

THE FINANCE BILL 2024

**BDO Analysis of Proposed
Tax Changes**



PREAMBLE

The Finance Bill, 2024 (“the Bill”) was presented before the parliament on 9th May 2024. The Bill proposes for amendments to the country’s tax laws which includes Income Tax Act, Value Added Tax Act, Excise Duty Act, Tax Procedures Act, and Miscellaneous Fees and Levies Act. The Bill also proposes changes to other Acts such as the Data Protection Act.

This Newsletter is a summary of the potential tax implications of the provisions contained in the Bill should it be enacted into an Act which is expected to be before 1st July 2024 as provided for in the Public Finance Management Act and coincides with the commencement of the Government’s financial year 2024-2025.

We set out below our analysis of the Bills’ proposed changes to tax laws.

Changes to the Income Tax Act: The bill introduces new definitions, such as digital marketplace, donation, registered pension fund, royalty and significant economic presence tax. It also repeals or modifies some existing definitions, such as wife's income, related person and gluten bread. It also amends the rates and exemptions of income tax for different categories of taxpayers and sources of income.

Changes to the Value Added Tax Act: The bill alters the list of exempt and zero-rated supplies and introduces a new definition of tax invoice. It also changes the time of supply for exported goods and the rules for claiming input tax credits.

Changes to the Excise Duty Act: The bill modifies the classification and rates of excise duty for various goods and services, such as alcoholic beverages, tobacco products, motorcycles, telecommunication services and imported furniture. It also provides for the citation of document paragraphs to support the claims in the summary.

Changes to the Tax Procedures Act: The bill provides for the issuance and validation of electronic tax invoices, the exemption of personal data processing for tax purposes from the Data Protection Act, the computation of time for tax obligations, and the penalties for late submission or failure to submit returns. It also repeals the provision for alternative dispute resolution.

Changes to other laws: The bill amends the Affordable Housing Act, the Industrial Training Act, the Public Finance Management Act and the Kenya Revenue Authority Act to align them with the proposed tax measures and the management of public funds.



BDO EAST AFRICA KENYA
8th & 9th Floors
The Westwood
Vale Close, Off Ring Road
Westlands, Nairobi
Kenya

Telephone: +254 709 254 000
Email: kenya@bdo-ea.com



INCOME TAX ACT

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
<p>Transfer Pricing - Related party definition</p> <p>Effective 1st July 2024</p>	<p>“Related person” means, in the case of two persons where a person who participates directly or indirectly in the management, control or capital of the business of another person.</p> <p>In the case of two persons, “related person” means a person who participates directly or indirectly in the management, control.</p>	<p>“Related person” now includes individuals who participate directly or indirectly in the management, control, or capital of another person’s business. This extends to a third person in the case of more than two individuals. Additionally, an individual associated with two persons through marriage, consanguinity, or affinity and whose business is managed, controlled, or capitalized by those two persons is also considered a “related person.”</p> <p>Transactions between a person and a non-resident related person or with a related person operating in preferential tax regimes are subject to transfer pricing rules.</p>	<p>The amendment seeks to harmonize the definition of related persons across the Act and to expand it to include situations where a third person participates directly or indirectly in the management and control of more than two persons.</p>
<p>Transfer Pricing- Advance Pricing Agreements with KRA</p> <p>Effective 1st July 2024</p>	<p>There are currently no provisions for Advance Pricing Agreements. However, there are provisions relating to the Commissioners’ powers to issue binding private rulings</p> <p>These have been applied with limited success, given that transfer pricing expertise lies with the specialized international tax office.</p>	<p>Section 18G of the tax code allows the Commissioner to enter into an advance pricing agreement with any person who is involved in a transaction that falls under sections 18(3) or 18A. The purpose of this agreement is to determine the arm’s length price for the transaction. The advance pricing agreement will be valid for a maximum of five consecutive years. However, if the Commissioner discovers that the person entered into the agreement by providing false information, the agreement will be declared null and void from the date it was entered. If you have any further questions about advance pricing agreements, please consult with a tax professional.</p>	<p>This is a welcomed move with the increased scrutiny of transfer pricing arrangements by the revenue authority. The introduction of APAs is expected to considerably alleviate the uncertainty regarding arm’s length pricing of Controlled transactions.</p>
<p>BEPS- Minimum Top-Up Tax</p> <p>1st January 2025</p>	<p>Currently, there is no minimum top-up tax.</p> <p>The proposed tax will only apply to “covered persons”. “Covered person” is a member of a multinational group who resides in Kenya or has a permanent establishment in the country. The group must have a consolidated annual turnover of at least €750 million for at least two of the four years preceding the tested year of income.</p>	<p>Section 12G introduces a new tax called minimum top-up tax. Covered persons with a combined effective tax rate less than 15% in a year of income will pay this tax. The tax amount is the difference between 15% of the net income or loss and the combined effective tax rate, multiplied by the excess profit of the covered person.</p>	<p>In aligning with the OECD recommendations of Global Anti-Base Erosion (Globe) rules (Pillar 2), the country seeks to establish a minimum effective tax rate of 15% for multinational enterprises with a consolidated revenue of 750 million Euros. The Globe rules aligning with the wider goal of preventing base erosion and profit shifting.</p>

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
<p>Minimum Top Up Tax</p> <p>Effective 1st January 2025</p>	<p><i>The tax is not applicable currently.</i></p> <p><i>Even when it does, the following entities will be exempted:</i></p> <ul style="list-style-type: none"> • Public entities not engaged in business • Persons with tax-exempt income under Paragraph 10, First Schedule • Pension funds and their assets • Real estate investment vehicles that are ultimate parent entities • Non-operating investment holding companies - Investment funds that are ultimate parent entities • Sovereign wealth funds • Intergovernmental or supranational organizations and their wholly-owned agencies or organs. 	<p>For the purposes of minimum top up tax:</p> <p>Adjusted covered taxes refers to taxes recorded in the financial accounts of a constituent entity for its income or profits, including taxes on distributed profits and deemed profit distributions, subject to prescribed adjustments.</p> <p>“Net income or loss” means the sum net income or loss for the year of income after deducting the sum of the losses of a covered person as determined under a recognized accounting standards in Kenya; and</p> <p>“Excess profit” is the net income or loss of a covered person for the year of income, less 10% for employee costs and 8% for tangible assets’ net book value. These values may be adjusted as per the regulations.</p>	<p>The Globe rules provide for a coordinated and comprehensive system of minimum taxation that ensures large MNEs pay a minimum level of tax on their income in respect of every jurisdiction where they operate.</p>
<p>Foreign Exchange losses</p> <p>Effective 1st July 2024</p>	<p><i>Section 4A of ITA provides that foreign exchange losses can be deferred and claimed within a period of up to five years from the date of realization. This applies if a person’s gross interest paid to a non-resident exceeds thirty per cent of their earnings before interest, taxes, depreciation, and amortization in any year of income.</i></p>	<p>Amendment in subsection (1)(ii) under Section 4A - Substitution of the words “five years” with “ three years”.</p>	<p>The decrease of the time period to three years in which taxpayers with interest expense deductibility exceeding 30% of EBITDA can claim the realized foreign exchange losses will negatively impact taxpayers that are unable to claim the losses within the period.</p>

