



## Tax Advisory Note on The Tax Laws (Amendment) Act, 2020

Further to the Presidential assent on 25th April 2020, on the Tax Laws (Amendment) Bill, 2020, We wish to share our comments on the assented Act.

In this Tax Advisory Note, we provide an analysis of the amendments introduced by the Tax Laws (Amendment) Act, 2020.

### The Income Tax Act (Cap. 470)

#### ➤ Definition of qualifying interest has been expanded

The Act has expanded the definition of qualifying interest to include any interest, discount or original issue discount receivable by a resident individual in any year of income.

Previously, the Income Tax Act restricted qualifying interest to only interest receivable by individual from a bank or financial institution licensed under the Banking Act, or a Building Society registered under the Building Societies Act or the Central Bank of Kenya.

*This will bring fairness and equity in the tax treatment of dividends paid to individuals.*

*Effective Date: Date of assent 25th April, 2020*

#### ➤ Reduction of corporate income tax from 30% to 25%

Following the president's directive to reduce corporate tax rate for resident entities from 30% to 25% to cushion companies against the adverse economic conditions brought by the Covid 19 pandemic, the Act has provided for a reduction of the same in line with the directive.

Further, The Act deletes the recently introduced 15% corporation tax rate on companies operating plastics recycling plants. They shall be now subject to the corporation tax rate of 25%.

The Act also deletes the preferential tax rates for newly listed companies. This could be due to the fact that corporate tax rate was reduced to 25%. Also deleted was the special operating framework arrangement that allowed concessionary rates of tax.

*Effective Date: Date of assent 25th April, 2020*

#### ➤ Turnover Tax

The Act has increased the threshold for Micro, Small and Medium Enterprises qualifying for turnover tax from turnover of more than one million shillings but not exceeding fifty million shillings during any year of income.

The Act has reduced turnover tax rate from 3% to 1% for Micro, Small and Medium Enterprises.

Turnover tax is now applicable to the **income of incorporated companies.**



*This is intended to enhance compliance from both informal and formal sector. The amendment will significantly simplify the tax compliance requirements of such businesses*

*Effective Date: Date of assent 25th April, 2020*

➤ **Presumptive Tax**

Payment of presumptive tax has now been removed for persons paying turnover tax which was payable by Micro, Small and Medium Enterprises when they were obtaining/ renewing their business permits with county governments and which was creditable to the turnover tax paid.

*This will reduce the tax burden on small businesses.*

*Effective Date: Date of assent 25th April, 2020*

➤ **Electricity rebate**

The Act has removed the 30% additional electricity rebate awarded to manufacturers in addition to normal electricity costs claimed by manufacturers.

*This in effect means the legal notice 132 of 31<sup>st</sup> July 2019 that effected the electricity rebate is now a nullity and the manufacturers will not be able to claim the rebate.*

*Effective Date: Date of assent 25th April, 2020*

➤ **Exempt income now subject to tax**

The income of following previously exempt under the First Schedule will now be subject to tax:

1. Paragraph 4: The income of-
  - i. Tea Board of Kenya,
  - ii. The Pyrethrum Board of Kenya,
  - iii. The Sisal Board of Kenya,
  - iv. The Kenya Dairy Board,
  - v. The Canning Crops Board,
  - vi. The Central Agricultural Board,
  - vii. The Pig Industry Board,
  - viii. The Pineapple Development Authority,
  - ix. The Horticultural Crops Development Authority,
  - x. The Kenya Tea Development Authority,
  - xi. The National Irrigation Board,
  - xii. The Mombasa Pipeline Board,
  - xiii. The Settlement Fund Trustees,
  - xiv. The Kenya Post Office Savings Bank,
  - xv. The Cotton Board of Kenya.
2. Profits or gains of an agricultural society accrued in or derived from Kenya from any exhibition or show held for the purposes of the society.
3. Interest on tax reserve certificates which may be issued by authority of the Government.



