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Selective Summary of the Finance Bill, 2024



The new areas that the Finance Bill, 2024, is focusing on to tax or allow deductions include digital content monetization, digital assets, interest in immovable property, repatriated income, loans issued to manufacturing companies by nonresident persons, nonresident person expenditures arising outside Kenya, post-retirement medical relief fund, rental income, exemptions by entities in manufacturing the human vaccine, automotive industry (local content), mandatory VAT registration for certain entities, among others. By design, the proposed amendment may have business with revenue below KES. 5,000,000 being forced to register for VAT for purposes of dealing with certain entities since most allowable deductions will be based on the VAT Act, 2013 complaint receipts.

Our summary only highlights some of the proposed amendments.

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Industry/ Category	Current law	As is or summary of the new proposed amendment	Comments Linking to the Proposed Changes	Timeline
The Income Tax Act				
Entertainment Industry. Media Industry. Online Commercial Activities.	<p>ITA</p> <p>Current definition under section 2 is limited to advertisement on social media websites and similar platforms by partnering with brands /sellers, sponsorship of content by a brand, affiliate marketing, subscription services, offering for use a logo, brand or catchphrase of content creator, membership programs, licensing of content for use in own's project, and crowd funding</p>	<p>FB 2024</p> <p>The new definition adds creative works, creating or sharing material and any other material not exempt under the Act, to the existing definition</p>	<p>The proposed additional definition is meant to capture more areas where content creators are monetizing their digital works. It also leaves the definition open to other areas that are not expressly mentioned that could potentially come up in the future that would fit in the definition provided that they are not exempt under the Act</p>	July 1, 2024
	<p>ITA</p> <p>S. 3 (3)(ba) Defines 'digital marketplace' to mean "an online or electronic platform which enables users to sell or provide services, goods or other property to other users;</p>	<p>FB 2024</p> <p>Deletes the definition of 'digital marketplace' and substitutes it with the meaning; "an online or electronic platform which enables a person to sell or provide goods, property or services including ride-hailing services, food delivery services, freelance services, professional services, rental services, task-based services and any other service that is not exempt form tax under the ITA</p>	<p>It elaborates more of the activities that take place in the online or electronic platforms which are subject to tax, and leaves room for any other activity that may not have been mentioned but could fit in the said definition, which may not be exempted from tax by the Act.</p>	July 1, 2024
	<p>ITA</p> <p>Not in the current act</p>	<p>S.10 of the ITA has subsections 4 and 5 added to include income made by a resident or a non-resident who being the owner of a digital marketplace or platform makes or facilitates payment in respect of digital content monetization, goods, property or services as income accrued or derived from Kenya.</p>	<p>This is for income earners who earn from owners of digital marketplaces or platforms that pay individuals within the country which income is now considered as income derived from Kenya.</p>	

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Retirement Benefits	Finance Act 2023 Schedule 3, Head b, P.3 (t) Provides for tax on digital content monetization for a non-resident to be 20%	FB 2024 amends the provision	This tax shall be final	January 1, 2025
	RBA Current definition of 'registered individual retirement fund' is "an individual retirement fund where the trust deed for such a fund has been registered with the Commissioner"	FB 2024 Deletes the definition of 'registered individual retirement fund' and substitutes it with the meaning of "an individual retirement fund where the trust deed for such a fund has been registered with the Retirement Benefits Authority	It vests the duty to register a trust deed for an individual retirement fund with the Retirement Benefits Authority and not the Commissioner as before.	July 1,2024
	Current definition of 'Registered pension fund' means " one which has been registered with the Commissioner in such manner as may be prescribed;	Replaces the definition of 'registered pension fund to mean that which has been registered with the retirement	It vests the duty to register a pension fund with the Retirement Benefits Authority	
	Current definition of 'Registered provident fund' means " one which has been registered with the Commissioner in such manner as may be prescribed;	Replaces the definition of 'registered provident fund to mean that which has been registered with the retirement	It vests the duty to register a provident fund with the Retirement Benefits Authority	
ITA Currently defines wife's employment income, wife's professional income,	Deletes the definitions of wife's employment income, wife's professional income,	The new Act implies that these definitions no longer have meaning as these aspects are no longer considered		