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
<p>1.5% Digital Service Tax</p> <p>Effective 1st January 2025</p>	<p>Non-resident individuals who provide services through the internet, electronic network, or digital marketplace in Kenya are required to pay digital service tax. They must submit a return and pay the tax due to the Commissioner by the 20th day of the following month. This tax does not apply to non-residents with a permanent establishment in Kenya or income chargeable under section 9(2) or section 35.</p>	<p>Significant Economic Presence Tax is a tax payable by non-resident individuals who earn income from providing services through a digital marketplace in Kenya. The taxable profit is 20% of the gross turnover, and the rate of tax will be 30% of the taxable profits payable by the 20th day of the month following the end of the month the service was offered. Regulations may be made for better implementation.</p>	<p>As the delays on the implementation of the OECD Amount A approach persists, SEP overhauls the existing DST regime with the taxable income being 20% on the gross turnover. The effective tax rate will therefore be 6.00%.</p> <p>The commissioner is expected to issue guidelines on the SEP tax however it is a huge increase from the current 1.5% tax.</p>
<p>Donor Funded Projects exemptions for contractors</p> <p>Effective 1st July 2024</p>	<p>The Finance Act of 2023 introduced the concept that Non-resident contractors, subcontractors, consultants, or employees involved in a project financed through a 100% grant are exempt from income tax, provided they are in Kenya solely for the project's implementation.</p>	<p>This is set to be reviewed to exempt income earned by non-residents working on projects funded by 100% grants from the government and development partners. However, any other income they earn that is unrelated to the project is taxable.</p>	<p>The bill provides clarity on taxation of income earned by non-residents working for exempt bodies</p>
<p>5% Digital Content Monetization Tax and 20% for non-residents</p> <p>Effective 1st July 2024</p>	<p>This tax applies to payments for electronically shared entertainment, social, literary, artistic, and educational materials. This includes materials shared through advertisements, sponsorship, affiliate marketing, subscription services, offering for use a logo, brand, or catchphrase, membership programs, licensing content, and crowd funding fees.</p>	<p>The tax is proposed to apply to creative works, creating or sharing of material, and any other material that is not exempt under the income tax Act as well.</p>	<p>The government is increasing its focus on the digital economy as it plans to increase its tax base</p>
<p>Digital Marketplace Definition and tax (5% resident, 20% nonresident)</p> <p>Effective 1st July 2024</p>	<p>Section 3 of ITA subsection (3) Definition of "digital marketplace":</p> <p>"Digital marketplace" means an online or electronic platform that enables users to sell or provide services, goods, or other property to other users.</p>	<p>Amendment of Section 3(3) to include a new definition of "digital marketplace" which covers various online platforms for selling or providing goods, property or services, including ride-hailing, food delivery, freelance, professional, rental, task-based services, and any other taxable service under the Income Tax Act.</p>	<p>This will expand the scope of items to increase tax collection by KRA.</p> <p>Making payments on sales made through a digital marketplace will attract a withholding tax of 5% for residents and 20% nonresidents.</p>

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
<p>Withholding Tax on Software including off-shelf</p> <p>Effective 1st July 2024</p>	<p><i>Section 2 of the ITA defines "royalty" as payment made for the use of:- Copyrighted works - Cinematograph films - Patents, trademarks, designs, models, plans, formulas, or processes - Industrial, commercial or scientific equipment This also includes any gains derived from the sale or exchange of property or rights which result in royalties.</i></p>	<p>"Royalty" now includes new payments for the use of various types of intellectual property, such as copyrights, software, films, patents, trademarks, designs, models, plans, formulas, processes, and equipment-related information. It also includes gains from the sale or exchange of any such right or property.</p>	<p>The provision seeks to clear the ambiguity relating to payments made in relation to exploitation including distribution of software.</p> <p>The commissioner has expanded the transactions that attract royalty fees.</p>
<p>Per Diem (KES 2,000 per day to 5% income)</p> <p>Effective 1st July 2024</p>	<p><i>Employees on official duties away from their regular place of work may receive a per diem amount. The first KES 2,000 spent daily is reimbursed and excluded from profit calculations.</i></p>	<p>The term 'first two thousand shillings per diem' is to be replaced with 'an amount not exceeding 5% of monthly gross earnings' if the employer has a policy on allowances."</p>	<p>This is a welcome move as it improves the previous restrictive regime to align with current realities.</p>
<p>Non-cash benefits (KES 36K pa to 48Kpa)</p> <p>Effective 1st July 2024</p>	<p><i>Under the current law, any benefit, advantage, or facility granted to an employee with an aggregate value of not less than KES 36,000 is taxable, unless expressly stated otherwise in this section. This also applies to any services rendered.</i></p>	<p>The proposed change is to increase the untaxed non-cash benefits by KES 48,000 per annum per staff.</p>	<p>This is a welcome move for the tax-payers under employment income.</p>
<p>Food benefit (KES 48K pa to KES 60Kpa)</p> <p>Effective 1st July 2024</p>	<p><i>ITA Section 5(4)(f) exempts the value of meals provided to employees in a canteen or cafeteria established or operated by the employer or a registered third party. The exemption applies as long as the value of each meal does not exceed KES 48,000 per year per employee and other conditions specified by the Commissioner are met.</i></p>	<p>The proposed change is to increase the untaxed food benefits by KES 68,000 per annum per staff.</p>	<p>This is a welcome move for the tax-payers under employment income.</p>
<p>Gratuity paid to pension fund</p> <p>Effective 1st July 2024</p>	<p><i>Section 5 of the Income Tax Act (ITA) exempts gratuity paid to pension funds up to KES 240,000 per year of service.</i></p>	<p>The exempted amount is now increased to KES 360,000 per year of service.</p>	<p>This is a welcome appreciation ion the impact of inflation.</p>

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
<p>KRA registration of retirement funds</p> <p>Effective 1st July 2024</p>	<p>Currently Individual Retirement Funds and Pension Funds need to be registered with the Commissioner for the enjoyment of tax deductions of up to KES 240,000 per annum per individual (or KES 20,000 per month).</p>	<p>Requirement for registration with the Commissioner is proposed to be removed they are to be registered by the Retirement Benefits Authority. The threshold is increased to KES 360,000 per annum per individual or KES 30,000 per month.</p>	<p>The definition has clarified that the individual retirement fund should be in concordance with the Retirement Benefits Act.</p>
<p>Insurance relief and housing reliefs removed from 1st July</p>	<p>Housing relief is already provided for under the Affordable Housing Act at 15% of the employee's contribution but shall not exceed KES 108,000 per annum. Insurance relief to be as per SHIF.</p>	<p>These have been removed from the Income Tax Act to facilitate alignment and clarity.</p>	<p>This is to align with Affordable Housing Act and Social Health Insurance Relief.</p>
<p>2.5% Motor Vehicle Tax</p> <p>Effective 1st January 2025</p>	<p><i>This withholding tax is not applicable at the moment.</i></p> <p><i>Insurance companies shall withhold it at the moment of policy issuance and paid to KRA.</i></p> <p>Insurers failing to collect and remit motor vehicle tax will be penalized with 50% of the uncollected tax plus the actual amount.</p>	<p>This bill requires a motor vehicle tax to be paid at the time of issuance of an insurance cover. The tax amount is determined based on the value of the vehicle, which is calculated using its make, model, engine capacity, and year of manufacture. There is also a proposal for the commissioner to prescribe guidelines for determining the value.</p> <p>Insurers must collect and remit the tax within five working days.</p> <p>No motor vehicle tax for ambulances or vehicles owned by national or county governments, Kenya Defense Forces, National Police Service, National Intelligence Service, or tax-exempt individuals under the Privileges and Immunities Act.</p> <p><i>The tax is capped at a minimum of 5,000 and a maximum of 100,000.</i></p>	<p>This is a form of wealth tax that the government had put across in its medium-term revenue strategy (2023 to 2027) as an avenue to increase its tax base.</p>
<p>5% withholding tax on supply of goods to a public entity</p> <p>Effective 1st July 2024</p>	<p>This tax is not applicable currently.</p>	<p>The WHT on supplies to a public entity i.e., a ministry, state department, or state corporation, county department is provided at 5%.</p>	<p>This is aimed at advance collection of tax from government suppliers.</p>

