



## NAMIBIA - September 2017

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### **NUJOMA PROPOSES LAND TAX REDUCTION ..... 1**

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#### **Nujoma proposes land tax reduction**

LAND reform minister Utoni Nujoma said the ministry would revise the land taxation rates to improve government's revenue collection from farmland, and discourage multiple land ownership.

Motivating his proposal in the National Assembly this week, Nujoma said the purpose of revising the progressive land taxation rates was in an effort to improve government's land reform and resettlement programme by discouraging multiple ownership of land and to benefit from the Land Acquisition and Development Fund.

The current land tax rates of 0,75% for local landowners and 1,75% for foreign nationals were last reviewed in 2004, with the rate for additional property at 0,25%.

Nujoma said if the current rates are not reviewed, the government will have to pay a high price (when buying land for resettlement) as farm owners would likely inflate their prices "to recover the cost of a high land tax".

He added that this would negatively affect the land reform programme's target of acquiring 5 million hectares by 2020.

The proposed land tax rates start at 0,4% for unimproved site value per hectare for local farmers, while foreign landowners will pay 1,4% of the site value for the first farm.

Farmers would then pay 0,25% for each additional farm they acquire.

Nujoma said the tax rates of additional property [owned by the same individual], will remain at 0,25%.

The land reform ministry's valuer-general, Rudolf !Naruseb, yesterday said the size of the land multiplied by the unimproved site value percentage per hectare determines the tax.

He, however, said this varies with the location of the farm.

The new, unimproved site valuation rates are currently at an average 300 to 400%, as was approved by the valuation court last year.

Nujoma stated that the proposed land tax rates would also help the government to get more land from the public as it "places a burden on those who own more land to pay more tax".

"A high land tax is likely to contribute to a widening gap between farm prices and the mortgage loan amount that can be advanced to applicants, thereby making it unaffordable for those who wish to acquire land through this avenue," he said.

He added that with the new proposed rates, government will be able to pocket about N\$80 million a year [if all farm owners pay their taxes], which is twice the current amount government collects from progressive land taxation.

#### **International Property Tax Institute**

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DTA parliamentarian Elma Dienda then proposed that the discussion be postponed to 26 September for further discussion before the rates are approved.

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