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Tax Alert Finance Bill, 2024

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Tax Alert

Background

The Finance Bill 2024 ("the Bill") was presented to Parliament on 13th May 2024. The Bill will undergo scrutiny and the legislative process before its anticipated enactment into law by 30th June 2024. Once the Bill is enacted into law, it will come into effect in phases. The provisions will be effective from either 1st July 2024, or 1st September 2024, or 1st January 2025. In this alert, we analyze the contents of the Bill, the effective dates of its provisions, and their potential implications.

Amendments Proposed by the Bill:

1. Proposed changes in Income Tax Act

Definition of digital content monetization

Digital content monetization was introduced and defined by the Finance Act 2023. The current Bill further expands the items that qualify as digital content monetization, to include creative works, the creation or sharing of materials, and any other content that is not exempt under the Income Tax Act, CAP 470.

Implications

The bill intends to expand the meaning of digital content monetization and bring online services under taxation.

Proposed Effective Date: 01st July 2024.

Deletion of wife's employment, wife's professional income, wife's professional income rate and wife's self-employment income.

The bill proposes to eliminate the definitions of "wife's employment," "wife's professional income," "wife's professional rate," and "wife's self-employment rate." This change aligns the Income Tax Act (ITA) with the Finance Act 2023, which removed the specific rate used to determine the tax payable by a wife on her professional and self-employment income. Additionally, by deleting the definition of "wife's employment income," the bill makes the wife personally liable for taxes on her employment income, rather than her husband being responsible for these taxes.

Implications.

These amendments imply that the wife will be held liable for the income received by her. Further, we note that the changes will improve administrative efficiency for tax authorities by eliminating provisions that create complexity in tax filings. This will lead to more straightforward tax administration and fewer disputes or errors related to these specific definitions.

Proposed Effective Date: 01st July 2024.

Definition of Related person.

The bill proposes to expand the definition of "related person" under section 2 of the Income Tax Act (ITA) while simultaneously deleting the existing definition outlined in the eighth schedule and definition under section 18 (6) of ITA. To enhance the comprehensiveness of the definition, the bill suggests the following formulation for a related person:

"*Related person" means in the case of two persons, either person who participates directly or indirectly in the management, control or capital of the business of the other person, and in the case of more than the two persons-:*

(a) any other person who participates directly or indirectly in the management, control or capital of the business of the two persons: or

(b) an individual who—

(i) participates directly or indirectly in the management, control or capital of the business of the two persons; and

(ii) is associated with the two persons by marriage, consanguinity, or affinity and the two persons

participate in the management, control, or capital of the business of the individual.

Implications.

These definitions aim to provide clarification and broaden the scope of individuals or entities considered related persons, while also ensuring consistency in the definition of a related person under the ITA.

Proposed Effective Date: 01st July 2024.

Definition of Royalty.

The definition of what constitutes "royalty" has been expanded to include *"'any software, proprietary or off the shelf whether in the form of license, development, training, maintenance or support fees and include the distribution of the software."*

Implications.

The expanded definition will widen the scope of what is considered as royalty, potentially increasing the tax base as more transactions involving software will now be subject to royalty withholding tax.

Proposed Effective Date: 01st July 2024.

Definition of Donation.

The Bill proposes to introduce the definition of *donations* to mean a benefit in money, any form of promissory note, or a benefit in kind conferred by a person without any consideration.

Implications.

Given that the ITA currently lacks a definition of "donation," the proposed definition will clarify the scope of donations allowable for tax purposes and prevent varying interpretations of what constitutes a donation.

Proposed Effective Date: 01st July 2024.

Definition of public entity.

The bill proposes to introduce the definition of *public entity* to mean a ministry, state department, state corporation, county department or agency of the national or county government.

Implication.

Currently, the ITA does not define "public entity." The proposed definition is introduced in response to the new section 4C of the ITA, where the bill stipulates that payments received from a public entity for the supply of goods will be considered the income of the recipient for the year in which the payment is received.

Proposed Effective Date: 01st July 2024.

Definition of digital marketplace and Taxation of ride-hailing services, food delivery services, freelance services, rental services, task services, and any other services that is not exempt under ITA.

The proposed amendments define the digital marketplace as an electronic platform enabling a person to sell or provide property or services including ride-hailing services, food delivery services, freelance services, rental services, task services, and other services that are not exempt under ITA.

Implication.

This expanded definition has been integrated within the charging provision delineated in Section 3 of the Income Tax Act Cap 470. By doing so, the legislative framework is reinforced to encompass a wider array of economic activities conducted through digital channels. The primary objective behind this regulatory adjustment is to enhance revenue collection and foster fiscal sustainability by encompassing a broader spectrum of taxpayers within the ambit of taxation.

Proposed Effective Date: 01st July 2024.

Taxation of business income where Foreign Losses are realized.

The current provisions of the ITA provide that when a company's gross interest paid or payable to a non-resident individual surpasses thirty percent of the company's earnings before interest, taxes, depreciation, and amortization (EBITDA) in any financial year, the realized foreign exchange loss will be deferred (Not taken into account). This deferral allows the company to claim the loss over a period not exceeding five years from the date it is realized.

However, the proposed amendment in the Bill suggests limiting this period of deferment and claim to three years instead of five.

Implication.

This proposal emerged just one year following the enactment of the Finance Act 2023, which set a limit of five years for deferring and claiming foreign exchange losses. The reduced timeframe for claiming foreign exchange losses may disproportionately impact entities with complex financial arrangements or those facing volatile currency fluctuations. For such taxpayers, the shortened window may not provide adequate flexibility to fully utilize their deferred losses and has the potential to result in increased tax payment while the company ideally not in a taxable position.

Proposed Effective Date: 01st July 2024.

Taxation of income received from a Public Entity.

The bill proposes to introduce Section 4C under ITA That proposes payment received by a person from the public entity for the supply of goods to be considered as the person's income for the tax year in which payment is received.

Additionally, the bill suggests amending section 35 and the third schedule of the Income Tax Act to encompass the supply of goods to a public entity, while also setting the withholding tax rate for such supplies to public entities at five percent (5%) for non-resident person and three percent (3%) for resident person.

Implication.

The proposal aims to expand the scope of taxable income by including persons who receive payment from a public entity for supplying goods, such as those who participate in public tenders. This expansion implies that such payments would now be deemed as income hence the person would be required to report taxes on the payments they received.

The public entity that is making payments to the supplier for goods will be mandated to withhold tax on the gross amount payable, based on the applicable withholding rate, and subsequently remit the withheld amount to the Kenya Revenue Authority (KRA).

Proposed Effective Date: 01st July 2024.

Increase of nontaxable benefits (Meals, Aggregate value of a benefit, and Reimbursement of expenses).

The Bill aims to enhance the non-taxable benefits associated with employment through the following measures:

Reimbursement of expenses- Adjusting the non-taxable daily limit for allowances provided to employees working outside their regular workplace. Under the proposed amendment, where employers have a policy governing subsistence, travel, entertainment, or other allowances an amount not exceeding five percent (5%) of the employee's monthly gross earnings. Currently, the non-taxable daily allowance limit stands at two thousand shillings.