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
Exemptions removed (Trusts and Amateur Sports Associations) Effective 1st July 2024	<i>Incomes of amateur sports association, family trusts and registered trust schemes are currently exempted from income tax.</i>	These exemptions are now removed. Also, transfer of immovable property to a family trust will no longer be exempt.	This move is likely to discourage amateur sporting associations and reduce the appetite to set up family trusts in Kenya. as opposed to offshore.
Exemption limited - Interest from listed securities Effective 1 st July 2024	Interest income generated from any bonds, notes, or similar securities that are listed and used for funding infrastructure and social services are exempt from taxation. However, the maturity of such bonds, notes, or securities must be at least three years.	This exemption will be limited to securities already listed before the commencement of the Finance Act 2024's effective date, which is 1 July 2024. Green bonds are exempted only if they have a minimum maturity of three years and interest income accrues from a bond, note, or similar security used for infrastructure, social services, and assets defined under Green Bonds Standards and Guidelines and only on already-listed bonds.	Appetite on new securities will dampen thereby putting at risk future public fundraising plans.
Exemption enhanced-withdrawals on retirement	Monthly pension granted to a person who is sixty-five years of age, or more is exempted.	Pension benefits from a registered pension fund, provident fund, individual retirement fund or National Social Security Fund are now exempted from income tax upon reaching retirement age. This exemption also applies if a person retires early due to ill health or withdraws from the fund after twenty years of membership.	This measure seeks to promote saving by broadening the exemption to encompass individuals opting for early retirement.
Capital Allowance on IRUs Effective 1st July 2024	<i>ITA's Second Schedule - Investment Allowance: 10% per year, in equal instalments right to use fibre optic cable by a telecommunication operator.</i>	New rate of investment allowance: 10% per year, in equal installments for the purchase or acquisition of an Indefeasible Right to Use fiber optic cable or spectrum license by a telecom operator. For spectrum licenses bought before July 1, 2024, the deduction is limited to the unamortized portion over the remaining useful life.	The deduction for the expenditure on a spectrum license will be spread out over the remaining useful life of the license, instead of allowing for an immediate or full deduction at the time of purchase.
Ship Owning Businesses Effective 1st January 2025	<i>Non-residents are taxed at 2.5% on gains or profits from ship-owning businesses under section 9(1) of the Act.</i>	Here is a shorter version of the text: Replace current subparagraph with:(k) For profits taxable under section 9(1) from ship-owners or air transport operator's business, without a treaty, 3% of gross amount will be charged. Add to subparagraph (t):Tax deducted is final.	Ship owners and air transport operators will bear an increased charge of 3.00% from the previous 2.5%, subject to the treaty agreement.

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
<p>Withholding tax on 3 years plus bonds, notes etc.</p> <p>Effective 1st January 2024</p>	<p>For government bearer bonds with a term of 2 years or more, as well as other sources, the withholding tax rate is 15%. - For bearer bonds with a term of 10 years or more, the withholding tax rate is 10% of the gross amount payable.</p>	<p>The proposed withholding tax rate for interest earned on bonds, notes or similar securities with a maturity period of at least three years, and that are used to raise funds for infrastructure and social services is five percent.</p>	<p>The interest income from bonds, notes or securities not exempted under the proposed paragraph 60 of the first schedule is taxable at 5%.</p>
<p>Pension withdrawal period (15 to 20 years)</p> <p>Effective 1st July 2024</p>	<p><i>The reduced rates of tax on withdrawals apply if payments are made 15 years from the date of joining a registered pension fund, registered provident fund, the NSSF or a registered individual retirement fund or upon attaining the age of 50 years or earlier retirement due to ill-health or infirmity of body and mind.</i></p> <p><i>The tax rates per annum are :</i></p> <ul style="list-style-type: none"> • 10% on the first KSh. 400,000 • 15% on the next KSh. 400,000 • 20% on the next KSh. 400,000 • 25% on the next KSh. 400,000 • 30% on all income above KSh. 1,600,000 It should be noted that the tax deducted shall be final. 	<p>The 15-year period is now extended to 20 years.</p>	<p>This is an increase for the period a person has to wait before enjoying tax free pension savings from the previous 15 years.</p>
<p>KES 24,000 per month relief from withholding tax removed</p> <p>Effective 1st January 2025</p>	<p><i>For any management, professional, or training fees (excluding contractual fees) that amount to 24,000 shillings or more in a month, attract the 5% resident rate withholding tax</i></p>	<p>The KSh. 24,000 threshold is removed.</p>	<p>The deletion of the KSh. 24,000 capping on contractual fees opens for taxation of any amount of contractual fees increasing tax base for the commissioner.</p>
<p>Digital Service Tax</p> <p>Effective 1st January 2025</p>	<p>The withholding tax rate is currently 1.5%</p>	<p>The tax rate is to be increased to 5%.</p>	<p>This will increase the cost of consuming products from the digital marketplace.</p>
<p>Withholding tax on marketing services</p> <p>Effective 1st January 2025</p>	<p><i>For sales promotion, marketing, and advertising services, a withholding tax of 5% of the gross amount is applicable. Similarly, a withholding tax of 5% is applicable for payments related to digital content monetization.</i></p>	<p>A public shall withhold 3% on any payments with promotion, marketing, advertising services.</p>	<p>The tax rate is thus reduced.</p>

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
<p>Capital gains tax reduction on large investments</p> <p>Effective 1st January 2025</p>	<p>Currently the proposed provision doesn't exist. The CGT rate is 15%.</p>	<p>If the Nairobi International Financial Centre Authority certifies that a firm has invested at least three billion shillings in at least one entity incorporated or registered in Kenya within two years and the transfer of the investment is to be made after five years of the date of the investment, the applicable capital gains tax rate shall be reduced from 15% to 5%.</p>	<p>Capital gains relief rate shall be certified by the Nairobi International Financial Centre Authority. This incentivizes large investments</p>
<p>EPZ late filing penalties</p> <p>Effective 1st July 2024</p>	<p><i>Export Processing Zone Enterprises are exempt from corporation tax for a specified period, but they must submit a self-assessment return; failure to submit a return or late submission will result in a penalty of two thousand shillings per day.</i></p>	<p>This penalty shall now be 20,000 per month for each month or part thereof that the failure continues.</p>	<p>This penalty adjustment reduces the administrative burden on EPZs. This is a positive move to attract investments in EPZs.</p>

SUMMARY

The Finance Bill 2024 proposes several changes to the Income Tax Act. Some of the proposed changes include:

- The introduction of Advance Pricing Agreements with the Kenya Revenue Authority.
- The establishment of a minimum effective tax rate of 15% for multinational enterprises with a consolidated revenue of 750 million Euros.
- The overhaul of Digital Service Tax to be replaced by the Significant Economic Presence tax.
- Introduction of a 2.5% motor vehicle tax.

