

**CONTRIBUTION BY HON. ELMA DIENDA, MP  
TO DISCUSSION  
ON THE REVISION OF LAND TAX RATES (2017)**

**NATIONAL ASSEMBLY  
26 SEPTEMBER 2017**

**CHECK AGAINST DELIVERY**

**Hon. Speaker, Hon. Members**

Land Tax is still a somewhat new phenomenon in Namibia. Land Tax was only introduced into law for the first time in Namibia through Section 2 of the Agricultural (Commercial) Land Reform Second Amendment Act of 2001. Before then, there had not been any tax levied on agricultural or commercial land.

Land Tax was essentially introduced for the same reason that the Minister provided in his motivation statement for the proposed revision: so that income generated through tax collection can be directed towards the Land Acquisition & Development Fund. The money which accrues to the Fund should then be used for the acquisition and development of agricultural land. As the Minister stated the Ministry of Land Reform needs money collected through tax to achieve the Ministry's target of acquiring 5 million hectares of farm land by 2020.

**Hon. Members,**

I am not opposed to the revision of the Land Tax rates from 0.75% to 0.4% for Namibians and 1.75% to 1.4% for foreign nationals, who own one farm.

**PARLIAMENTARY OFFICE**

T: +264-61-288 2563 | F: +264-61-226 494  
E: g.martin@parliament.na | W: www.dtaofnamibia.org  
Parliament Building, Southern Wing, Office 154, Windhoek, Namibia  
PO Box 41272, Ausspannstraße 154, Windhoek, Namibia



I do however wish to raise a few queries in regard to the efficiency of the tax collection system, in light of the revision of the tax rates.

For every additional farm owned by one individual, an extra 0.25% Land Tax is charged progressively on that farm owner in order to discourage people from owning multiple farms.

As those familiar with the patterns of land ownership in Namibia – particularly by foreigners – will confirm; many times one person owns 2, 3 and more adjacent farms. Is there anything prohibiting people who own adjacent farms from seeking to have these adjacent farms combined into one single farm? I ask this because; in the absence of a law prohibiting this, one would expect that the most obvious way to avoid paying the 0.25% progressive tax would simply be to apply to the Surveyor-General to have multiple adjacent farms re-zoned as one farm. By doing this a farmer would be able to save a lot of money and effectively avoid paying the expected tax.

**Hon. Speaker,**

I would firstly like to state that I appreciate the need to have a higher land tax for foreign land owners in comparison to local owners. This is a very important redistribution tool considering Namibia' history of illegal land dispossession during pre-independence political regimes.

I do however need clarification on how the tax regime applies in instances where a Namibian and a foreigner own the same farm together. Which tax rate would apply in such instances? The one for locals or the one for foreigners?

This same query also applies in the case of farms that are owned by companies where the shareholders or members are a mixture of Namibians and foreign nationals.

**Hon. Members,**

The Hon. Minister of Land Reform has provided various sound reasons to justify the decrease in the land tax rate. The Minister has also stated that despite the decrease the annual amount that is expected to be collected from Land Tax will increase from N\$ 40 Million to N\$ 80 Million under the proposed tax regime, if all the Land Tax is paid.

If all the Land Tax is paid – this is an important qualifier Hon. Members. I believe it would be more useful if the Hon. Minister provided this House with the actual figures of Land Tax collected in the last two financial years as opposed to the hypothetical figures “if everyone pays”. This would place the House in a better position to assess the impact of the revised Land Tax rate.

**Hon. Members,**

I am pleased to note that last year, the Valuation Court updated the Unimproved Site Values from 2007 to reflect the increase in farm values, as Government lost a considerable amount of tax revenue between now and then, due to delays in either increasing the tax rate or updating the new farm valuations.

In order to prevent a similar situation, I would hope that such updates in farm valuations will be done on a more regular basis.

**Hon. Speaker, Hon. Members**

It is of vital importance that the Land Acquisition & Development Fund is properly capitalized so that we can begin to address the huge inequalities in land ownership we see today in Namibia, which has resulted in debates on land being justifiably highly charged and emotional.

My only regret is that the changes proposed would have been best suited to an open and frank discussion at the Second National Land Conference.

None the less, taking the issues I have raised into account, I support the proposed Revision of the Land Tax Rate.

**THANK YOU.**