The aggregate value of a benefit -Increasing the limit for non-taxable benefits related to employment from thirty-six thousand shillings to forty-eight thousand shillings.

Meals - The value of meals provided to employees within an employer-operated or established canteen or cafeteria or by a third party who is a registered taxpayer has been increased from forty-eight thousand shillings to sixty thousand shillings.

Amount paid or granted to a public officer to reimburse an expenditure incurred- The bill proposes to insert a new subsection under ITA to exclude any amount paid or granted to a public officer as reimbursement to perform official duties, notwithstanding the ownership or control of any asset purchased not to be deemed gains or profits from employment.

Implication.

These amendments are welcome employees who receive allowances for work-related expenses, such as travel or subsistence, will benefit from a higher non-taxable allowance limit. This could result in increased take-home pay for those employees, as a larger portion of their earnings would be exempt from taxation.

Further, by raising the value of meals and the overall value of benefits, employers can avoid taxation on amounts that fall below the newly established thresholds.

However, non-taxation of reimbursement to public officers reflects discrimination of certain classes of employees leading to higher taxation of private sector employees.

Proposed Effective Date: 01st July 2024.

Taxation on Digital Marketplace Operators.

The bill proposes to insert section 10 of ITA by adding subsection (4), which stipulates that any person who owns or operates a digital marketplace and engages in or facilitates payments related to digital content monetization, will be subjected to tax on the acquired amount, which will be deemed to have accrued in or derived from Kenya.

Furthermore, it is proposed to amend Section 35 and Head B of the third schedule to include a requirement for individuals or entities facilitating payments in digital marketplaces to withhold twenty percent (20%) for non-resident persons and five percent (5%) for resident persons.

Implication.

These amendments aim to enhance revenue collection by ensuring that income generated from digital transactions within Kenya, including those facilitated by digital marketplaces, is subject to taxation. By broadening the scope of taxable transactions and imposing withholding obligations, the government seeks to capture a larger share of revenue from the digital economy, potentially leading to increased tax revenue.

Proposed Effective Date: 01st January 2025.

Repeal of Digital Service Tax Provision and Implementation of Significant Economic Presence Tax.

The bill suggests revoking the digital service tax (Section 12E of ITA) and substituting it with a Significant Economic Presence tax. This tax will apply to non-resident individuals or entities who do not operate digital services via a permanent establishment within Kenya, and whose income is generated or accrued in Kenya through business conducted on a digital marketplace. A non-resident who offers the service through a permanent establishment, on-resident individual or entity engaged in Kenya in the business of transmitting messages through cables, radio, optical fiber, television broadcasting, internet, satellite, or similar communication methods and income subject to withholding taxes are exempt from Significant Economic Presence tax.

Furthermore, the tax payable by the non-resident person will be twenty percent of the gross turnover and on the twentieth day of the month following the end of the month on which the service was offered.

Implication.

The shift from a digital service tax to a Significant Economic Presence tax suggests a change in the revenue collection mechanism. While the specifics of the new tax are not detailed, the imposition of a twenty percent tax on gross turnover implies a potentially higher tax burden for non-resident individuals or entities operating within Kenya's digital marketplace.

In addition, this amendment marks a promising stride in aligning with the OECD/G20 framework on Pillar 1 and 2 proposals.

Proposed Effective Date: 01st January 2025.

Imposition of a minimum top-up tax.

The Bill proposes the introduction of a minimum top-up tax, applicable to covered persons, where the combined effective tax rate for a year of income falls below fifteen percent (15%).

The resident persons or Permanent Establishments that are part of multinational groups with a consolidated annual turnover of EUR 750 million or more will be subject to a Minimum Tax Threshold (MTT) in certain circumstances to ensure their effective tax rate reaches at least 15%.

The MTT the turnover threshold of the ultimate parent entity is surpassed in at least two of the four years immediately preceding the tested year of income. The MTT will be computed as follows:

MTT payable = [15% of the entity’s net income or loss for the year of the covered person – combined effective tax rate for that year of income] X excess profit of the entity

Where:

Combined effective tax rate = [Sum of all the adjusted covered taxes divided by sum of all net income or loss for the year of income] X 100.

Adjusted covered taxes – Taxes recorded in the financial accounts of a constituent entity for the income, profits, or share of the income or profits of a constituent entity where the constituent entity owns an interest, and includes taxes on distributed profits, deemed profit distributions under the ITA subject to such adjustments as may be prescribed.

Covered person- A resident person or a person with a permanent establishment in Kenya who is a member of a multinational group, and the group has a consolidated annual turnover of 750 million Euros or more in the consolidated financial statements of the ultimate parent entity in at least two of the of the four years of income immediately preceding the tested year of income.

Excess profit = Net income or loss of the covered person for the year – [10% of employee costs + 8% of net book value of tangible assets]

Subject to adjustment prescribed in the regulations.

The exemptions of Minimum Top-up Tax (MTT).

The section exempts public entity not engaged in business, a person whose income is exempt from tax under paragraph 10 of the First Schedule, a pension fund and its assets, a real estate investments vehicle that is an ultimate parent entity, a non-operating investment holding company, an investment fund that is an ultimate parent entity, a sovereign wealth fund; or an intergovernmental or supranational organizations including wholly owned agency or organ of the intergovernmental or supranational organization.

Implication.

The proposal is designed to ensure multinational persons pay a minimum level of tax in each jurisdiction where they operate. It is also designed to align with the government's agenda of increasing revenue collection.

Proposed Effective Date: 01st July 2024

Imposition of Motor Vehicle Circulation Tax

The Bill proposes the introduction of a new Motor Vehicle Tax (MVT) at a rate of 2.5% of the vehicle's value, with a minimum MVT of Kshs. 5,000 and a maximum of Kshs. 100,000.

MVT is payable by insured individuals, with insurers responsible for collecting and remitting the tax within 5 days of issuing motor vehicle insurance coverage. Insurers failing to collect and remit MVT will face a penalty of 50% of the uncollected tax.

The Bill also proposes exemptions from MVT for ambulances, government-owned vehicles, Kenya Defence Forces vehicles, National Police Service vehicles, and vehicles owned by individuals exempt from tax under the Privileges and Immunities Act.

The tax payable shall be determined based on the make, model, engine capacity in cubic meters and year of manufacture of the motor vehicle.

The commissioner will prescribe guidelines to determine the valuation of the motor vehicle

Implication.

The proposal aims to expand the tax base by incorporating sectors that have historically been difficult to tax, such as the public transport industry, into the taxation regime. However, it should be noted that the Income Tax Act provides for the taxation of gains and profits, and this tax does not qualify as either. Therefore, it might be subject to legal challenges.

Proposed Effective Date: 01st July 2024

Allowable deductions against Taxable Income.

a. Diminution of value of any implement, utensil or similar article.