VALUE ADDED TAX (VAT)



- **SUMMARY**

The Finance Bill 2024 proposes several changes to the Value Added Tax Act. Some of the proposed changes include ;time limit for excess VAT refund, restriction on input VAT, expansion of VAT threshold amongst other changes as discussed below.

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
Time limit for excess VAT refund application. 1st July 2024.	Currently, the claim for the refund of excess tax should be lodged within 24 months from the date the tax becomes due and payable.	The Finance Bill proposes amendments by deleting Section 17 (5) (d) of the Act.	This proposed amendment seeks to align the VAT refunds to six months from the date the tax was overpaid in line with the proposed amendments under Section 47 of the Tax Procedures Act. This will help taxpayers to manage their cash flow.
Restriction of input VAT allowability on mixed supply. 1st July 2024.	Currently, if the total supply comprises of both the taxable and exempt supply, taxpayer is only allowed to claim the full amount of input VAT if the taxable supply is more than 0.9 of the total supply, and in case it's less the 0.1, the entire input VAT does not qualify for claim.	The provision is proposed to be deleted.	The taxpayer will only claim the input VAT attributable to taxable supply irrespective of the ratios.
Time of supply on bad debts recovered. 1st July 2024.	According to the prevailing tax law, where the tax refunded on bad debts is subsequently recovered from the recipient of the supply, the registered person shall refund the tax to the Commissioner within sixty days of the date of the recovery.	The Bill proposes to delete this provision.	The proposed amendments implies that the time of supply on bad debts recovered will be on the date of recovery.
Expansion of VAT registration threshold. 1st July 2024.	Section 34 of the VAT Act provides that a person who in the course of the business has made or is about to commence making taxable supplies the value of which is reasonably expected to exceed five million shillings or more within a period of twelve months shall be liable for registration.	The Bill proposes to amend Section 34 of the VAT Act by deleting the word 'five' and substituting it with the word 'eight'.	The proposed amendment is a compliance relief to taxpayer who taxable supplies exceeds or expects to five million but reasonably less than eight million.

EFFECTIVE DATE	ITEM	CURRENT	PROPOSED
1 st July 2024	<ul style="list-style-type: none"> Aeroplanes and other Aircrafts on unladen weight exceeding 2,000 kgs but not exceeding 15,000kgs. Spacecraft (including satellites) and suborbital and spacecraft launch vehicles. Hiring, leasing and chartering of aircrafts, excluding helicopters of tariff numbers 8802.11.00 and 8802.12.00. 	Exempt	16%
1 st July 2024	<ul style="list-style-type: none"> Unleavened bread. Gluten bread 	Exempt	16%
1 st July 2024	<ul style="list-style-type: none"> Goods and services 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	16%
1 st July 2024	<ul style="list-style-type: none"> Direction-finding compasses, instruments and appliances for aircraft 	Exempt	16%
1 st July 2024	<ul style="list-style-type: none"> Pressure sensitive adhesive of tariff number 3506.91.00. Plain polythene film/LPDE of tariff number 3921.19.10. Plain polythene film/PE of tariff number 3921.19.10. PE white 25-40gsm/release paper of tariff number 4811.49.00. ADL 25-40gsm of tariff number 5603.11.00. 	Exempt	16%
1 st July 2024	<ul style="list-style-type: none"> Taxable goods and services 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	16%
1 st July 2024	<ul style="list-style-type: none"> Plant, machinery and equipment used in the construction of a plastics recycling plant Issuing of credit and debit cards Telegraphic money transfer services Foreign exchange transactions including the supply of foreign drafts and international money orders. Cheque handling, processing, clearing and settlement, including special clearance or cancellation of cheques. The assignment of a debt for consideration The provision of financial services on behalf of another on a commission basis. Betting, gaming and lotteries services 	Exempt	16%

EFFECTIVE DATE	ITEM	CURRENT	PROPOSED
1 st July 2024	<ul style="list-style-type: none"> The supply of ordinary bread. Transportation of sugarcane from farms to milling factories 	Zero rated	16%
1 st July 2024	<ul style="list-style-type: none"> The supply of motorcycles of tariff heading 8711.60.00 	Zero rated	Exempt
1 st July 2024	<ul style="list-style-type: none"> All inputs and raw materials whether produced locally or imported, supplied to manufacturers of agricultural pest control products upon recommendation by the Cabinet Secretary for the time being responsible for agriculture. Agricultural pest control products 	Zero rated	Exempt
1 st July 2024	<ul style="list-style-type: none"> Inbound international sea freight offered by a registered person 	Zero rated	16%
1 st July 2024	<ul style="list-style-type: none"> The supply of locally assembled and manufactured mobile phones. 	Zero rated	16%
1 st July 2024	<ul style="list-style-type: none"> The supply of electric bicycles. The supply of solar and lithium-ion batteries. The supply of electric buses of tariff heading 87.02. 	Zero rated	16%
1 st July 2024	<ul style="list-style-type: none"> Bioethanol vapour (BEV) Stoves classified under HS Code 7321.12.00 (cooking appliances and plate warmers for liquid fuel) 	Zero rated	Exempt
1 st July 2024	<ul style="list-style-type: none"> Mosquito repellent Tea Packaging material Micronutrients, foliar feeds and bio-stimulants of Chapter 38 	16%	Exempt
1 st July 2023	Transfer of going concern	16%	Exempt