4. A payment in respect of disturbance, not exceeding three months' salary, made in connection with a change in the constitution of the government of a Partner State or the Community to a person who, before the change, was employed in the public service of any of those governments or of the Community.
5. The emoluments of an officer of the Desert Locust Survey who is not resident in Kenya.
6. Any education grant paid by the Government of the United Kingdom under an agreement between that government and the Government of Kenya.
7. The income received by way of remuneration under a contract which was entered into consequent upon financial assistance being received from the International Co-operation Administration.
8. Employment income by citizens of the United States of America who are employed by the Department of Agriculture of the United States of America on research work in co-operation with the Government.
9. Gains or profits resultant from a reward paid by the United Kingdom Atomic Energy Authority for the discovery of uranium ore in Kenya.
10. All income of a non-resident person not having a permanent establishment in Kenya accrued in or derived from Kenya after 17th June, 1971, and which consists of interest or management and professional fees paid by the Tana River Development Company Limited or its successors in title.
11. Such part of the income of the East Africa Power and Lighting Company accrued in or derived from Kenya.
12. The income of the General Superintendence Company Limited.
13. Interest earned on contributions paid into the Deposit Protection Fund established under the Banking Act.
14. Interest paid on loans granted by the Local Government Loans Authority.
15. Dividends received by a registered venture capital company special economic zone enterprises, developers and operators
16. Gains arising from trade in shares of a venture company earned by a registered venture capital company.
17. Interest income generated from cash flows passed to the investor in the form of asset-backed securities.
18. Dividends paid by Special Economic Zone Enterprise, developers or operators to any non-resident person.
19. Compensating tax accruing to a power producer under a power purchase agreement.
20. All Securities, the interest on which was exempt from tax under part II of the First Schedule. This has been repealed in its entirety.

*The effect of this is to increase the tax base as more entities are brought into the tax net.*

*Effective Date: Date of assent 25th April, 2020*

#### ➤ **Capital Gains Tax**

The Act has repealed the following exempt gains from the first schedule:

- a) Shares in the stock or funds of the Government, the High commission or the Authority established under the Organization or the Community
- b) Shares of a local authority
- c) Land which has been adjudicated under the Land Consolidation Act or the Land Adjudication Act when the title to that land has been registered under the Registered Land Act and transferred for the first time.

*The overhaul of the First Schedule is aimed at expanding the tax base*

*Effective Date: Date of assent 25th April, 2020*



**Notable changes under the Second Schedule**

➤ **Capital Allowances**

<b>Capital Expenditure on:</b>	<b>New rate under the Act</b>	<b>Old rate under the ITA</b>
a) Buildings:		
Hotel building	50 % in the first year of use. Residual value is 25% per year on reducing balance	100%
Buildings used for manufacture		100%
Hospital Buildings		–
Petroleum or gas storage facilities		150% in the first year of use
Education buildings including students Hostels and commercial buildings		10% per year on reducing balance
Commercial Building	25% per annum	
b) Machinery:		
Machinery for manufacture	50% in first year of use. Residual value is 25% per year on reducing balance.	100% in the first year of use
Hospital equipment		–
Ships or Aircrafts		Purchase of new ship of 125 tons gross- 100% in the first year of use. Other ships- 12.5% per annum reducing balance. Aircraft-25% per annum reducing balance
Motor vehicles and heavy earth moving equipment	25% per year on reducing balance	Heavy earth moving equipment- 37.5% on reducing balance Other motor vehicles- 25% on reducing balance.
Computer and peripheral computer hardware and software, Calculators, copiers and duplicating machines.		30% per annum on reducing balance. Software allowance 20% on a straight-line basis.