The bill proposes that any amount representing the diminution of value of any implement, utensil, or similar article used in income production, which is not covered by a deduction in the Second Schedule, shall be subject to a 100% allowable deduction from that year's income. Currently, the Income Tax Act does not provide for such a deduction, as Section 15(2)(g) of the Income Tax Act, which allowed for tax deductions on the diminution in value of loose tools and utensils, was deleted by the Finance Act, 2023.

Implication.

Taxpayers will be able to claim deductions for the full diminution in value of these items, reducing their taxable income and potentially lowering their overall tax liability.

Proposed Effective Date: 01st July 2024

b. Contributions made to the Social Health Insurance Fund, post-retirement medical fund, and the affordable housing levy are deductible for tax purposes.

The Bill proposes to include the following as allowable expenses in determining a person's taxable income:

1. Contributions made to the Social Health Insurance Fund by every Kenyan household and non-Kenyan resident who has resided in Kenya for over twelve months.
2. Amounts deducted by an employer in accordance with the Affordable Housing Act, 2024, in the case of an employee.
3. Contributions to a post-retirement medical fund, subject to a limit of ten thousand shillings per month.
4. Mortgage interest payments, up to a maximum of Kshs. 360,000 annually, on funds borrowed from a specified financial institution and used for purchasing or improving residential premises occupied during the income year, qualify for deduction. The current permitted deduction amount stands at Kshs. 300,000.

Implication.

This is a welcome development, as it provides taxable persons with the full tax benefits of their contributions if passed into law.

The tax deductions serve as incentives for individuals to contribute towards social health insurance, affordable housing, and post-retirement medical funds. This could lead to increased participation in these programs, enhancing social welfare and financial security.

Proposed Effective Date: 01st July 2024

Introduction of advance pricing agreement

The Bill proposes to authorize the Commissioner of Domestic Taxes to establish advance pricing agreements with individuals engaged in transactions subject to Kenyan Transfer Pricing Rules. Under this provision, the arm's length price for such transactions will be determined based on the terms of the advance pricing agreement. These agreements are intended to be valid for 5 years, with the Commissioner retaining the authority to invalidate any agreement in writing if it was obtained through misrepresented facts.

Implication.

This proposal is a positive step that could significantly reduce transfer pricing disputes between taxpayers and the Commissioner of Domestic Taxes, offering a structured approach to pricing agreements and fostering greater clarity and cooperation in tax matters.

Proposed Effective Date: 01st January 2025.

Taxation of clubs and trade associations

The Bill proposes to remove the definition of "gross investment receipts" for member clubs or trade associations. Presently, these entities are taxed based on their gross investment receipts, encompassing interest, dividends, royalties, rents, or capital gains.

Implication.

The removal of the definition of gross investment receipts introduces ambiguity into the taxation of club and trade association income, potentially resulting in disputes with the KRA.

Proposed Effective Date: 01st July 2024

Increase in the limit of tax-deductible pension contributions made to registered funds.

The Finance Bill proposes an amendment by raising the maximum annual tax-deductible amount from Kshs. 240,000 to Kshs. 360,000.

Implication.

This complements the amendments made in Section 16(2), where allowable deductions for employee contributions have been adjusted to a limit of Kshs. 360,000. This adjustment ensures that members contributing to a registered pension fund receive tax benefits when calculating their taxes.

Proposed Effective Date: 01st July 2024

Automatic approval of a change in the accounting date is granted following a lapse of six (6) months.

The Bill proposes that if there is no response from the KRA after six (6) months from the date of application for a change in the accounting date, the application shall be deemed approved.

Implication.

It assures taxpayers that their applications will be processed promptly and efficiently, promoting transparency and accountability in the process of changing accounting dates.

Proposed Effective Date: 01st July 2024

Repeal of the reliefs on contributions made to the National Health Insurance Fund, post-retirement medical fund, and affordable housing scheme.

The Bill proposes to repeal the relief available for individuals paying premiums towards a medical insurance policy, the National Health Insurance Fund, or a post-retirement medical fund.

Additionally, the Bill proposes to repeal the affordable housing relief applicable to individuals saving for a house purchase under an approved affordable housing scheme.

Implication.

This represents a streamlining of the reliefs previously available on contributions, as the Bill now proposes to fully permit these contributions for tax purposes.

Proposed Effective Date: 01st July 2024

Deletion of Tax rates.

Section 34 (1) "*The tax chargeable on any income specified in this Act shall be at the rate specified in the Third Schedule"*

This amendment simplifies the process for taxpayers and tax administrators by removing the need to refer to the specified tax rate applicable to the income in question, as outlined in the Third Schedule. However, the deletion of the section raises uncertainty regarding whether qualifying dividends paid to individuals and qualifying interest paid to persons are considered final.

Implication.

The removal of the section raises uncertainty about whether qualifying dividends paid to persons and qualifying interest paid to individuals are considered final for taxation purposes. This uncertainty could potentially lead to confusion among taxpayers and tax administrators regarding the treatment of these types of income.

Proposed Effective Date: 01st July 2024

Repealing of Penalty on underpayment of installment tax.

Installment tax is an estimated income tax paid periodically to the KRA in four equal installments, anticipating the tax liability for a given year. Previously, the penalty for underpayment was 20% of the underpaid amount, which was quite punitive given the reliance on estimations.

Implication.

The installment penalty will now be computed according to the Tax Procedures Act (CAP 469B), which stipulates a penalty of 5% of the tax payable or the unpaid tax.

Proposed Effective Date: 01st July 2024

Exempted persons/ incomes from tax are now taxable.

The following persons/incomes are proposed to be taxed under the proposed amendment.

i. The income of an amateur sporting association.

ii. The income of a registered trust income.

iii. Interest income earned from infrastructure bonds, notes, or similar securities.

iv. Income of national housing development fund.

v. The income of a registered family trust.

vi. Income earned by a person registered under Ajira Digital.

vii. Any capital gains relating to the transfer of title of immovable property to a family trust.

viii. Amount withdrawn from the National Housing Development fund to purchase a house by a contributor who is a first-time homeowner.

Implication.

These proposed amendments expand the tax base and could generate additional revenue for the government. However, they also introduce new tax obligations for previously exempted entities and individuals, which may require adjustments to financial strategies and planning.

Proposed Effective Date: 01st July 2024.

Broadening the scope of pension income exempt from taxation.

The Bill proposes to grant income tax exemption for pension benefits paid to individuals upon reaching the retirement age set by their registered retirement scheme rules. Moreover, the exemption extends to cases where individuals retire early due to ill health or withdraw from the fund after twenty (20) years from the date of becoming a fund member.

Implication.

This proposal aims to promote retirement savings through registered schemes and discourage early withdrawals by establishing conditions for exemption, such as the requirement for withdrawals after twenty years from the date of fund membership registration.

Proposed Effective Date: 01st July 2024.

Transfer of property within a special economic zone.

