

## Namibia announces Economic Stimulus and Relief Package to mitigate impact of COVID-19

---

### EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

---

Namibia's new Minister of Finance, Honorable Iipumbu Shiimi, announced, on 1 April 2020, the launch of an Economic Stimulus and Relief Package to mitigate the impact of COVID-19 in Namibia. The first phase of the Economic Stimulus and Relief Package is geared at addressing the negative effects resulting from the first 21-day lockdown period which ends on 20 April 2020.

The Government of the Republic of Namibia (the Government), in collaboration with stakeholders and development partners adopted a Stimulus and Relief Package amounting to N\$8.1 billion in total. It comprises approximately N\$2.1 billion in direct support to businesses and households, N\$3.8 billion in accelerated value-added tax (VAT) refunds and payments for goods and services supplied to the Government as well as N\$2.3 billion by way of loans to be guaranteed by the Government.

The relief package *inter alia* includes measures aimed at supporting businesses and households by way of wage subsidies and government-backed loans to formal and informal businesses in sectors which are directly affected by the lockdown measures and one-time income grants to persons who have lost their jobs due to the pandemic and its fallout.

For businesses, the following measures are proposed to maintain business cash flow and continued productive economic activities:

- ▶ Wage subsidy of N\$400 million for the hardest hit sectors, being the tourism, travel and aviation, and construction sectors to avoid further retrenchments
- ▶ The accelerated repayment of overdue and undisputed VAT refunds of about N\$3 billion
- ▶ The accelerated payment of overdue and undisputed invoices for goods and services provided to the Government of about N\$800 million
- ▶ The facilitation of a non-agricultural small business loan scheme of N\$500 million to be provided by the Development Bank of Namibia and guaranteed by the Government
- ▶ The facilitation of an agricultural business loan scheme for farmers and agricultural businesses of N\$200 million to be provided by the Agricultural Bank of Namibia and guaranteed by the Government Capital repayment moratorium on the principal amounts due from borrowers to the Development Bank of Namibia and the Agricultural Bank of Namibia for a period ranging between 6 months and 24 months, including the recapitalization of interest owed, lengthening of the repayment periods and the waiver of penalties
- ▶ Tax-back loan scheme for non-mining corporates of 1/12th of their tax payment in the previous tax year, capped in total at N\$470 million. The loans, that may be applied for at banks, will be guaranteed by the Government. The loans will only be repayable after one year and will bear interest at the prime lending rate less 1%
- ▶ The relaxation of labor regulations to avoid major retrenchments and business closures by allowing employers to negotiate a temporary 20% reduction of salaries and wages during the crisis period (and a reduction of salaries of up to 40% for the worst-hit industries)

For households, the following measures are proposed to cope with reduced income, increased health-related spending and other hardships due to the virus outbreak:

- ▶ A one-time emergency income grant of N\$750 to employees who have lost their jobs due to the pandemic and its fallout, limited to a maximum of N\$562 million in total. Only Namibian citizens between the ages of 18 and 60 years old who do not receive any other social grants qualify for this grant. Payments will be by the Government in collaboration with the Social Security Commission.
- ▶ Tax-back loan scheme for tax-registered and tax-paying employees and self-employed individuals who have lost income or part thereof equal to 1/12th of their tax payment in the previous tax year. The loans may be applied for at banks, will be guaranteed by the Government and will only be repayable after one year and will bear interest at the prime lending rate less 1%. The total guarantee will be capped in total at N\$1.1 billion.
- ▶ Water subsidy estimated at N\$10 million to ensure that water points are kept open without a need for water cards during lockdowns to be subsidized by NamWater and local authorities.

The relief measures will take effect immediately. The Minister of Finance has given the assurance to the business community at large that the Government will continue to support economic activities as well as households during the lockdown and the recovery phase thereafter. He has also called on domestic and external financiers, development partners and stakeholders to work in partnership with the Government during this challenging time. The Minister also urged the business community and employers to avoid laying off workers at this point in time.

For additional information with respect to this Alert, please contact the following:

**Ernst & Young Namibia, Windhoek**

- ▶ Cameron Kotzé [cameron.kotze@na.ey.com](mailto:cameron.kotze@na.ey.com)
- ▶ Friedel Janse van Rensburg [friedel.janse.van.rensburg@na.ey.com](mailto:friedel.janse.van.rensburg@na.ey.com)
- ▶ Nikia Bauernschmitt [nikia.bauernschmitt@na.ey.com](mailto:nikia.bauernschmitt@na.ey.com)
- ▶ Breeza Otto [breeza.prinsloo@na.ey.com](mailto:breeza.prinsloo@na.ey.com)
- ▶ Rozanne Rousseau [rozanne.rousseau@na.ey.com](mailto:rozanne.rousseau@na.ey.com)

**Ernst & Young Namibia, Walvis Bay**

- ▶ Julia Engels [julia.engels@na.ey.com](mailto:julia.engels@na.ey.com)
- ▶ Zandra Maass [zandra.maass@na.ey.com](mailto:zandra.maass@na.ey.com)

**Ernst & Young Advisory Services (Pty) Ltd., Africa ITTS Leader, Johannesburg**

- ▶ Marius Leivestad [marius.leivestad@za.ey.com](mailto:marius.leivestad@za.ey.com)

**Ernst & Young LLP (United Kingdom), Pan African Tax Desk, London**

- ▶ Rendani Neluvhalani [rendani.mabel.neluvhalani@uk.ey.com](mailto:rendani.mabel.neluvhalani@uk.ey.com)
- ▶ Byron Thomas [bthomas4@uk.ey.com](mailto:bthomas4@uk.ey.com)

**Ernst & Young LLP (United States), Pan African Tax Desk, New York**

- ▶ Brigitte Keirby-Smith [brigitte.f.keirby-smith1@ey.com](mailto:brigitte.f.keirby-smith1@ey.com)
- ▶ Dele Olagun-Samuel [dele.olaogun@ey.com](mailto:dele.olaogun@ey.com)

#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](https://ey.com).

© 2020 EYGM Limited.  
All Rights Reserved.

EYG no. 001847-20Gbl

1508-1600216 NY  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

**[ey.com](https://ey.com)**