Capital Expenditure on:	New rate under the Act	Old rate under the ITA
Furniture and fittings,	10% per year, on reducing balance	12.5% per annum on reducing balance
Telecommunications equipment		20% on a straight-line basis
Filming equipment by a local film producer licensed by the Cabinet Secretary responsible for filming	25% per year, on reducing balance	100% in the first year of use
Machinery used to undertake operations under a prospecting Right.	50% in the first year of use and 25% per year, on reducing balance	–
Machinery used to undertake exploration operations under a mining right	50% in the first year of use and 25% per year, on reducing balance residue	–
Other machinery	10% per year, on reducing Balance	12.5% per annum on reducing balance
Purchase or an acquisition of an indefeasible right to use fiber optic cable by a telecommunication operator	10% per year, on reducing balance	5% on a straight-line basis
d) Farm works	50% in the first year of use and 25% per year, on reducing balance	100% in the first year of use

*The reduction of capital allowances has a net impact on taxpayers paying higher taxes. This overhaul of the Second Schedule erodes the gains of the reduction in corporation tax.*

*Despite the repeal of the Second Schedule, the Act saves the provisions of paragraph 24 E of the repealed Schedule to continue to be in force until 31st December, 2021. This meant to support investors in bulk storage and handling facilities supporting the Standard Gauge Railway operations*

*Effective Date: Date of assent 25th April, 2020*



**Notable changes under the Third Schedule on Tax Rates**

**Pay as You Earn (PAYE)**

➤ **Increase in the resident personal relief**

The Act has increased the personal relief available to resident individuals from the current KES 16,896 per year (or KES 1,408 per month) to KES 28,800 per year (or KES 2,400 per month).

*This will increase employees' disposable income.*

*Effective Date: Date of assent 25th April, 2020*

➤ **Expansion of tax bands and a reduction of the marginal rate of tax from 30% to 25%**

The Tax Laws (Amendment) Act 2020 has expanded the Individual PAYE bands as follows:

New Tax Bands		Old Tax Bands	
First KES 288,000	10%	First KES 147, 580	10%
Next KES 200,000	15%	Next KES 139,043	15%
Next KES 200,000	20%	Next KES 139,043	20%
Above KES 688,000	25%	Next KES 139,043	25%
		Above 564,709	30%

*This will increase employees' disposable income.*

*Effective Date: Date of assent 25th April, 2020*



➤ **Enhancement of tax rates in respect of payments or withdrawals from pensions**

In line with the changes to the PAYE bands, the Act also enhanced the tax bands for taxation of withdrawals from NSSF, registered pension funds and provident funds where the withdrawals are in excess of the tax-free amounts specified under Section 8(4) and 8(5) of the Income Tax Act, in any one year.

For withdrawals after the expiry of fifteen years from the date of joining the fund:

New Tax Rate		Old Tax Rate	
First KES 400,000	10%	First KES 400,000	10%
Next KES 400,000	15%	Next KES 400,000	15%
Next KES 400,000	20%	Next KES 400,000	20%
Above KES 1,200,000 of the amount in excess of the duty free amount	25%	Next KES 400,000	25%
		Above 1,600,000	30%

For withdrawals before the expiry of fifteen years from the date of joining the fund:

New Tax Rate		Old Tax Rate	
First KES 288,000	10%	First KES 147,580	10%
Next KES 200,000	15%	Next KES 139,043	15%
Next KES 200,000	20%	Next KES 139,043	20%
Above KES 688,000	25%	Next KES 139,043	25%
		Above 564,709	30%

*This will increase employees' disposable income.*

*Effective Date: Date of assent 25th April, 2020*



➤ **Tax on Bonus for Low Income Earners**

The Act deleted the section exempting from tax, income from employment paid in the form of bonuses, overtime and retirement benefits to employees whose taxable employment income before bonus and overtime allowances does not exceed the lowest tax band provided under Head B of the Third Schedule.

*This will increase employees' disposable income.*

*Effective Date: Date of assent 25th April, 2020*

**Withholding Tax**

➤ **Dividends**

The Act has increased the WHT rate on dividends paid to non-residents persons from 10% to 15%.