The Bill proposes to clarify that gains arising from the transfer of property within a special economic zone by a licensed special economic zone developer, enterprise, or operator shall be exempt from income tax.

Implication.

By explicitly stating the tax exemption, the Bill removes any ambiguity regarding the taxation of property transfers in SEZs, providing greater certainty for businesses and investors.

Proposed Effective Date: 01st July 2024.

Deduction of investment allowance on purchase or acquisition of an indefeasible right to use fiber optic cable or spectrum license by a telecommunication operator.

The Bill proposes to allow telecommunication operators to claim an investment deduction on capital expenditure incurred on the purchase of a spectrum license at a rate of ten percent (10%) per year in equal installments. However, for spectrum licenses purchased before 01st July 2024, the deduction will be limited to the unamortized portion over the remaining useful life of the license.

Implication.

The purchase of spectrum licenses constitutes a significant capital expenditure for telecommunication operators. Therefore, the availability of investment allowances for spectrum license purchases will be a welcome move for these operators.

Proposed Effective Date: 01st July 2024.

Exemption of a company that constructs one hundred residential units annually from reduced tax rate.

The Bill proposes to eliminate the lower income tax rate of fifteen percent (15%) that applies to companies constructing one hundred residential units annually. Consequently, the income earned by these companies will now be subject to the standard corporate tax rate of thirty percent (30%).

Implication.

Companies that construct one hundred residential units annually will see their tax rate double from 15% to 30% thus significantly increasing their tax liability.

Proposed Effective Date: 01st July 2024.

Increase in tax liability on Income of ship owners.

The Bill proposes to tax the gross income of a ship owner from the carriage of passengers and cargo embarking in Kenya at a rate of three percent (3%) of the gross amount received if there is no reciprocal arrangement between Kenya and the country of residence of the non-resident ship owner. Previously, such income was taxed at a rate of two and a half percent (2.5%).

Proposed Effective Date: 01st July 2024.

Removal of minimum withholding amount for management fee, professional fee, and contractual fee.

The Bill proposes to remove the minimum amount of Kshs. 24,000 that is not subject to withholding for management fees, professional fees, and contractual payments.

Implication.

This proposal implies that all payments for management, professional, or contractual fees will be subject to withholding tax, regardless of the amount. This will increase the compliance burden for taxpayers, particularly those who make numerous small payments that were previously below the threshold.

Proposed Effective Date: 01st July 2024.

Enhanced definition of a company in relation to capital gains tax.

The Bill clarifies that a "company" includes anybody of persons carrying on the activities of a members' club or trade association deemed to be carrying on a business under section 21.

Proposed Effective Date: 01st July 2024.

Penalty for late filing of a return for an EPZ.

The Bill revises the penalty for an EPZ entity failing to file a return on time which is currently Kshs. 2,000 per day as long as the failure continues to a maximum of Kshs 50,000. However, the Bill proposes that an EPZ enterprise that fails to submit a return within the specified period shall be liable to a penalty of Kshs 20,000 per month for each month or part thereof that the failure continues.

Proposed Effective Date: 01st July 2024.

2. Proposed changes in Value Added Tax (CAP 476).

Definition of Tax Invoice.

The Bill proposes to define a tax invoice to include an electronic tax invoice issued in accordance with Section 23A of the Tax Procedures Act. The requirement for businesses to issue an electronic tax invoice was introduced by the Finance Act, of 2023.

Implication.

The amendment will align the VAT Act provisions with the Tax Procedures Act regarding the requirement to issue electronic tax invoices for transactions.

Proposed Effective Date: 01st July 2024.

Time of Supply for Exported Goods

The Bill proposes to amend the time of supply for exported goods by providing that the time of supply of exported goods shall be the time when the registered person is in possession of the required export confirmation documents.

Implication.

This proposal offers clarity on the time of supply for exported goods by introducing a specific provision that guides determining the time of supply for such goods.

Proposed Effective Date: 01st July 2024.

VAT refunds claim changes.

The bill proposes the deletion of the following provisions concerning the claim of input VAT and VAT refunds.

i. Excess input tax resulting from withholding VAT to be paid to taxpayers similar to that arising from zero-rating, as opposed to refund/set off per Section 47(4) of the Tax Procedures Act (TPA).

ii. Removal of the requirement to lodge claims for refund of excess tax within 24 months from the date the tax becomes due and payable to 6 months.

iii. Elimination of the provision allowing manufacturers to claim refunds of excess input tax due to supplies made to official aid-funded projects approved by the Cabinet Secretary responsible for finance matters.

iv. Removal of provisions entitling full input VAT credit when the input tax attributable to taxable supplies exceeds ninety percent (90%) and disallowing full input VAT credit when the input tax attributable to taxable supplies is less than ten percent (10%) to attribution based on actual percentages.

Implication.

i. Align the claim of refund from excess withholding VAT to that from zero-rating under the VAT Act, instead of setting off or claiming of refund under the TPA.

ii. Eliminate the requirement to lodge VAT refund applications within 24 months from the date the tax becomes due and payable, allowing taxpayers to lodge applications within 6 months would mean that taxpayers have to be keen to ensure the short timelines are met.

iii. Exclude manufacturers supplying official aid-funded projects approved by the Cabinet Secretary responsible for finance matters from the VAT refund regime. This could be disadvantageous as supplies to such projects are exempt from VAT, rendering manufacturers ordinarily ineligible to claim input VAT on the same.

iv. Taxpayers making mixed supplies would be allowed to claim the input tax attributable to taxable supplies regardless of the ratio of their supplies.

Proposed Effective Date: 01st July 2024.

Deletion of a sixty-day timeline for return of tax to the KRA for tax on bad debt.

The bill proposes to delete the following amendments introduced by the Finance Act, of 2023:

i. If a supplier was refunded by the KRA for tax paid on a bad debt but subsequently recovered the refunded tax from the buyer, the supplier would be required to return the tax to the KRA within sixty (60) days from the date of recovery.

ii. An interest rate of two percent (2%) per month would be applicable on the tax refunded.

Implications.

The removal of the sixty-day timeline and the interest rate provision would enhance clarity, as the Tax Procedures Act already stipulates a thirty-day timeline for taxpayers to return refunded tax to the KRA upon recovering bad debts. Additionally, the same interest rate for non-compliance with these timelines is already provided.

Proposed Effective Date: 01st July 2024.

Threshold for Mandatory VAT Registration.