EXCISE DUTY

SUMMARY

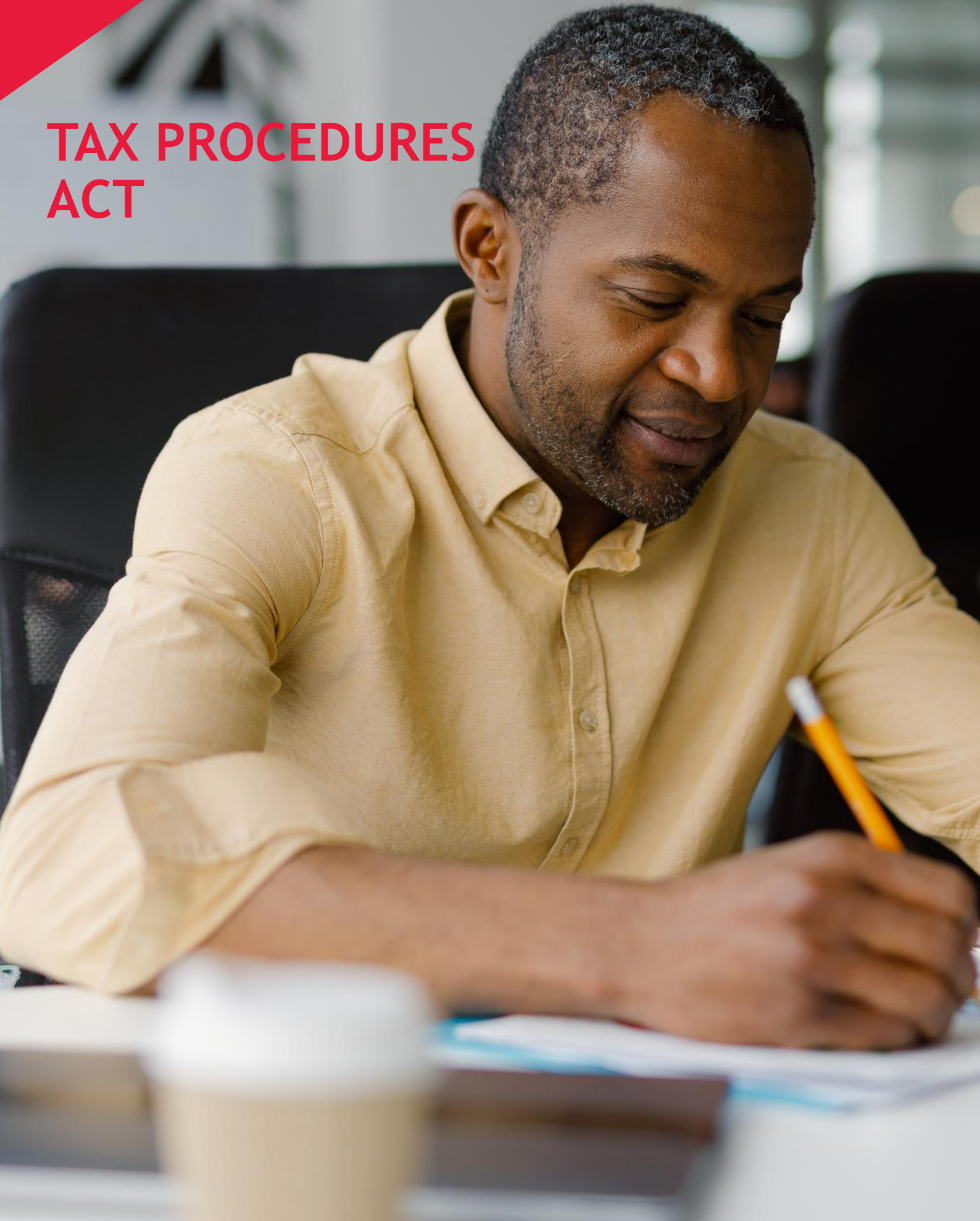
The Finance Bill 2024 proposes several changes to the Excise Duty Act. Some of the proposed changes include the expansion of the scope of excisable services to include those offered in Kenya by non-residents through a digital platform amongst other changes.

EFFECTIVE DATE	CURRENT POSITION	PROPOSED AMENDMENT
1 st of July 2024	Goods classification with Tariff codes: Currently, is as per the Act.	Classification be as per the EAC Common External Tariff.
1 st of July 2024	Serviced offered through a digital platform offered by non-residents Currently, excise duty is not applicable.	Expand the scope of excisable services to include those offered in Kenya by non-residents through a digital platform in the scope of taxable services.
1 st of July 2024	Goods and services not liable to excise duty The Cabinet Secretary may by notice in the Gazette, grant remission of excise duty, wholly or partially, in respect of beer or wine made from sorghum, millet or cassava or any other agricultural products (excluding barley), grown in Kenya.	The bill proposes to expand the scope by introducing spirits in addition to beer and wine.
1 st of July 2024	Relief for raw materials Excise duty paid on raw materials in Kenya can be deducted from duty on finished goods made by licensed manufacturers.	The bill proposes that no raw material excise duty relief will be granted on excise duty on finished goods made by licensed manufacturers.
1 st of July 2024	Issue of licence timeline Currently, no timelines are provided by law for approving or rejecting an application	The bill proposes that the commissioner must approve or reject an application for a license within 14 days
1 st of July 2024	Payment of excise duty: Excise duty on alcoholic beverages must be paid to the Commissioner within twenty-four hours upon removal of goods from the stockroom.	The bill proposes to amend the timelines for remission of excise duty from 24 hours to within five working days.
1 st July 2024	EAC food items and cartons exemptions: - Currently, excise duty applies at 25% on all imported eggs, onions, potatoes and cartons.	Items originating from EAC will be exempted from excise duty.
1 st July 2024	Clinker: Excise duty on imported cement is at a rate of 10% of the value or KES 1.50 per kilogram, whichever is higher.	Clinker is proposed to be exempted.
1 st July 2024	Imported plastic: The excise duty applies on imported articles of plastic under tariff headings 3923.30.00 and 3923.90.90	The tax will now apply to all items, whether imported or locally purchased.
1 st July 2024	Gaming advertisement: Excise duty on advertisement on social media or internet relating to betting, gaming and lottery activities was not applicable.	It will now be applicable at 15%.
1 st July 2024	Exempt local manufactured motor vehicles: Excise duty is exempted on passenger motor vehicles that are manufactured locally provided they enjoy a 30% local content	The exemption is proposed to be limited in the local content to equipment and parts manufactured locally by manufacturers who hold the intellectual property of those components.

EFFECTIVE DATE	ITEM	CURRENT	PROPOSED
1 st July 2024	Motorcycles of tariff 87.11 other than motorcycle ambulances and locally assembled motor cycles	Kes. 12,952.83 per unit	10% of the value
1 st July 2024	Imported sugar confectionary	KES 42.91 per kg	Kes. 257.55 per KG
1 st September 2024	Wines, fortified wines, and other alcoholic beverages obtained by fermenting fruit	Kes243.43 per liter	Kes 22.50 per centilitre of pure alcohol
1 st September 2024	The excise duty for beer, cider, perry, mead, opaque beer, and similar mixtures	Kes.142.44 per Liter	Kes. 16 per centilitre of pure alcohol
1 st September 2024	Spirits of undenatured ethyl alcohol; spirits liqueurs and other spirituous beverages of alcoholic strength exceeding 6%	Kes. 356.42 per litre	Kes. 22.50 per centilitre of pure alcohol"
1 st July 2024	Cigarette with filters (hinge lid and soft cap)	Kes.4,067.03 per mille	Kes.4,100 per mille
1 st July 2024	Cigarettes without filters (plain cigarettes)	Kes.2,926.41 per mille	Kes.4,100 per mille
1 st July 2024	Products containing nicotine or nicotine substitutes intended for inhalation without combustion or oral application but excluding medicinal products approved by the Cabinet Secretary	KES 1,595.00 per kg	Kes 2,000 per kg
1 st July 2024	Liquid nicotine for electronic cigarettes	Kes. 70 per millilitre	Kes. 100 per millilitre
1 st July 2024	Coal	N/A	5% of the value or Shs. 27,000 per metric ton, the higher
1 st July 2024	Vegetable oils of tariff codes 1511,1512,1515 and 1517.	N/A	25%
1 st July 2024	Telephone and internet data services.	15%	20%
1 st July 2024	Money transfer services by banks, money transfer agencies and other financial service providers or payments service providers licensed under the National Payment System Act,2011	15%	20%

EFFECTIVE DATE	ITEM	CURRENT	PROPOSED
1 st July 2024	Fees charged for money transfer services by cellular phone service providers	15%	20%
1 st July 2024	Other fees charged by financial institutions	12.5%	20%
1 st July 2024	Gaming amount wagered or staked, competition amount paid or charged to participate in the competition, and the lottery (excluding charitable lotteries) of the amount paid to buy the ticket	12.5%	20%
1 st July 2024	Imported Emulsion - styrene Acrylic	10%	NA
1 st July 2024	Imported Styrene-acrylonitrile (SAN) copolymers	NA	10%1

**TAX PROCEDURES
ACT**



SUMMARY

The Finance Bill 2024 proposes several changes to the Tax Procedures Act. Some of the proposed changes include:

- The utilization of tax overpayments against both outstanding tax debts and future tax liabilities; or a refund of overpaid tax within 5 years for Income tax and 6 months for any other taxes.
- The introduction of a new requirement for a PIN Registration of an employee working remotely outside Kenya for an employer in Kenya.
- The extension of the Objection Review period from 60 days to 90 days.
- The period for filing or making payment shall not include Saturdays, Sundays, or public holidays.
- The Commissioner must approve or reject an application for a license within 14 days.
- The deletion of the provision of subsection 14E, which empowers the commissioner to issue agency notices after a tribunal or court has issued a ruling with or without an appeal from the tax-payer.

