

Government Expenditures Should Not Be Decreased

I WOULD like to air my views concerning the recently tabled budget. I beg to differ with the economists, tax practitioners and academics who suggest that the Government should reduce or cut back on its expenditures.

I am not happy with the idea because Namibia is a developing country and the Government should increase its expenditures in order to address social evils such as unemployment, poverty reduction, HIV/AIDS and boost the infrastructure.

Instead of decreasing the expenditure, Government should look at better methods of collecting more tax revenue in order to finance its expenditures. The time has come to look at the way the tax office is conducting its business of collecting tax; because it is not collecting much needed revenue.

The Government should ensure that the tax office is restructured to meet the goals:

1. Establish tax offices in all major towns.

Currently, there are only four tax offices in the country - Windhoek, Walvis Bay, Oshakati and Rundu. Taxpayers are travelling more than 200 kilometres to reach the tax office. This situation creates non-compliance from taxpayers due to costs involved to reach the tax office.

2. Introduce tax audit

This is necessary to prevent tax evaders and to enforce compliance. There are taxpayers who have not yet paid tax or submitted their tax returns since Independence.

3. Salary income taxed separately from business/farming income

The income tax act should be amended to

avoid salaried individuals from deducting their business/farming expenses from their salaries. This will stop the refund of money salaried individuals are receiving from the tax office every year.

4. Increase the tax base

The Government should introduce capital gains tax, donation and estate tax etc.

5. Establish an autonomous revenue authority

There is a dire need to have people who are business minded to run the affairs of the tax office. But with the current situation, it is difficult to attract qualified personnel. The best way is to commercialise the tax office in order to avoid the current management crisis.

6. Revenue estimation

The tax office should be held responsible and accountable for any short-

fall in revenue estimation. Each revenue office in each town should be given targets of tax revenues to be collected annually.

7. Training of tax officials

The tax officials must be trained and exposed to better tax administration in the SADC or elsewhere in order to change their attitude towards work and to be made aware of the importance of collecting more tax.

8. Strategic plan of the tax office

Currently, the tax office has a mission statement enshrined in the taxpayer charter but there are no objectives and strategies on how to achieve the mission statement. I wonder if tax officials know how much tax revenue should be collected during a tax period.

Michael Hamutenya
Via E-mail