*This will affect foreign investments in Kenya as foreign companies in Kenya will now be subject to higher tax rates compared to local companies.*

*Effective Date: Date of assent 25th April, 2020*

➤ **Re-insurance premiums**

The Act has imposed a tax at the rate of 5% on reinsurance premiums paid to non-residents (except for those paid in respect of aviation insurance).

*Effective Date: Date of assent 25th April, 2020*

➤ **Marketing, sales promotion & advertising**

The Act has expanded the services subject to WHT to include marketing, sales promotion and advertising services provided by non-resident persons at the rate of 20%.

*With more and more non-residents offering services in the country, there is need to bring them into the realm of Withholding Tax*

*Effective Date: Date of assent 25th April, 2020*

➤ **Transportation of goods**

The Act has expanded the WHT base by including transportation of goods by non-residents among the services which are subject to WHT at the rate of 20%, Provided that with the regard to transportation of goods, the rate shall not be applicable East African Community citizens.

Air and shipping transport services will also be excluded from the change.

*This change will increase the cost of transportation using non-residents outside the East African Community.*

*Effective Date: Date of assent 25th April, 2020*





## The Value Added Tax Act

### ➤ Change in the VAT base and VAT status of petroleum products of specific tariff codes

The Act has included excise duty, fees and other charges in computing the taxable value for fuel.

The Act has also deleted the provision that despite section 1 of the Finance Act, 2018 the paragraph shall come into effect upon the enactment of Supplementary Appropriation (No.2) Act, 2018.

*Effective Date: 15<sup>th</sup> day of the next month following date of assent (15<sup>th</sup> May,2020). This is due to Petroleum pricing regulations (legal notice no. 96) which normally effects petroleum pricing every 14<sup>th</sup> of each month.*

### ➤ Issuance of Credit Notes

The Act has allowed for issuance of credit notes within 30 days after the determination of a commercial dispute in a court of law in regards to the price payable on the tax invoice.

This is in addition to the current legislation that allows a credit note to be issued within six months of the relevant tax invoice, where for good and valid business reasons, they decide to reduce the value of a supply or where goods have been returned.

*This is to take care of commercial court disputes which arise for various reasons including price payable which may take more than six months to resolve.*

*Effective Date: Date of assent 25th April, 2020*

### ➤ Refund on bad debts

The Act has reduced the period within which businesses can apply for VAT refunds arising from bad debts from 5 years to 4 years if the debt remains unpaid for a period of 3 years from the date the supply was made.

*Effective Date: Date of assent 25th April, 2020*

### ➤ Keeping of records

The Act has provided that all business persons maintain records of transactions for a period of five years.

*This change will ensure every person maintains records.*

*Effective Date: Date of Assent 25th April, 2020*



**Notable changes under the First Schedule of the VAT Act**

➤ **Standard rated to exempt**

<b>Supplies</b>	<b>New Rate</b>	<b>Old rate</b>
Tea and coffee brokerage services.	Exempt	16%
3004.41.00 Containing ephedrine or its salts.	Exempt	16%
3004.42.00 Containing pseudoephedrine (INN) or its salts.	Exempt	16%
3004.49.00 Other.	Exempt	16%

*Effective Date: Date of assent 25th April, 2020*

➤ **Zero rated supplies to Exempt supplies**

<b>Supplies</b>	<b>New Rate</b>	<b>Old Rate</b>
3002.20.00 Vaccines for human medicine.	Exempt	Zero rated
3002.30.00 Vaccines for veterinary medicine.	Exempt	Zero rated
3003.10.00 Medicaments containing penicillin or derivatives thereof, with penicillanic acid structure, or streptomycin or their derivatives.	Exempt	Zero rated
3003.39.00 Other medicaments, containing hormones or other products of heading No 29.37 but not containing antibiotics, not put up in measured doses or in forms or packings for retail sale.	Exempt	Zero rated
3003.40.00 Medicaments containing alkaloids or derivatives thereof but not containing hormones or other products of heading No. 29.37 or antibiotics, not put up in measured doses or in forms or packings for retail sale.	Exempt	Zero rated
3003.90.00 Other	Exempt	Zero rated
3003.90.10 Infusion solutions for ingestion other than by mouth not put up in measured doses or in forms or packings for retail sale.	Exempt	Zero rated
3003.90.90 Other medicaments (excluding goods of heading No. 30.02, 30.05 or 30.06) consisting of two or more constituents which have been mixed together for therapeutic or prophylactic	Exempt	Zero rated