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Intellectual Property	<p>professional income rate, wife's self-employment income and wife's self-employment rate</p> <p>ITA Defines the word 'Royalty' to mean "a payment made as a consideration for the use of or the right to use— (a) any copyright of a literary, artistic or scientific work; or (b) any cinematograph film, including film or tape for radio or television broadcasting; or (c) any patent, trade mark, design or model, plan, formula or process; or (d) any industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific equipment or experience, and any gains derived from the sale or exchange of any right or property giving rise to that royalty;</p>	<p>professional income rate, wife's self-employment income and wife's self-employment rate</p> <p>FB 2024 Adds to the definition of the word 'Royalty' as a payment made as a consideration for the use or the right to use any software, proprietary or off-the-shelf, whether in the form of license, development, training, maintenance or support fees and includes the distribution of the software</p>	<p>It embraces the rise in technology and software developments and recognizes their creation and use as part of intellectual property through which if used, distributed or if the right to use and distribute it is given, royalties may be awarded to the creator.</p>	
Others	<p>Finance Act 2023 S.2 Defines "related person' as in case of two persons, where a person who participates directly or indirectly in the management, control or capital of the business of other person</p>	<p>FB 2024 Replaces the definition thereof with " in case of two persons, either person who participates directly or indirectly in the management, control or capital of the business of other person and in the case of more than two persons, any other person who participates directly or indirectly in the management, control or capital of the business of the two persons or an individual who participates directly</p>	<p>It means that as long as one participates in the management, control or capital of the business of other person or persons, then one qualifies to be called a related person within the confines of the Income Tax Act, even if related by marriage, consanguinity or affinity.</p>	July 1,2024

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		<p>or indirectly in the management, control or capital of the business of the two persons and is associated to the two persons by marriage, consanguinity or affinity and the two persons participate directly or indirectly in the management, control or capital of the business of the individual</p>		
	Not in the current Act	<p>FB 2024 S.2 defines the word 'donation' as a benefit of money in any form, promissory note or a benefit in kind conferred on a person without any consideration</p>	<p>It makes it clear the meaning of the word donations as used in various contexts under the Income Tax Act</p>	July 1, 2024
Foreign Exchange	Not in the current Act	<p>S.2 introduces the meaning of the word 'public entity' to mean "a ministry, state department, state corporation, county department or agency of the national or county government</p>	<p>It clarifies what 'public entity refers to in the various contexts it is used within the Finance Act.</p>	July 1, 2024
	Not in the current Act	<p>S.18G is added</p>	<p>The new Section 18G in the Income Tax Act permits the Commissioner to enter into advance pricing agreements (APAs) with individuals involved in specific transactions. These transactions are described in Sections 18(3) and 18A, which deal with business dealings between related persons, either non-residents or residents operating in preferential tax regimes, where profits are lower than expected if the transactions were conducted at arm's length. The APA will determine the arm's length price for such transactions and will be valid for up to five consecutive years.</p>	January 1, 2025