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
Application for Tax Agent license 1st July 2024	An applicant shall be, in addition to the requirements set out in subsections (1) and (2), shall be required to be recommended for registration by the Tax Agents Committee	The Finance Bill proposes to amend subsection 3 by adding the words <u>“established by Regulations prescribed under this Act”</u> after the word <u>committee</u>	The proposed amendment provides clarity on what regulation govern the establishment of the Tax Agent Committee.
Cancellation of tax agent's license 1st July 2024	The current provision grants the commissioner autonomous power to cancel a tax agent license.	The bill proposes to amend subsection 3 by adding the wording <u>“recommendation of the Tax Agent Committee established by the Regulations prescribed under this Act”</u> after the word <u>“Commissioner”</u> .	This law clarifies the circumstances under which the Commissioner shall have authority to cancel the license of a tax agent which shall be based on recommendations from the Tax Agent Committee.
Electronic Tax Invoice 1st July 2024	The current provision does not specify the components of an Electronic Tax Invoice in respect of a non-resident person carrying on a business through a digital market-place.	The bill proposes to amend the section 23A by expanding subsection 2A to provide the information to be contained in an Electronic Tax Invoice i.e.: <ul style="list-style-type: none"> • The words “TAX INVOICE” • The name, address, PIN of the supplier • The name, address, PIN if any, of the purchaser • The serial number of the tax invoice • The date and time which the tax invoice was issued and the date and time which the supply was made, if it is different from the date the tax invoice was issued; • The description of the supply including quantity of the goods or the type of services; • The details of any discount allowed at the time of supply; • The consideration of the supply; • The tax rate charged and total tax amount of tax charged; and • Any other prescribed information 	The law clarifies on what information should be contained in an Electronic Tax Invoice for non-resident persons carrying on a business through a digital market-place.

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
<p>Power to collect tax from person owing money to a taxpayer</p> <p>1st July 2024</p>	<p>Subsection 2A The current provision does not specify the period under which the agency notice shall be valid.</p> <p>Subsection 13 The current provision provides that , the Taxpayer shall be solely liable to an agency notice</p> <p>Subsection 14E The current provision deters the commissioner from issuing an agency notice if the taxpayer has not appealed against an assessment specified in a decision of the Tribunal or Court.</p>	<p>The bill proposes to amend the Section 42 by introducing new subsection Section (2A) under (2) which provides a 1-year agency notice period</p> <p>The bill proposes to include any person listed under subsection 2 to be liable to compliance to an agency notice.</p> <p>The bill proposes to delete the provision of subsection 14E</p>	<p>The new agency period relieves the taxpayer by providing a reasonable timeframe to resolve their outstanding tax issues.</p> <p>The deletion of the subsection 14E empowers the commissioner to issue agency notices after a tribunal or court has issued a ruling with or without an appeal from the tax-payer</p>
<p>Appointment of VAT Withholding Agent</p> <p>1st July 2024</p>	<p>Subsection (4C) and 4D An appointed agent who fails to withhold tax by the twentieth day of the following month will have committed an offence and is liable to a penalty of ten percent of the amount involved.</p>	<p>This subsection 4C has been deleted and substituted by a law stating that a person who fails to withhold tax by the fifth working day after the deduction is made shall have committed an offence and is liable to ten percent of the amount not withheld or remitted.</p> <p><u>Section 4D</u> With the introduction of the new provision in subsection (4C), which also specifies the same penalty of ten percent, section (4D) becomes redundant and is consequently removed.</p>	<p>This bill has aligned the timelines of remitting withholding VAT with that of withholding income tax.</p>
<p>Relief because of doubt or difficulty in recovery of tax.</p> <p>1st July 2024</p>	<p>There are currently no provisions for relief because of doubt or difficulty in recovery of tax.</p>	<p>Introduction of new section 37E The provision allows the Commissioner to refrain from assessing or recovering unpaid taxes under certain circumstances, such as impossibility of recovery or hardship. With approval from the Cabinet Secretary, unpaid taxes can be considered extinguished or abandoned. The Cabinet Secretary can provide further directions, and the Commissioner must report abandoned taxes biannually to the Cabinet Secretary, who then reports to the National Assembly.</p>	<p>Taxpayers facing genuine hardship or situations where the cost of recovery exceeds the potential revenue may benefit from this provision. It offers relief to individuals or businesses struggling to meet their tax obligations due to unforeseen circumstances.</p>

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
<p>Section 47- Offset or refund of overpaid tax</p> <p>1st July 2024</p>	<p>The current provision provides for utilization of tax overpayments against future tax liabilities or via a refund for a VAT within 6 months and within 5 years for other taxes.</p>	<p>The bill proposes the utilization of tax overpayments against both outstanding tax debts and future tax liabilities; or a refund of overpaid tax within 5 years for Income tax and 6 months for any other taxes.</p>	<p>This is a welcome move for taxpayers as they can now offset any tax overpayments against the outstanding debts.</p>
<p>Objections to Tax Assessments- Timeframes and Documents</p> <p>1st July 2024</p>	<p>Section 51- Objection</p> <ul style="list-style-type: none"> • Currently the Objection Review period is 60 days • Before the period elapses, the Commissioner issues the Objection Decision • The Commissioner may request for additional information during the review. Failure to provide the documents, the Objection may be regarded as invalid. 	<p>Section 51- Objection to tax decision</p> <ul style="list-style-type: none"> • The Objection Review period to extend to 90 days • In the event requested documents are not provided within the specified time, the Objection shall be deemed disallowed. 	<p>The extension of Objection Review period is a welcome move that will facilitate proper review of technical, policy and reconciliation disputes</p> <p>The strict requirements to provide documents within a timeframe will place a heavy burden of compliance within strict timeframes for taxpayers.</p>
<p>Filing Returns and Making Payments- Weekends and Holidays</p> <p>1st July 2024</p>	<p>Section 77- If the date for filing a return or a notice or making a payment falls on Weekends of Public Holidays, the due date is the previous working day unless the documents are lodged electronically.</p>	<p>The period for filing or making payment shall not include Saturdays, Sundays or public holidays.</p>	<p>This change is consistent with the fair administration of justice requirements and the Interpretations and General Provisions Act.</p>
<p>PIN Registration requirement</p> <p>1st July 2024</p>	<p>The employees working remotely outside Kenya, did not require a PIN.</p>	<p>The bill proposes a new requirement for a PIN Registration of an employee working remotely outside Kenya for an employer in Kenya.</p>	<p>This move implies obligations for both employers and employees, potentially including withholding tax by the employer.</p> <p>Considerations of tax residency for the employee through tax treaties should be considered to avoid double taxation.</p>



MISCELLANEOUS FEES & LEVIES ACT

SUMMARY

The Finance Bill 2024 proposes several changes to the Miscellaneous Fees and Levies Act. Some of the proposed changes include broadening the scope of products covered by the Export and Investment Promotion Levy regime. The bill also proposes to introduce an Eco levy, which aims to encourage environmental responsibility, to be applied to goods specified under the fourth schedule.

