

TAXATION DEMANDS REPRESENTATION, ESPECIALLY FOR SMES

As we kick off the new year, an intense energy fills the halls of the Ministry of Finance and Public Enterprises. We find ourselves in the heart of "budget season," that critical window where the Minister of Finance, Hon. Ericah Shafudah, and her team are meticulously drafting the national budget for the 2026/27 financial year. While the spreadsheets are filled with billions of dollars, the true success of this budget will be measured by how well it represents the voices of the people who power our economy.

The adage "no taxation without representation" is often associated with historical revolutions; in Namibia, it takes on a more practical, economic meaning. It is the idea that those who contribute to the national fiscus deserve a seat at the table when the rules of that contribution are written. As the country looks to "turn the corner" and accelerate our growth, the time has come to ensure that our Small and Medium Enterprises (SMEs) are not just taxed but truly heard.

I have previously mentioned that SMEs are the primary engine of the Namibian economy. With an estimated 40,000 SMEs operating across the country, from the bustling stalls of Katutura, guesthouses in the North, and farms across the country, Namibia truly is an enterprising nation. Something we should be immensely proud of and stimulate. These enterprises account for nearly one-third of all jobs in Namibia.

When an SME thrives, the benefits ripple through the community. A local construction firm hires more youth; a boutique in Oshakati sources more local fabrics; a small lodge in the Kunene region invests in solar energy. This "multiplier effect" is what transforms a budget from a document of debt and expenditure into a blueprint for prosperity.

For many years, the primary hurdle for these businesses has been a tax system that seems designed for large, multinational corporations rather than the "little guy or girl." Currently, the non-mining corporate tax rate is on a welcome downward trajectory toward 28%. However, for a business with only five employees, the administrative burden of

compliance can be as heavy as the tax itself. The complaints from the SME sector are not about a refusal to contribute or be taxed. It is about the capacity to contribute while still growing. High tax rates and complex filing systems strip away the very capital that an SME needs to:

- Hire more staff and reduce youth unemployment.
- Invest in new technology and innovation.
- Expand operations into regional markets.

The Minister's upcoming budget represents a golden opportunity to integrate these concerns. There have already been promising discussions regarding a preferential 20% corporate tax rate for qualifying SMEs. Codifying this into the 2026 budget would be a transformative signal that the government has heard the concerns.

True representation in taxation means more than just lower rates; it means understanding it's a partnership. When the SME voice is integrated into the budget, the government gains a more resilient tax base. Integration also means slashing red tape. By introducing further tax incentives for training and digital transformation, the Minister can turn the tax system into a tool for development rather than just a mechanism for collection.

With exciting prospects in green hydrogen and oil and gas on the horizon, the country is poised for a new era. However, for this wealth to be inclusive and sustainable, the "middle" of our economy must be strong and adequately represented.

If the 2026/27 budget successfully balances the need for national revenue with the need to lighten the load on our small businesses, we won't just "turn the corner." Namibia will build a whole new road to prosperity, one that is the envy of our region. A budget reflecting the needs of the SME sector is a budget for every Namibian. It is a vote of confidence in our own people, and those who are taxed will feel represented. It will prove that when we give our entrepreneurs a seat at the table, everyone gets to share in the spoils.

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