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Income from business	Finance Act 2023 S.4A (I)(ii) states that the foreign exchange loss shall be deferred (and not taken into account) and claimed over a period of not more than five years from the date the loss was realized by a person whose gross interest paid or payable to a non-resident person exceeds thirty per cent of the person's earnings before interest, taxes, depreciation, and amortization in any year of income;	FB 2024 S. 4 replaces the words "five years" with "three years"	This reduces the period within which the claim for foreign exchange loss can be lodged and cause it to be deferred and not taken into account of from 5 years to 3 years from the date of realization of loss	July 1, 2024
Income from employment	Not in the current Act	FB 2024 Introduces S 4C which addresses Income from the business of supply of goods to public entity and states that payment received from a public entity for the supply of goods shall be deemed to be the income of the person for the year of income in which the payment is received	Public entities may end up making late payments for supplies or services hence one may generate an invoice in the year 2024, in January and is paid in December 2025 and hence, this section gives clarity on when the person ought to declare income from such supply which is the year of receipt of payment.	July 1, 2024
	ITA S.5 (2)(a)(iii) provides that the first two thousand shillings paid to a person for subsistence, traveling, entertainment or other allowance , in respect of a period spent outside his usual place of work while on official duties, shall be deemed to be reimbursement of the amount so expended and shall be excluded in the calculation of his gains or profits;	FB 2024 S. 6 Amends the said section 5(2)(a)(iii) to include that an amount not exceeding 5% of the monthly gross earnings shall be deemed as reimbursement of the amount so expended to a person for subsistence, traveling, entertainment or other allowance , in respect of a period spent outside his usual place of work while on official duties,	The change into percentage of the income makes it uniform and fair to all persons regardless of the total earnings such that each person will contribute according to their earnings, instead of deducting a uniform 2 thousand shillings from persons who have earned differently.	July 1, 2024
	ITA S.5(2)b provides that if the value of a benefit, advantage, or facility	FB 2024 S. 6(a)(ii) replaces the thirty six thousand shillings with to forty eight	This will allow persons whose benefits are less than 48,000 shillings to enjoy their benefits without deduction as income tax	July 1, 2024

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	<p>of whatsoever nature the aggregate value whereof is not less than thirty six thousand shillings granted in respect of employment or services rendered, it will be considered as a gain or profit.</p>	<p>thousand shillings being the gains or profit from a benefit, advantage or facility to forty-eight thousand shillings.</p>		
	<p>S.5(4)(f) provides for what does not constitute gains or profits including the value of meals served to employees in a canteen or cafeteria operated or established by the employer or provided by a third party who is a registered taxpayer (whether the meals are supplied in the premises of the employer or the premises of the third party) where the value of the meal does not exceed the sum of forty-eight thousand shillings per year per employee subject to such conditions as the Commissioner may specify;</p>	<p>FB 2024 S.6 (b)(i) substitutes the value of meals with sixty thousand shillings per year</p>	<p>Considering the high cost of living, this adjustment in the maximum value of meals that would be considered not gains will ease the burden on the income earner whose value ranges up to 60,000 shillings. This relieves the deductions from persons whose value of meals was ranging between the previous amount of 48,000 shillings upwards to 60,000 shillings</p>	
	<p>Not in the current Act</p>	<p>FB 2024 S.6 adds section 5(4)(fa) which exempts any amount paid or granted to a public officer to reimburse an expenditure incurred for the purpose of performing official duties despite the ownership or control of any assets purchased, from being considered as a gain</p>	<p>This acknowledges that refunds to public officers for performed official duties shall not be considered as gains that are subject to tax</p>	
	<p>S.5(4)(g) provides that if an employer pays as a gratuity or similar payment in respect of employment or services rendered, which is paid into a registered</p>	<p>FB 2024 S.6 (b)(ii) substitutes the gratuity amount to 360,000 shillings</p>	<p>This relieves persons whose gratuity was totaling between 240,000 and 360,000 shillings as they will not have deductions to that effect</p>	

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	pension scheme an amount not more than 240,000 shillings then that may not be considered as a gain.			
Significant Economic Presence Tax	ITA S.12E referred to this tax as Digital Service Tax	FB 2024 Replaces the words “Digital Service Tax” with “Significant Economic Presence Tax”	This applies to non-resident persons who derives income from provision of services through digital marketplace	January 1, 2025
	Exempts income chargeable under sections 9(2) and 35	FB 2024 12E(2)(b) Exempts income chargeable under section 9(2) and 10	This now means that income received under section 35 is no longer exempt from this tax. This has introduced the rate of such tax for clarity purposes	January 1, 2025
	Not in the current ITA	S.12E(3) computes this tax at a rate of 20% of gross turnover	This being a new form of tax, it will require regulations to significantly cover this form of tax	January 1, 2025
	Not in the current ITA	S.12E(5) allows the Cabinet Secretary to make regulations to implement the Significant Economic Presence Tax	The regulations may come up ant time in form of a statute.	January 1, 2025
Minimum Top-Up Tax	Not in the current ITA	Adds S.12G which introduces the Minimum Top-Up Tax	It targets resident persons with a permanent establishment in Kenya who is a member of a multinational group with a consolidated annual turnover of seven hundred and fifty million Euros or more in the consolidated financial statements of the parent entity in at least four years of income immediately preceding the tested year of income Shall be payable on the value of the motor vehicle, not being less than 5000 shillings and not more than 100,000 shillings, and collected and remitted by the insurer within 5 working days after issuing of the insurance cover	January 1, 2025
Motor Vehicle Tax	Not in the current Act	Adds S.12H which introduces a Motor Vehicle Tax that shall not be less than	This shall be payable at the time of issuance of an insurance cover, collected and remitted by the insurer. The value of tax shall be determined	July 1, 2024