uses, not put up in measured doses or in forms or packings for retail sale.		
3004.10.00 Medicaments containing penicillin or derivatives thereof, with a penicillanic acid structure, or streptomycin or their derivatives, put up in measured doses or in forms or packings for retail sale.	Exempt	Zero rated
3004.20.00 Medicaments containing other antibiotics, put up in measured doses or in forms or packings for retail sale.	Exempt	Zero rated
3004.32.00 Medicaments containing adrenal cortical hormones, put up in measured doses or in forms or packings for retail sale	Exempt	Zero rated
3004.39.00 Other medicaments containing hormones or other products of heading No. 29.37 but not containing antibiotics, put up in measured doses or in forms or packings for retail sale.	Exempt	Zero rated
3004.50.00 Other medicaments containing vitamins or other products of heading No. 29.36 put up in measured doses or in forms or packings for retail sale.	Exempt	Zero rated
3004.90.00 Other medicaments (excluding goods of heading No. 30.02, 30.05 or 30.06) consisting of mixed or unmixed products, for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale.	Exempt	Zero rated
3004.90.90 Other medicaments (excluding goods of heading No. 30.02, 30.05 or 30.06) consisting of mixed or unmixed products, for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale.	Exempt	Zero rated

*This change will result in the increase of prices in Vaccines for human and veterinary medicine and Medicaments as manufacturers will be unable to claim input VAT incurred in the production process.*

*Effective Date: Date of assent 25th April, 2020*

➤ **Exempt supplies to Standard rated supplies**

<b>Supplies</b>	<b>New Rate</b>	<b>Old Rate</b>
Plants and machinery of Chapter 84 and 85 used for the manufacture of goods.	14%	Exempt
Taxable supplies, excluding motor vehicles, imported or purchased for direct and exclusive use in the construction of a power generating plant, by a company, to supply electricity to the national grid.	14%	Exempt



Supplies	New Rate	Old Rate
Taxable supplies, excluding motor vehicles, imported or purchased for direct and exclusive use in geothermal, oil or mining prospecting or exploration, by a company granted prospecting or exploration license in accordance with Geothermal Resources Act.	14%	Exempt
Taxable supplies, procured locally or imported for the construction of liquefied petroleum gas storage facilities with a minimum capital investment of four billion shillings and a minimum storage capacity of fifteen thousand metric tons.	14%	Exempt
Plastic bag biogas digesters	14%	Exempt
Biogas	14%	Exempt
Leasing of biogas producing equipment.	14%	Exempt
Parts imported or purchased locally for the assembly of computer, subject to approval by the Cabinet Secretary for the National Treasury, on recommendation by the Cabinet Secretary responsible for matters relating to information technology.	14%	Exempt
Taxable goods purchased or imported for direct and exclusive use in the construction and infrastructural works in industrial parks of one hundred acres or more including those outside special economic zones approved by the Cabinet Secretary for the National Treasury.	14%	Exempt
Museum and natural history exhibits and specimens and scientific equipment for public museums.	14%	Exempt
Chemicals, reagents, films, film strips and visual aid equipment imported or purchased prior to clearance through the customs by the National Museums of Kenya.	14%	Exempt
Goods falling under tariff number 4907.00.90.	14%	Exempt
Inputs for the manufacture of pesticides upon recommendation by the Cabinet Secretary for the time being responsible for matters relating to agriculture.	14%	Exempt
Materials and equipment for the construction of grain storage, upon recommendation by the Cabinet Secretary for the time being responsible for agriculture.	14%	Exempt
The transfer of a business as a going concern by a registered person to another registered person.	14%	Exempt