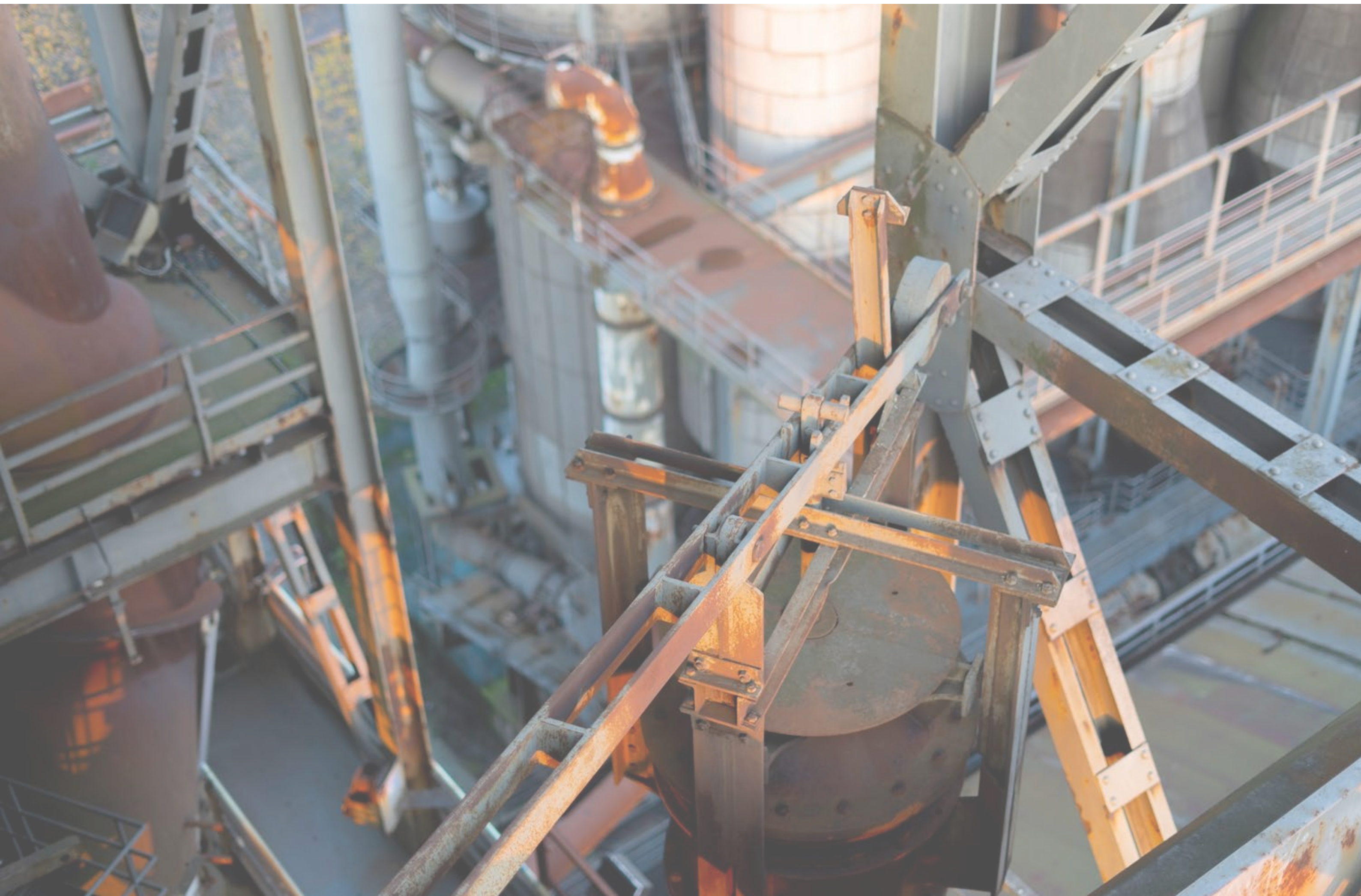
The Bill proposes to increase the threshold for mandatory VAT registration from Kenya Shillings five million to Kenya Shillings eight million.

Implications.

Small businesses with annual turnovers between five million and eight million Kenyan Shillings would no longer be required to register for VAT, reducing administrative burdens and compliance costs.

Proposed Effective Date: 01st July 2024.

a) VAT status changes from Exempt to Standard Rate.



Goods and Services	Current Status	Proposed status
Bread	Exempt	Standard rated
8802.30.00 Aero planes and other aircrafts on unladen weight exceeding 15,000 kgs.	Exempt	Standard rated
8802.60.00 Spacecraft (including satellites) and suborbital and spacecraft launch vehicles.	Exempt	Standard rated
Goods imported or purchased locally for use by the local film producers and local filming agents, upon recommendation by the Kenya Film Commission, subject to approval by the Cabinet Secretary to the National Treasury.	Exempt	Standard rated
Taxable goods for direct and exclusive use for the construction of tourism facilities, recreational parks of fifty acres or more, convention and conference facilities upon recommendation by the Cabinet Secretary responsible for matters relating to recreational parks.	Exempt	Standard rated
Taxable goods for the direct and exclusive use in the construction and equipping of specialized hospitals with a minimum bed capacity of fifty, approved by the Cabinet Secretary upon recommendation by the Cabinet Secretary responsible for health who may issue guidelines for determining eligibility for the exemption.	Exempt	Standard rated
Pressure sensitive adhesive of tariff number 3506.91.00.	Exempt	Standard rated
Plain polythene film/LPDE of tariff number 3921.19.10.	Exempt	Standard rated
Plain polythene film/PE of tariff number 3921.19.10	Exempt	Standard rated
PE white 25-40gsm/release paper of tariff number 4811.49.00	Exempt	Standard rated
ADL 25-40gsm of tariff number 5603.11.00	Exempt	Standard rated
Specially designed locally assembled motor vehicles for transportation of tourists, purchased before clearance through Customs by tour operators upon recommendation by the competent authority responsible for tourism promotion.	Exempt	Standard rated
Plant, machinery and equipment used in the construction of a plastics recycling plant.	Exempt	Standard rated
Musical instruments and other musical equipment, imported or purchased locally, for exclusive use by educational institutions, upon recommendation by the Cabinet Secretary responsible for Education.	Exempt	Standard rated
Betting, gaming and lotteries services	Exempt	Standard rated

Taxable goods supplied to persons that had an agreement or contract with the Government prior to 25th April 2020 and the agreement or contract provided for exemption from value added tax: Provided that this exemption shall apply to the unexpired period of the contract or agreement and upon recommendation by the Cabinet Secretary responsible for matters relating to energy	Exempt	Standard rated
Such capital goods the exemption of which the Cabinet Secretary may determine to promote investment in the manufacturing sector which value of such investment is not less than two billion shillings	Exempt	Standard rated
Hiring, leasing and chartering of aircrafts, excluding helicopters of tariff numbers 8802.11.00 and 8802.12.00	Exempt	Standard rated
Goods and services imported or procured locally for use by the local film producers or local film agents upon recommendation by the Kenya Film Commission, subject to approval by the Cabinet Secretary for the National Treasury	Exempt	Standard rated
All goods excluding parts of Chapter 88* (It is important to note that certain goods (aircraft) under Chapter 88 have been retained under exemption).	Exempt	Standard rated

Proposed Effective Date: 01st July 2024

b) VAT status changes from zero-rated to standard rated.