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		5,000 shillings and not more than 100,000 shillings	by the make, model, engine capacity and year of manufacture. Ambulances, motor vehicles owned by the government or owned by persons exempt from tax under the Privileges and Immunities Act are exempt from this tax.	
Allowable Deductions	Not in the current ITA	FB 2024 Adds subsections (ac), (ad) and (ae) under subsection 2 of S.15	Includes contributions made to SHIF, deductions in accordance with S5(1)(a), deductions in accordance with the Affordable Housing Act and contribution to a post-retirement medical fund subject to a limit of 10,000 shillings	July 1, 2024
	ITA S.15(3)(b) allows for deduction of 300,000 shillings being interest paid on money borrowed for improvement of residential place	FB 2024 Replaces 300,000 shillings with 360,000 shillings	The new provision allows a person to deduct up to 360,000 shillings in interest paid on money borrowed from one of the first five financial institutions listed in the Fourth Schedule, provided it was used to purchase or improve their primary residence. If the residence was occupied for only part of the year, the deduction is proportionally reduced. This deduction can be claimed for only one residence.	July 1, 2024
Deductions IRO registered pension or provident fund and individual retirement funds	ITA Under S.22A and 22B describe limits on tax-deductible contributions to retirement funds, in the categories of employee contributions, employer contributions to defined contribution plans, employer contributions to defined benefit plans and registered individual retirement fund	FB 2024 increases the threshold for calculating the deduction limit from 240,000 shillings or 20,000 shillings per month to 360,000 shillings or 30,000 shillings per month	This means that individuals can contribute more by 120,000 shillings before reaching the limit set therefore providing individuals with an opportunity for additional tax relief.	July 1, 2024
Accounting period	Not in the current ITA	FB 2024 Adds subsection 1C	ITA Provides for an application to the commissioner if one's accounting period does not coincide with the year of income, to be allowed to alter the date to which the accounts	July 1, 2024

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Affordable relief	housing ITA	S.30A granted tax relief to resident individuals actively participating in affordable housing schemes by providing a personal relief if they meet eligibility criteria, while also ensuring that individuals who have already benefited from this relief cannot reapply for subsequent relief.	Repeals the said provision.	of the business are made up and the new provision provide that if the Commissioner does not make a decision to allow change within 6 months then the application will be deemed allowed. Individuals will no longer be eligible for the tax relief outlined in that section.	July 1, 2024
Insurance Relief	ITA S 31(1)(v) provides for tax relief for contributor to the NHIF	FB 2024 Deletes the provision.	Contributions made to the National Hospital Insurance Fund, shall no longer qualify for relief due to changes to SHIF	July 1, 2024	
Tax Rates	ITA Provides for tax rates calculation	FB 2024 Replaces the existing provision	Provides for tax chargeable on any income to be calculated as per the Third Schedule as opposed to the method provided under the provision	July 1, 2024	
Deduction of Tax	Not in the current ITA	FB 2024 Adds provisions (r) and (s) to S.35(1)	Supply of goods to a public entity and making or facilitating payment on a digital marketplace by a non-resident person not having a permanent establishment in Kenya shall now be subject to the appropriate non-resident withholding tax	July 1,2024	
	Not in the current ITA	FB2024 Adds provisions (m) and (n) to S.35(3)	Supply of goods to a public entity and making or facilitating payment on a digital marketplace by a resident person or a person having a permanent establishment in Kenya shall now be subject to the appropriate resident withholding tax	July 1, 2024	
	ITA	FB 2024 Repeals s.72C	Aligns the penalty of underpayment or non-payment of instalment tax with the Tax	July 1, 2024	