Supplies	New Rate	Old Rate
Taxable goods supplied to marine fisheries and fish processors upon recommendation by the relevant state department.	14%	Exempt
Goods imported or purchased locally for direct and exclusive use in the implementation of projects under a special operating framework arrangements with the Government.	14%	Exempt
Insurance agency, insurance brokerage, securities brokerage services	14%	Exempt
Taxable services provided for direct and exclusive use in the construction and infrastructural works in industrial parks of one hundred acres or more including those outside special economic zones approved by the Cabinet Secretary for the National Treasury.	14%	Exempt
Taxable services, procured locally or imported for the construction of liquefied petroleum gas storage facilities with a minimum capital investment of four billion shillings and a minimum storage capacity of fifteen thousand metric tonnes as approved by Cabinet Secretary for National Treasury upon recommendation by the Cabinet Secretary responsible for liquefied petroleum gas.	14%	Exempt
Asset transfers and other transactions related to the transfer of assets into real estate's investment trusts and asset backed securities.	14%	Exempt
Services imported or purchased locally for direct and exclusive use in the implementation of projects under special operating framework arrangements with the Government.	14%	Exempt

*The effect of the proposed amendments above is to facilitate equity and to increase the tax base. The imposition of VAT on Plant and machinery will have a ripple effect on manufacturing resulting in increased cost of production.*

**Effective Date: Date of assent 25th April, 2020**

#### **Exemption of Personal Protective equipment**

In order to mitigate against the adverse effect of the Coronavirus (COVID-19) Pandemic on health and safety, the Act has exempted Personal protective equipment, including facemasks, for use by medical personnel in registered hospitals and clinics, or by members of the public

**Effective Date: Date of assent 25th April, 2020**



## Excise Duty Act

### ➤ Other fees

The Act seeks to amend the definition of other fees by deleting the words “licensed financial institutions” appearing in the definition of the term "other fees" and substituting with the words “licensed activities.

*This is a clean-up of a drafting error in the previous provision*

*Effective Date: Date of assent 25th April, 2020*

### ➤ Amendment of the exemption schedule

The Act seeks to amend the Second Schedule to the Excise Duty Act by deleting the following from the list of exempt supplies:

- Goods imported or purchased locally for direct and exclusive use in the implementation of projects under special operating framework arrangements with the Government.
- One personal motor vehicle, excluding buses and minibuses of seating capacity of more than eight seats, imported by a public officer returning from a posting in a Kenyan mission abroad and another motor vehicle by his spouse and which is not exempted from Excise duty.

*The net effect of these changes are meant to expand the tax base and collect more revenue*

*Effective Date: Date of assent 25th April, 2020*



## Tax Procedures Act

### ➤ Publication of Private rulings

The Act deletes the requirement for the Commissioner to publish private rulings in the newspapers. It also deletes the section that allowed taxpayers to take and use such published rulings as binding on the Commissioner with respect to the application of the relevant tax law to the facts set out in the ruling.

*The deletion of publication of private rulings is retrogressive as it takes away from the public the right to rely on the commissioner's interpretations of the law.*

*Effective Date: Date of assent 25th April, 2020*

### ➤ Time limit for private rulings

The Act has proposed to increase the period in which the Commissioner is required to issue private rulings from 45 days to 60 days from the receipt of the application.

*This change provides more time to the commissioner to issue rulings thus easing the burden imposed by the lesser time limit.*

*Effective Date: Date of assent 25th April, 2020*

### ➤ Reduction of Turnover tax return penalty

The Act seeks to reduce the penalty for failure to submit returns for turnover tax from KES 5,000 to KES 1,000

*The penalty of Kshs. 5000 was too punitive for small taxpayers.*

*Effective Date: Date of assent 25th April, 2020*



## Miscellaneous Fees & Levies Act

### ➤ Import declaration fees

The Act seeks to introduce IDF on goods that are currently exempt from Import Declaration Fee (IDF).