Goods and Services	Current provision	Proposed Amendments
Transportation of sugarcane from farms to milling factories.	Zero-rated	Standard rated
The supply of locally assembled and manufactured mobile phones.	Zero-rated	Standard rated
The supply of electric bicycles.	Zero-rated	Standard rated
The supply of solar and lithium-ion batteries	Zero-rated	Standard rated
The supply of electric buses of tariff heading 87.02.	Zero-rated	Standard rated
Inbound international sea freight is offered by a registered person.	Zero-rated	Standard rated

Proposed Effective Date: 01st July 2024

c) VAT status changes from Zero Rated to Exempt.

Goods and Services	Current status	Proposed Status
inputs and raw materials whether produced locally or imported, supplied to manufacturers of agricultural pest control products on the recommendation of the Cabinet Secretary of agriculture.	Zero-rated	Exempt
Agricultural pest control products.	Zero-rated	Exempt
Bioethanol vapor (BEV) stoves are classified under HS code 7321.12.00 (cooking appliances and plate warmers for liquid fuel)	Zero-rated	Exempt
The supply of motorcycles of tariff heading 8711.60.00.	Zero-rated	Exempt

Proposed Effective Date: 01st July 2024.

3. Proposed changes in Excise Duty Act

Reference to the classification of excisable goods in the East African Community Common External Tariff.

The Bill seeks to have all excisable goods classified with reference to the East African Community Common External Tariff.

Implications.

This proposal will eliminate any ambiguity in the classification of goods subject to Excise Duty

Proposed Effective Date: 01st July 2024.

Introduction of Excise Duty Remission for Spirits

The Bill authorizes the Cabinet Secretary of the National Treasury to grant Excise Duty Remission for spirits made from agricultural products (excluding barley) produced in Kenya.

Implication.

This proposal will encourage local spirit manufacturers in Kenya to source raw materials locally, benefiting local farmers by increasing the demand for agricultural products.

Proposed Effective Date: 01st July 2024.

Extension of timeline for payment of excise duty by manufacturers of alcoholic beverages.

The Bill proposes extending the excise duty payment timeline for licensed manufacturers of alcoholic beverages to five working days after the goods are removed from the stockroom. Previously, the Finance Bill 2023 required payment within 24 hours.

Implication.

The additional time would ease the compliance burden that had been imposed on manufacturers of alcoholic beverages.

Proposed Effective Date: 01st July 2024.

Deletion of inflation adjustment for excisable goods.

The Bill proposes to delete the automatic adjustment for inflation of excise duty rates on excisable goods.

Implication.

The automatic inflation adjustment of excise duty rates faced annual court challenges, resulting in the courts consistently issuing orders to suspend the adjustment. The Finance Act 2023 removed the KRA's authority to implement these adjustments. This amendment aims to eliminate the remaining provisions related to the inflation adjustment. However, the Cabinet Secretary for Finance retains the power to increase or decrease the excise duty rate, subject to a 10% limit.

Proposed Effective Date: 01st July 2024.

Introduction of Excise Duty for services offered by non-residents through digital platforms.

The Bill proposes introducing Excise Duty on non-residents providing excisable services through digital platforms.

Proposed Effective Date: 01st July 2024.

Other excise duty proposed changes and their effective dates.

Tariff number and Goods / Services	Current provision	Proposed Amendments	Effective Date
8711.10.90 - Other motorcycles with internal combustion engines of a cylinder capacity not exceeding 50cc	Kshs. 12,952.83per unit	Kshs. 0	1st July 2024
8711.20.90- Other motorcycles with internal combustion engine of a cylinder capacity exceeding 50cc but not exceeding 250cc	Kshs. 12,952.83per unit	Kshs. 0	1st July 2024
8711.30.90- Other motorcycles with internal combustion engine of a cylinder capacity exceeding 250cc but not exceeding 500cc	Kshs. 12,952.83per unit	Kshs. 0	1st July 2024
8711.40.90- Other motorcycles with internal combustion engine of a cylinder capacity exceeding 500cc but not exceeding 800cc	Kshs. 12,952.83per unit	Kshs. 0	1st July 2024
8711.90.00- Other motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side cars	Kshs. 12,952.83per unit	Kshs. 0	1st July 2024
Motorcycles with internal combustion piston engine of a cylinder capacity exceeding 800 with electric motors for propulsion	Kshs. 12,952.83 per unit	10% of the value or KES.12,952.83 per unit whichever is higher	1st September 2024
Imported sugar confectionary of tariff heading 17.04	Kshs. 42.91/kg	Kshs. 257.55/kg	1st July 2024
Wines including fortified wines, and other alcoholic beverages obtained by fermentation of fruits	Kshs. 243.43/litre	Kshs. 22.50/centiliter of pure alcohol	1st September 2024
Beer, Cider, Perry, Mead, Opaque beer and mixtures of fermented beverages with non-alcoholic beverages and spirituous beverages of alcoholic	Kshs. 142.44/litre	Kshs. 22.50/centiliter of pure alcohol	1st September 2024

Tariff number and Goods / Services	Current provision	Proposed Amendments	Effective Date
strength not exceeding 6%			
Spirits of undenatured ethyl alcohol; spirits liqueurs and other spirituous beverages of alcoholic strength exceeding 6%	Kshs. 356.42/litre	Kshs. 16/centilitre of pure alcohol	1st September 2024
Cigarettes with filters (hinge lid and soft cap)	Kshs. 4,067.03/mille	Kshs. 4,100/mille	1st July 2024
Cigarettes without filters (plain cigarettes)	KES.2,926.41/mille	KES. 4,100/mille	1st July 2024
Cement clinker	Kshs. 1.5 per Kg or 10% whichever is higher	Zero	1st July 2024
Telephone and internet data services	15%	20%	1st July 2024
Fees charged for money transfer services by banks, money transfer agencies and other financial service providers	15%	20%	1st July 2024
Fees charged for money transfer services by cellular phone service providers			1st July 2024
Betting	12.5%	20%	1st July 2024
Gaming	12.5%	20%	1st July 2024
Prize competition	12.5%	20%	1st July 2024
Lottery (excluding charitable lotteries)	12.5%	20%	1st July 2024
Fees charged on advertisement via the internet and social media	0	20%	1st July 2024

4. Proposed changes in Tax Procedures Act.

The Finance Bill 2024 proposes the following amendments to the Tax Procedures Act (TPA).

Regulations of Tax Agents

The Bill proposes amending the TPA to stipulate that the cancellation of a tax agent's license and registration by the Commissioner of Domestic Taxes shall be contingent upon the recommendation of the Tax Agents Committee, as outlined in Regulation 7 of the Tax Procedures (Tax Agents) Regulations 2019.

Implication.

This proposal will ensure that only tax agents meeting the criteria set by the Tax Agents Committee are granted licenses to operate as tax agents. This strengthens the regulation of tax agents, aligning with the provisions of the Tax Procedures (Tax Agents) Regulations.

Proposed Effective Date: 01st July 2024.