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Penalty on underpayment of instalment tax	S. 72C provided for a penalty on underpayment of instalment tax		Procedures Act hence removing the current confusion between the two provisions	
Fist Exemptions	Schedule: ITA P.6 Provided for exemption of tax on income of amateur sporting associations primarily dedicated to promoting and overseeing outdoor sports, comprised solely of amateur members or affiliated associations consisting solely of amateurs. These associations were required to have provisions in their memorandum of association or by-laws defining amateur and professional status, and prohibiting non-amateurs from membership.	FB 2024 Repealed this provision	This primarily affects amateurs involved in outdoor sports who will now have to pay more because of the uplifting of the tax exemption.	July 1, 2024
	P.13 Provided for exemption of tax on income of any registered trust scheme.	FB 2024 Repeals this provision	This will affect the beneficiaries of tax as income received will be subject to tax, meaning less income as they used to receive.	July 1, 2024
	P.51 Provides for exemption of tax on income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure and other social services, and having a maturity of at least three years	FB 2024 Adds a further limitation	The income in reference that is exempt as per the FB 2024 is that which was listed before the commencement of this provision, and not later. That is, not later than 2010. Persons earning interest in such bonds which were issued after the commencement of this provision and going forward will be subject to tax	July 1, 2024
	P.53 of ITA provides for exemption of tax on monthly pension granted to a person who is sixty-five years of age or more.	FB 2024 Deletes the Provision	The substitution is beneficial as it also considers exemption of tax on income earned from a registered pension and provident fund as well as NSSF, for persons who retire prior to attaining retirement age due to ill health or those who withdraw from the fund after 20 years from the date of membership.	July 1, 2024

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	P.57 Provided for exemption on income or principal sum of a registered family trust as well as income from the National Housing Development Fund	FB 2024 Deletes these provisions	This will affect beneficiaries of Family trusts and the National Development Fund as they will receive reduced incomes due to tax implementation on their earnings.	July 1, 2024
	P.58 provides for exemption of tax on any capital gains relating to transfer of title of immovable property to a family trust	FB 2024 Deletes the provision	Capital gains received on transfer of immovable property to a family trust shall be subject to tax	July 1, 2024
	P.58 provides for exemption of tax on income earned by an individual registered under the Ajira Digital Program	FB 2024 Deletes the provision	Individuals earning income from the Ajira Digital Program will have their income subjected to taxation	July 1, 2024
	P.59 Exempts the amount withdrawn from the National Housing Development Fund to purchase a house by a contributor who is a first-time home-owner form taxation	FB 2024 Deletes the provision	Those benefiting from the National Housing Development Fund as first time home owners will be taxed on their withdrawals for home purchases. This adds more burden to first-time owners and may discourage people from investing through the fund	July 1, 2024
	Finance Act 2023 includes exemption on income earned by a non-resident contractor, consultant or employee involved in implementation of a project financed through a 100% grant between the government and a development partner, provided that the non-resident in in Kenya for that sole purpose	P.71 disregards the fact that the non-resident is in Kenya solely for the purpose of implementing the grant but provides that the non-resident ought to pay all other relevant taxes on income that does not relate to the project	This change has allowed non-resident contractors to have the tax exempted even if they are working on other projects but they have to pay the relevant taxes on those particular projects that do not form part of the government projects	July 1, 2024
	Finance Act 2023 P.72 exempts gains on transfer of property within a special economic zone	FB 2024 Deletes the provision	The amendment restrict exemptions on sale of properties within a special economic zone only by a licensed special economic zone developer	July 1, 2024