The Act has to introduced IDF on:

- Gifts or donations (excluding motor vehicles) sent by foreign residents to their relatives in Kenya for their personal use
- samples which in the opinion of the Commissioner have no commercial value.
- Raw materials for direct and exclusive use in construction by developers or investors in industrial parks.
- Goods imported for the construction of liquefied petroleum gas storage facilities.
- Goods imported for implementation of projects an under special operating framework arrangement with the Government.

*This change will result in more revenue from IDF.*

*Effective Date: Date of assent 25th April, 2020*

### ➤ Railway Development Levy

The Act has introduced Railway Development Levy (RDL) on goods which are currently exempt from RDL.

The Act has introduced RDL on:

- Raw materials for direct and exclusive use in construction by developers or investors in industrial parks of one hundred acres or more located outside the municipalities of Nairobi and Mombasa.
- Goods imported for the construction of liquefied petroleum gas storage facilities.
- Goods imported for implementation of projects under a special operating framework arrangement with the Government.

*This change will result in increased revenue.*

*Effective Date: Date of assent 25th April, 2020*

- The Act also seeks to extend the purpose of RDL to provide funds for both **construction and operation** of the standard gauge railway network.

*Effective Date: Date of assent 25th April, 2020*

### ➤ Processing fee on duty free vehicles

The Act seeks to introduce processing fee on duty free motor vehicles.

The Act propose to introduce processing fees on all motor vehicles excluding motorcycles imported or purchased duty free prior to clearance through customs under the Fifth Schedule to the East African Community Customs Management Act, 2004 (EACCMA).





The fee shall be KES 10,000 applicable to all motor vehicles excluding motorcycles imported or purchased duty free specified in paragraphs 4, 5, 6, 7, 8, 9, 10 and 11 of Part A, and paragraph 3 and 5 of Part B under the Fifth Schedule to the EACCMA.

*The proposal is to ensure that government earns some revenue from motor vehicles that are not subject to any duties as per EACCMA.*

*Effective Date: Date of assent 25th April, 2020*





## Kenya Revenue Act

- The Act seeks to amend the Kenya Revenue Act to provide for reward of KES 500,000 for anyone who provides information to KRA leading to the enforcement of tax laws.

*Effective Date: Date of assent 25th April 2020*

- **Appointment of Revenue collecting Agents**

The Act has amended the Kenya Revenue Act to empower the Commissioner to appoint persons registered under the Banking Act to agents for revenue banking services under an agreement.

Once a person is appointed as an agent, they will be required to transfer the funds to the designated Central Bank accounts within a maximum of two days following the date of collection.

Failure to remit the funds will result to a penalty equivalent to two per cent of the revenue collections delayed and shall be compounded for every other day that the transfer is delayed by the agent.

*This amendment will ensure timely remittance of taxes collected by financial institutions / agents.*

*Effective Date: Date of assent 25th April 2020*



## **The Retirement Benefits Act, No.3 of 1997**

The Act has amended the Retirement Benefits Act to expand the use of scheme funds to be used to purchase a residential house.

*This change will remove the restriction on how the funds of the retirement benefit scheme can be used.*

*Effective Date: Date of assent 25th April 2020*





**Disclaimer:**

*This Tax Advisory Note was prepared from the Tax Laws (Amendment) Act, 2020 that was assented into law on 25<sup>th</sup> April, 2020. Where there's any variance between the Tax Advisory Note and the actual text in the published Tax Laws (Amendment) Act by the government printers, the Act prevails.*

*Updated Tax laws will be available in our website([www.westministerconsulting.com](http://www.westministerconsulting.com)) by Thursday, the 30<sup>th</sup> April, 2020.*

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