Contents of the Electronic Tax Invoice

The Bill proposes amending the TPA to outline the requirements for a valid electronic tax invoice, including its proposed contents.

Implication.

This proposal aims to meticulously outline the contents of a valid electronic tax invoice to ensure the security and authentication of electronic invoices.

Proposed Effective Date: 01st July 2024.

Validity of Agency Notices.

The Bill proposes amending the TPA to stipulate that agency notices shall remain valid for one year from the date of issue. Consequently, recipients of agency notices will be obliged to remit the demanded amount, with this duty discharged only after one year has elapsed or if the Commissioner lifts the agency notice. Additionally, the Bill amends section 42(13) of the TPA to clarify that individuals failing to comply with agency notices shall bear personal liability for the specified tax amounts. This rectifies a previous error where the provision wrongly referred to taxpayers instead of the persons receiving agency notices.

Implication.

The Bill also suggests removing the statutory provisions that prevent the Commissioner from issuing agency notices before the taxpayer appeals against the decision requiring payment of taxes due. This proposal is concerning as it overlooks the importance of suspending enforcement actions during the period when a taxpayer is contemplating whether to appeal the decision of the Tax Appeals Tribunal or Court, aiming to prevent premature tax collection.

Proposed Effective Date: 01st July 2024.

Refund of Overpaid Taxes.

The Bill proposes amending the timeframe for applying for the refund of overpaid taxes. Specifically, in the case of overpaid income tax, taxpayers will have five years to apply for a refund or offset their tax liability with the overpaid amount.

Additionally, for any other overpaid taxes, the proposed timeframe for application is reduced to six months.

Implication.

For taxes other than income tax, such as customs duty and excise duty, the timeframe for claiming refunds is limited to six months from the date of overpayment. This adjustment reduces the window for claiming refunds compared to the current five-year period for excise duty and customs duty.

Proposed Effective Date: 01st July 2024.

Period of issuing Objection Decision.

The Bill introduces two significant changes regarding the timing of issuing an objection decision. Firstly, if a taxpayer files an objection notice and the KRA requests additional information within a specified period, failure by the taxpayer to provide the required information will result in automatic disallowance of the objection filed.

Secondly, the Bill proposes that the KRA should issue an objection decision within 90 days from the date of receiving a valid notice of objection. Presently, the KRA has 60 days from the date of receiving a valid objection notice to issue their decision.

Implication.

The proposal to disallow objection decision based on not providing additional information within the specified time is likely to disadvantage taxpayers. It will potentially lead to a situation where the KRA might fail to consider the lodged objection notice and overwhelm taxpayers with multiple requests for voluminous or unretrievable documents to automatically disallow the taxpayer's objection notice.

Expanding the period within which the KRA needs to issue objection decisions is contrary to expeditious justice. Extending the timeline to 90 days from the filing of a valid objection notice provides the KRA with additional time to assess and decide on objections. This prolongation only extends the tax dispute resolution process, undermining the objective of swift resolution. Furthermore, the proposed 90-day timeline becomes even lengthier as the Bill suggests counting these days as 90 working days, excluding weekends and public holidays, unlike the current inclusive counting method.

Proposed Effective Date: 01st July 2024.

Integrating the Electronic Tax System with KRA's Data Management and Reporting System

The Bill proposes that the KRA may, through written notice, compel individuals to integrate the electronic tax system into their data management and reporting systems for submitting electronic documents. Furthermore, failure to comply with this notice or submit the required electronic documents will incur a penalty of up to Kshs. 2 million for each month or part thereof that the failure persists.

Implication.

This proposal aims to empower the KRA to enforce the integration of taxpayers into its electronic tax systems. However, an unintended consequence could be that many taxpayers may face fines due to challenges in accessing technology and limited taxpayer literacy.

Proposed Effective Date: 01st July 2024.

Computation of Days Under Tax Laws.

The Bill proposes that when computing days under tax law, Saturdays, Sundays, and public holidays will be excluded. In essence, only working days will be considered when the law mandates actions within a specified timeframe.

Implication.

This proposal would extend the statutory timelines for various actions under tax statutes since weekends and public holidays are currently included in computing time under tax laws. Consequently, this change is likely to cause further delays in tax administration and tax dispute resolution.

Proposed Effective Date: 01st July 2024.

Registration of Employees Residing Outside Kenya but Working Remotely In Kenya for an Employer

The Bill proposes that every employee working remotely outside Kenya for an employer based in Kenya will need to obtain a KRA Personal Identification Number.

Implication.

This proposal aims to strengthen tax enforcement by ensuring that non-residents earning income from employers in Kenya are properly taxed. Consequently, it will enhance revenue collection by the KRA from this group of taxpayers.

Proposed Effective Date: 01st July 2024.

5. Proposed changes in Miscellaneous Fees and Levy Act.

The Finance Bill, 2024, seeks to amend the Miscellaneous Fees and Levies Act, Chapter 469C of the Laws of Kenya as follows:

Increase in the Import Declaration Fees ("IDF") Rate

The proposal suggests increasing the import declaration fees from two and a half percent to three percent of the customs value of the goods. This fee is to be paid by the importer of the goods upon entering them for home use.

Implication.

This proposal would raise costs for importers, potentially impacting the overall prices of imported goods, which could be transferred to Kenyan consumers.

Proposed Effective Date: 01st July 2024.

Utilization of IDF

The Bill proposes that ten percent of the funds will be designated for Kenya's contributions to the African Union and other international organizations. Additionally, an extra twenty percent will be allocated to revenue enforcement initiatives or programs.

Implication.

This is a positive proposal that is expected to enhance Government endeavors to strengthen tax enforcement and tax administration.

Proposed Effective Date: 01st July 2024

Introduction of the Eco Levy

The Bill proposes the introduction of an Eco Levy, which will apply to specific goods listed in the Fourth Schedule at rates specified therein, regardless of whether they are produced locally or imported. Local manufacturers are required to remit the Eco Levy to the Commissioner upon removing the goods from the excise stock room, while importers are responsible for payment upon the entry of imported goods into the country.

The Eco Levy applies to various goods, including computers and accessories, telephone sets (including mobile phones and smartphones), microphones, loudspeakers, radios, television sets, broadcast equipment, cameras, monitors, projectors, rubber tires, and diapers, as identified by specific tariff codes.

It aims to hold manufacturers and importers accountable for the environmental impact of these goods, aligning with international best practices and the polluter pays principle. This proposed levy is a significant climate change mitigation measure, showcasing the government's commitment to fulfilling its treaty and international law obligations regarding climate change and the environment. Furthermore, it will expand the tax base and enhance revenue generation for the government.

Proposed Effective Date: 01st July 2024

Goods Subject to Export and Investment Promotion Levy.