TAX	CURRENT POSITION	PROPOSED AMENDMENT	OUR COMMENTS
Import declaration fee 1st July 2024	2.5% of the customs value The collected fee would go to an established fund and 10% to the Africa Union and any other international organization to which Kenya has a financial obligation.	3% of the customs value An additional 20% shall be used for revenue enforcement initiatives.	This will affect the affordability and demand for imports however, the government will widen its tax base hence generating additional revenue for its programmes.
Goods exempt from IDF and RDL 1st July 2024	All goods including material supplies, equipment, machinery and motor vehicles for the official use by National Intelligence Service are subject to IDF and RDL. Inputs , raw materials and machinery used in the manufacture of mosquito repellent are subject to IDL and RDL.	All goods including material supplies, equipment, machinery and motor vehicles for the official use by National Intelligence Service shall be exempt from IDF & RDL. Inputs, raw materials and machinery used in the manufacture of mosquito repellent shall be exempt from IDL & RDL at the discretion of the CS of the Ministry of Health.	The proposal will offer relief to both the NIS and manufacturers of mosquito repellent by reducing the cost incurred during the importation of supplies essential for their operation.
Eco levy 1st July 2024	The Act did not provide for imposition of eco levy.	Introduction of the eco levy on goods specified in the newly added fourth schedule; levied at the rates specified within this schedule.	This is a welcomed move as it will encourage environmental responsibility.

TARRIF NUMBER	TARIFF DESCRIPTION	CURRENT	PROPOSED
Goods subject to Export and Investment Promotion Levy - Effective 1st July 2024			
2207.20.00	Denatured ethyl 2% of the customs alcohol and other spirits value	0% of the customs value	3% of the customs value
2208.40.00	Rum and other 2% of the customs spirits obtained by distilling fermented sugar value	0% of the customs value	3% of the customs value
2208.60.00	Vodka	0% of the customs value	3% of the customs value
2523.10.00	Cement clinker	17.5% of the customs value	10% of the customs value
3401.30.00	Organic surface-active products and preparations for washing the skin.	0% of the customs value	3% of the customs value
4804.11.00	Kraft liner	10% of the customs value	3% of the customs value
4894.29.00	Uncoated kraft paper and paperboard, in rolls or sheets, other than that of heading 48.02 or 48.03 – Other value	0% of the customs value	3% of the customs value
0401.20.00	Milk and cream of fat content by weight, exceeding 1% but not exceeding 6%	0% of the customs value	3% of the customs value
69.10	Ceramic sinks, wash basins, pedestals, baths, bidets, water closet pans, flushing cistern, urinals and similar sanitary fixtures	0% of the customs value	3% of the customs value
7207.11.00	Billets	0% of the customs value	10% of the customs value
7321.12.00	Cooking stoves for liquid fuel	0% of the customs value	3% of the customs value
8711.10.90	Motorcycles with internal combustion engines not exceeding 50cc	0% of customs value	3% of the customs value
8711.20.90	Motorcycles with internal combustion engines exceeding 50cc but not exceeding 250cc	0% of the customs value	3% of the customs value
8711.30.90	Motorcycles with internal combustion engines exceeding 250cc but not exceeding 500cc	0% of the customs value	3% of the customs value
8711.40.90	Motorcycles with internal combustion engines exceeding 500cc but not exceeding 800cc	0% of the customs value	3% of the customs value
8711.60.00	Electric motorcycles	0% of the customs value	3% of the customs value
9403.10.00	Metal furniture of a kind used in offices	0% of the customs value	3% of the customs value
9403.20.00	Other metal furniture	0% of the customs value	3% of the customs value
9403.30.00	Wooden furniture for office	0% of the customs value	3% of the customs value
9403.40.00	Wooden furniture for kitchen	0% of the customs value	3% of the customs value
9403.50.00	Wooden furniture for bedroom	0% of the customs value	3% of the customs value
9403.60.00	Other wooden furniture	0% of the customs value	3% of the customs value

TARRIF NUMBER	TARIFF DESCRIPTION	CURRENT	PROPOSED
Goods subject to Export and Investment Promotion Levy - Effective 1st July 2024 (Cont....)			
9403.70.00	Furniture for plastics	0% of the customs value	3% of the customs value
9403.82.00	Furniture of bamboo	0% of the customs value	3% of the customs value
9403.83.00	Furniture of rattan	0% of the customs value	3% of the customs value
9403.89.00	Furniture of cane, osier or similar material	0% of the customs value	3% of the customs value
9403.91.00	Parts of furniture, of wood	0% of the customs value	3% of the customs value
9403.99.00	Parts of furniture, not of wood	0% of the customs value	3% of the customs value
9404.10.00	Mattress supports	0% of the customs value	3% of the customs value
7207.11.00	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	17.5% of the customs value	0% of the customs value
7213.91.10	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	17.5% of the customs value	0% of the customs value
7213.91.90	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;	17.5% of the customs value	0% of the customs value
4804.21.00	Other Sack kraft paper; Unbleached	10% of the customs value	0% of the customs value
4804.31.00	Other kraft paper and paperboard weighing 150 g/m ² or less: Unbleached	10% of the customs value	0% of the customs value
4819.30.00	Sacks and bags, having a base of a width of 40 cm or more	10% of the customs value	0% of the customs value
4819.40.00	Other sacks and bags, including cones.	10% of the customs value	0% of the customs value
Goods subject to Eco Levy - Effective 1st July 2024			
8472.90.00	Other office machines (for example, hectograph or stencil duplicating machines, addressing machines, automatic banknote dispensers, coin-sorting machines, coin-counting or wrapping machines, pencil-sharpening machines, perforating or stapling machines) - other.	0 per unit	98 per unit
8470.21.00	Calculating machines and pocket-size data recording, reproducing and displaying machines with calculating functions; accounting machines, postage-franking machines, ticket issuing machines, and similar machines, incorporating a calculating device; cash registers - incorporating a printing device.	0 per unit	225 per unit

TARRIF NUMBER	TARIFF DESCRIPTION	CURRENT	PROPOSED
Goods subject to Eco Levy - Effective 1st July 2024 (Cont....)			
8471.30.00	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included - Portable automatic data processing machines, weighing not more than 10kg, consisting of at least a central processing unit, a keyboard and a display.	0 per unit	225 per unit
8471.41.00	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included - comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined.	0 per unit	225 per unit
8471.49.00	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included - other, presented in the form of systems.	0 per unit	225 per unit
8471.50.00	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included - processing units other than those of sub-heading 8471.41 or 8471.49, whether or not containing in the same housing one or two of the following types of unit: storage units, input units, output units.	0 per unit	225 per unit
8471.60.00	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included - input or output units, whether or not containing storage units in the same housing.	0 per unit	225 per unit
8471.80.00	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included - other units of automatic data processing machines.	0 per unit	225 per unit
8471.90.00	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included - other.	0 per unit	225 per unit
8472.90.00	Other office machines (for example, hectograph or stencil duplicating machines, addressing machines, automatic banknote dispensers, coin-sorting machines, coin-counting or wrapping machines, pencil-sharpening machines, perforating or stapling machines) - other.	0 per unit	225 per unit