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Second Schedule: securities the interest of which is exempt from tax	P.1(c) of ITA exempts tax on Purchase or an acquisition of an indefeasible right to use fibre optic cable by a telecommunication operator	FB 2024 Amends the provision	The deduction for the purchase or acquisition of an indefeasible right to use fiber optic cable or spectrum license by a telecommunication operator will be limited to the unamortized portion over the remaining useful life of the spectrum license if the spectrum license was purchased or acquired before July 1, 2024 and with an allowance rate of investment of 10% per year with equal installments.	July 1, 2024
Third Schedule: Personal Relief	ITA Provides relief to an employee of 15% of the employee's contribution but shall not exceed Ksh. 108,000 per annum.	FB 2024 Deletes the provision	There will be no relief on an employee for any contributed amount during purchase of Government's affordable housing	July 1, 2024
	Finance Act 2023 Head A,P3.Provided for a relief on the post-retirement medical fund being 15% of amount contributed or 60,000 shillings whichever is lower	FB 2024 Deletes the provision	There will be no relief on post-retirement medical fund which shall highly affect retirees	July 1, 2024
Corporate tax rates	ITA Head B, P.2 For a company that constructs at least four hundred residential units annually, a 15% income tax rate can be applied for that year, subject to approval by the Cabinet Secretary responsible for housing. If the company is engaged in multiple activities, the 15% rate will be applied proportionately based on the turnover from the housing activity.	FB 2024 deletes the provision	Companies constructing at least four hundred residential units annually will no longer be eligible for the 15% income tax rate, regardless of approval by the Cabinet Secretary responsible for housing. Additionally, companies engaged in multiple activities will no longer benefit from a proportionate application of the 15% tax rate based on the turnover from their housing activities. This could lead to higher overall tax rates for such companies.	January 1,2025
Non-resident tax rates	ITA Head B, P.3 Gains or profits from the business of a ship-owner, which are taxable under section 9(1) of	FB 2024 Deletes the provision and replaces the same	Gains or profits from the business of a ship-owner, which are taxable under section 9(1) of the Act, will be taxed at a rate of 3% of the gross	January 1, 2025

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	the Act, will be taxed at a rate of 2.5% of the gross amount received.		amount received where there is no reciprocal treaty in place	
	Not in the current ITA	FB 2024 Adds provisions U	Payments made by a public entity for supply of goods to the public entity will be taxed at 5%	July 1, 2024
	Not in the current ITA	FB 2024 Adds provision V	Income deemed to have accrued or derived from a digital market place will be taxed at 25%	January 1, 2025
Resident Withholding tax rates	Not in the current ITA	FB 2024 Introduces P. 5 (b)(iv)	Income arising from bonds, notes and other securities with a maturity of at least 3 years and used to raise funds for infrastructure and other social services will be taxed at 5%	July 1, 2024
	ITA Head B, P.5 (d)(i) provides for withholding tax on payment of a pension or any withdrawal made after the expiry of fifteen years from the date of joining the fund, or on the attainment of the age of fifty years, or upon earlier retirement on the grounds of ill-health or infirmity of body and mind, from a registered pension fund, registered provident fund, the National Social Security Fund or a registered individual retirement fund	FB 2024 Deletes the provision	Payment of a pension after expiry of 15 years from the date of joining a pension, provident fund of NSSF shall not be subject to to withholding tax	July 1, 2024
	Not in the current ITA	FB 2024 Introduces P.5 (n)	Subjects payments made by a public entity for supply of goods to itself a withholding tax of 3%	July 1, 2024
	Not in the current ITA	FB 2024 Introduces P.5 (o)	Subjects income derived from a digital market place a withholding tax of 5%	
Significant economic tax rates (formerly Digital Tax Rates)	ITA Was 1.5% of transaction value	FB 2024 Deletes and substitutes the provision	Tax on digital services will be 30% of the taxable profit. The new provision aims to have the profits taxed rather than tax the gross turnover	January 1, 2025

