of absolute alcohol will increase by **N\$4.91**



spirits will increase by **N\$9.93** per litre of absolute alcohol



cigars will cost an additional **N\$198.04** per kg and pipe tobacco will increase by **N\$10.89** per kg



a pack of 20 cigarettes will cost an additional **77c**

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