Tariff No/Tariff Description scription	Current Export and Investment Promotion Levy Rate	Proposed Export and Investment Promotion Levy Rate
Cement Clinkers. (Tariff no. 2523.10.00)	17.5% of custom value	10% of custom value
Semi-finished products of iron or non-alloy steel containing, by weight, <0.25% of carbon of rectangular (including square) cross-section, the width measuring less than twice the thickness. (Tariff no. 7207.11.00)	17.5% of customs value	None
Bars and rods of iron or non-alloy steel, hot- rolled, in irregularly wound coils of circular cross-section measuring less than 14mm in diameter of cross section measuring less than 8 mm. (Tariff no. 7213.91.90)	17.5% of customs value	None
Bars and rods of iron or non-alloy steel, hot- rolled, in irregularly wound coils of circular cross-section measuring less than 14mm in diameter; other (Tariff no.4804.11.00)	17.5% of customs value	None
Uncoated kraft paper and paperboard, in rolls or sheets; Kraft liner; Unbleached (Tariff no.4804.21.00)	10% of customs value	None
Sack kraft paper: Unbleached. (Tariff no. 4804.31.00)	10% of customs value	None
Other kraft paper and paperboard weighing 150 g/m2 or less: Unbleached. (Tariff no. 4819.30.00)	10% of customs value	None
Sacks and bags, having a base of a width of 40 cm or more. (Tariff no. 4819.40.00)	10% of customs value	None
Other sacks and bags, including cones. (Tariff no. 2208.60.00)	10% of customs value	10% of customs

Tariff No/Tariff Description scription	Current Export and Investment Promotion Levy Rate	Proposed Export and Investment Promotion Levy Rate
Vodka (Tariff no. 2208.60.00)	None	10% of customs
Denatured ethyl alcohol and other spirits (Tariff no. 2207.20.00)	None	3% of customs value
Rum and other spirits obtained by distilling fermented	None	3% of customs
Organic surface-active products and preparations for washing the skin. (Tariff no. 3401.30.00)	None	3% of customs value
Kraft liner (Tariff no. 4804.11.00)	None	3% of customs value
Uncoated kraft paper and paperboard, in rolls or sheets, other than that of heading 48.02 or 48.03 – Other. (Tariff no. 4804.29.00)	None	3% of customs value
Milk and cream of a fat content by weight, exceeding 1% but not exceeding 6% (Tariff no. 0401.20.00)	None	3% of customs value
Ceramic sinks, wash basins, pedestals, baths, bidet, water closet pans, flushing cistern, urinals and similar sanitary fixtures.(Tariff no. 69.10)	None	3% of customs value
Billets (Tariff no. 7207.11.00)	None	10% of customs value
Cooking stoves for liquid fuel (Tariff no. 7321.12.00)	None	3% of customs value
Motorcycles with internal combustion engine not exceeding 50cc. (Tariff no. 8711.10.90)	None	3% of customs value
Motorcycles with internal combustion engine exceeding 50cc but not exceeding 250cc. (Tariff no. 8711.20.10)	None	3% of customs value
Motorcycles with internal combustion engine exceeding 50cc but not exceeding 250cc. (Tariff no. 8711.20.90)	None	3% of customs value
Motorcycles with internal combustion engines exceeding 250cc but not exceeding 500cc. (Tariff no. 8711.30.90)	None	3% of customs value
Motorcycles with Internal combustion engine exceeding 500cc but not exceeding 800cc. (Tariff no. 8711.40.90)	None	3% of customs value
Motorcycles with internal combustion engine exceeding 800cc. (Tariff no. 8711.50.90)	None	3% of customs value
Electric Motorcycles. (Tariff no. 8711.60.00)	None	3% of customs value
Metal furniture of a kind used in offices. (Tariff no. 9403.10.00)	None	3% of customs value
Other metal Furniture. (Tariff no. 9403.20.00)	None	3% of customs value
Wooden furniture for office. (Tariff no. 9403.30.00)	None	3% of customs value
Wooden furniture for kitchen. (Tariff no. 9403.40.00)	None	3% of customs value
Wooden furniture for bedrooms. (Tariff no. 9403.50.00)	None	3% of customs value
Furniture of Plastics. (Tariff no. 9403.70.00)	None	3% of customs value
Other wooden Furniture. (Tariff no. 9403.60.00)	None	3% of customs value
Furniture of Bamboo. (Tariff no. 9403.82.00)	None	3% of customs
Furniture of rattan. (Tariff no. 9403.83.00)	None	3% of customs
Furniture of cane, osier or similar material. ((Tariff no. 9403.89.00)	None	3% of customs value
Parts of furniture of wood. (Tariff no. 9403.91.00)	None	3% of customs
Parts of furniture not of wood. (Tariff no. 9403.99.00)	None	3% of customs
Mattress supports. (Tariff no. 9404.10.00)	None	3% of customs
Articles of Leather of Chapter 42 (which includes belts, wallets, bags and similar goods falling in the same Harmonized System (HS) Tariff Code)	None	20% of customs value

Tariff No/Tariff Description scription	Current Export and Investment Promotion Levy Rate	Proposed Export and Investment Promotion Levy Rate
Imported Footwear of Chapter 64 (which includes shoes, boots and similar goods falling in the same Harmonized System (HS) Tariff Code)	None	20% of customs value

Proposed Effective Date: 01st July 2024

6. Proposal To Amend Other Acts of Parliament.

The Affordable Housing Act, No. 2 of 2024

The Bill proposes the removal of Section 54 from the Affordable Housing Act No. 2 of 202. This change means that a purchaser of an affordable housing unit will no longer be prohibited from selling their unit or any interest therein to another person, whether by contract, agreement or otherwise.

Proposed Effective Date: 01st July 2024

The Industrial Training Act, Chapter 237, Laws of Kenya

The Bill proposes expanding the authority of the Commissioner-General of the revenue collection body, responsible for collecting training levies from employers. It aims to align by including powers conferred in the Tax Procedures Act (Cap 469 B), which were previously excluded. Incorporating these powers into the Commissioner's functions is essential to enable effective execution of their responsibilities.

Proposed Effective Date: 01st July 2024

The Data Protection Act, Chapter 411C, Laws of Kenya

The Bill proposes exempting the processing of personal data from the provisions of the Data Protection Act if, among other conditions, such disclosure is deemed necessary for the assessment, enforcement, or collection of any tax or duty under a written tax law. This amendment would enable the Kenya Revenue Authority to access all information and records of a taxpayer under audit.

Proposed Effective Date: 01st July 2024

The Kenya Revenue Authority Act, Chapter 469, Laws of Kenya.

The Bill proposes removing The Civil Aviation Act (Cap 394) from the list of written laws relating to Revenue.

Proposed Effective Date: 01st July 2024

How we can assist

Bakertilly can assist you to identify which areas of your business will be affected by the law changes provided under the Act. Furthermore, we can offer advisory services on tax planning to make the most of the tax incentives provided as well as provide awareness to avoid penalties that may arise due to omissions considering requirements by the law.

Get in touch.

Should you require more information or wish to discuss this further, please do not hesitate to reach out to any of our contacts at Bakertilly or kindly contact the team below:

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