TARRIF NUMBER	TARIFF DESCRIPTION	CURRENT	PROPOSED
Goods subject to Eco Levy - Effective 1st July 2024 (Cont....)			
8517.18.00	Telephone sets, including smartphones and other telephones, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28 - other.	0 per unit	225 per unit
8517.61.00	Telephone sets, including smartphones and other telephones, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28 - other apparatus for transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network): base stations.	0 per unit	225 per unit
8517.13.00	Telephone sets, including smartphones and other telephones, including telephones for cellular networks or other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28 - smartphones	0 per unit	225 per unit
8517.62.00	Telephone sets, including smartphones and other telephones, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28 - other apparatus for transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network): base stations: machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	0 per unit	225 per unit

TARRIF NUMBER	TARIFF DESCRIPTION	CURRENT	PROPOSED
Goods subject to Eco Levy - Effective 1st July 2024 (Cont....)			
8517.69.00	Telephone sets, including smartphones and other telephones, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network), other than transmission or reception apparatus of heading 84.43, 85.25, 85.27 or 85.28 - other apparatus for transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network): base stations: other.	0 per unit	225 per unit
8518.10.00	Microphones and stands therefor; loudspeakers, whether or not mounted in their enclosures; headphones and earphones whether or not combined with a microphone, and sets consisting of a microphone and one or more loudspeakers; audio-frequency electric amplifiers; electric sound amplifier sets -microphones and stands therefor	0 per unit	98 per unit
8519.81.00	Sound recording or reproducing apparatus - using magnetic, optical or semiconductor media.	0 per unit	98 per unit
8525.50.00	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras, and video camera recorders -transmission apparatus for radio-broadcasting or television.	0 per unit	98 per unit
8525.60.00	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders - transmission apparatus incorporating reception apparatus.	0 per unit	98 per unit
8525.81.00	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders - high-speed goods as specified in Subheading Note 1 to this Chapter	0 per unit	98 per unit
8525.82.00	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders - Television cameras, digital cameras and video camera recorders: Other, radiation-hardened or radiation-tolerant goods as specified in Subheading Note 2 to this Chapter.	0 per unit	98 per unit

TARRIF NUMBER	TARIFF DESCRIPTION	CURRENT	PROPOSED
Goods subject to Eco Levy - Effective 1 st July 2024 (Cont....)			
8525.83.00	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders - television cameras, digital cameras and video camera recorders: other, night vision goods as specified in Subheading Note 3 to this Chapter.	0 per unit	98 per unit
8525.89.00	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders - television cameras, digital cameras and video camera recorders: other.	0 per unit	98 per unit
8526.91.00	Radar apparatus, radio navigational aid apparatus and radio remote control apparatus - other: radio navigational aid apparatus.	0 per unit	98 per unit
8527.12.00	Reception apparatus for radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock - radio-broadcast receivers capable of operating without an external source of power: pocket-size radio cassette-players	0 per unit	225 per unit
8527.19.00	Reception apparatus for radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock - radio-broadcast receivers capable of operating without an external source of power: other apparatus combined with sound recording or reproducing Apparatus	0 per unit	225 per unit
8527.21.00	Reception apparatus for radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock - radio-broadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles: combined with sound recording or reproducing apparatus.	0 per unit	225 per unit
8527.29.00	Reception apparatus for radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock - radio-broadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles: other.	0 per unit	225 per unit
8527.91.00	Reception apparatus for radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock - other: combined with sound recording or reproducing apparatus.	0 per unit	225 per unit
8527.92.00	Reception apparatus for radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock - other: not combined with sound recording or reproducing apparatus but combined with a clock.	0 per unit	225 per unit

TARRIF NUMBER	TARIFF DESCRIPTION	CURRENT	PROPOSED
Goods subject to Eco Levy - Effective 1 st July 2024 (Cont....)			
8527.99.00	Reception apparatus for radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock - other: other	0 per unit	225 per unit
8528.71.00	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus -reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus: not designed to incorporate a video display or screen.	0 per unit	1275 per unit
8528.72.10	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus -reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus: other, color; unassembled.	0 per unit	1275 per unit
8528.73.10	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus -reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus: other, monochrome; unassembled.	0 per unit	1275 per unit
8528.73.90	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus -reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus: other, monochrome; other.	0 per unit	1275 per unit
8540.11.00	Thermionic, cold cathode or photo-cathode valves and tubes (for example, vacuum or vapour or gas filled valves and tubes, mercury arc rectifying valves and tubes, cathode-ray tubes, television camera tubes) - cathode-ray television picture tubes, including video monitor cathode-ray tubes: colour.	0 per unit	1800 per unit
8540.12.00	Thermionic, cold cathode or photo-cathode valves and tubes (for example, vacuum or vapour or gas filled valves and tubes, mercury arc rectifying valves and tubes, cathode-ray tubes, television camera tubes) - cathode-ray television picture tubes, including video monitor cathode-ray tubes: monochrome.	0 per unit	1800 per unit

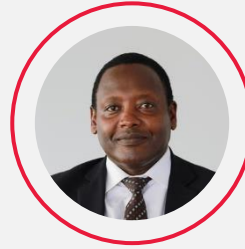
TARRIF NUMBER	TARIFF DESCRIPTION	CURRENT	PROPOSED
Goods subject to Eco Levy - Effective 1 st July 2024 (Cont....)			
8540.20.00	Thermionic, cold cathode or photocathode valves and tubes (for example, vacuum or vapor or gas filled valves and tubes, mercury arc rectifying valves and tubes, cathode-ray tubes, television camera tubes) - television camera tubes, image converter and other photocathode tubes.	0 per unit	1800per unit
9030.40.00	Oscilloscopes, spectrum analyzers and other instruments and apparatus for measuring or checking electrical quantities, excluding meters of heading 90.28; instruments and apparatus for measuring or detecting alpha, beta, gamma, X-ray, cosmic or other ionising radiations - other instruments and apparatus, specially designed for telecommunications (for example, cross-talk meters, gain measuring instruments, distortion factor meters, psophometer).	0 per unit	98 per unit
Chapter 40	Rubber tyres of Chapter 40.	0 per unit	1000 per unit
Chapter 96	Diapers of Chapter 96.	0 per unit	150 per kg
Chapter 85	Batteries or dry cells of Chapter 85.	0 per unit	750 per kg
Chapter 39	Plastic packing materials of Chapter 39.	0 per unit	150 per kg

OUR TEAM



Steve Okoth
Director - Tax

E: steve.okoth@bdo-ea.com



Henry Sang
Director - Tax

E: henry.sang@bdo-ea.com



Peter Mwangi
Senior Manager - Tax

E: peter.mwangi@bdo-ea.com



John Komu
Senior Manager - Tax

E: john.komu@bdo-ea.com



Magdalene Wavinya
Manager - Tax

E: magdalene.wavinya@bdo-ea.com



Peter Kariuki
Manager - Tax

E: peter.kariuki@bdo-ea.com

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO East Africa to discuss these matters in the context of your particular circumstances.

BDO East Africa, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication, and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO East Africa or any of its partners, employees or agents.

BDO East Africa Kenya, a partnership registered in Kenya, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. The firm serves clients through the Nairobi office.

'BDO', 'we', 'us', and 'our' refer to one or more of BDO International Limited, its network of independent member firms ('the BDO network'), and their related entities. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Copyright © 2024 BDO. All rights reserved. Published in Kenya.

www.bdo-ea.com