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Motor Vehicle Tax Rates	Not in the current Act	Introduces motor vehicle tax of 2.5% of the value of the motor vehicle	which will substantially increase tax from income generated Motor vehicle owners will pay more at the point of acquiring the motor vehicle insurance	January 1, 2025
Schedule 11: Taxation on EPZ	Provides for a penalty of 2,000 shillings per day for late or failure of submission of returns	Removes the penalty	EPZ's burden will reduce with the lifting of the penalties on late or failure of submission of returns	July 1, 2024
VALUE ADDED TAX ACT				
Tax Invoice	Not in the current VAT Act	FB 2024 Includes the definition of Tax Invoice to include an electronic tax invoice issued in accordance with the Tax Procedures Act	This envisages the submission and generation of tax invoice for VAT purposes that is to be transmitted electronically through the ETIMS platform recently introduced.	July 1, 2024
Time of supply of export goods and services	Not in the current VAT Act	FB 2024 Adds a provision with regards to time of supply of exported goods	The Bill considers time of supply of exported goods to be the time when the registered person is in possession of the required export confirmation documents	July 1, 2024
Excess tax	Provides for refund of excess tax	FB 2024 Deletes provisions 5(c), (d) and (e) under section 17 which restricts applications for and refunds for excess tax and removes the time limits for such applications	This will lead to high cost of doing business if absorbed by the business or high cost of goods and services for the consumers if the business decided to transfer the cost to the consumers.	July 1, 2024
Refund of tax on bad debts	Finance Act 2023 Provides for refunds to the Commissioner if the person	FB 2024 deletes this provision	This will prevent confusion from subsection 2 which provides for refund within 30 days	July 1, 2024

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	recovers from the person supplied to the refunded tax within 60 days											
Registration for VAT	Threshold for VAT registration is above 5M shillings worth of supplies	FB 2024 increases the threshold to over 8 M worth of supplies	This will favour the small and medium enterprises whose sales are below 8M Shillings per year which will allow them to grow their business.	July 1, 2024								
Record keeping	Provides for record of every transaction made to be kept in Kenya	Removes the need for persons to store their transaction data in Kenya	This will favour business persons who dwell abroad and multinationals because they can now have a centralized place for record keeping. This however raises the question of accessibility of such records by Kenyan authorities	July 1, 2024								
Taxable goods and services	Exempts certain goods from tax	<p>Proposes taxation on the following goods and services;</p> <table border="1" data-bbox="785 716 1184 1429"> <tr> <td data-bbox="785 716 974 846">Aeroplanes and aircrafts exceeding 15000kg.</td> <td data-bbox="995 716 1184 813">Spacecrafts and spacecraft launch vehicles.</td> </tr> <tr> <td data-bbox="785 846 974 1008">Gluten and unleavened bread</td> <td data-bbox="995 846 1184 1008">Goods imported or locally purchased for use by local film agents.</td> </tr> <tr> <td data-bbox="785 1008 974 1138">Direction-finding instruments for aircraft</td> <td data-bbox="995 1008 1184 1268">Taxable goods used in construction of tourism facilities, recreation parks and conference facilities.</td> </tr> <tr> <td data-bbox="785 1268 974 1429">Pressure sensitive adhesive of tariff number 3506.91.00</td> <td data-bbox="995 1268 1184 1429">Plain polythene film/LPDE and PEof tariff number 3921.19.10.</td> </tr> </table>	Aeroplanes and aircrafts exceeding 15000kg.	Spacecrafts and spacecraft launch vehicles.	Gluten and unleavened bread	Goods imported or locally purchased for use by local film agents.	Direction-finding instruments for aircraft	Taxable goods used in construction of tourism facilities, recreation parks and conference facilities.	Pressure sensitive adhesive of tariff number 3506.91.00	Plain polythene film/LPDE and PEof tariff number 3921.19.10.	This will result to high price on these goods and services since the cost will be passed on to the consumers	July 1, 2024
Aeroplanes and aircrafts exceeding 15000kg.	Spacecrafts and spacecraft launch vehicles.											
Gluten and unleavened bread	Goods imported or locally purchased for use by local film agents.											
Direction-finding instruments for aircraft	Taxable goods used in construction of tourism facilities, recreation parks and conference facilities.											
Pressure sensitive adhesive of tariff number 3506.91.00	Plain polythene film/LPDE and PEof tariff number 3921.19.10.											

Industry/ Category	Current law	As is or summary of the new proposed amendment	Comments Linking to the Proposed Changes	Timeline
		<p>PE white 25-40gsm/release paper of tariff number 4811.49.00.</p>		
		<p>Locally assembled motor vehicles for transportation of tourists</p>	<p>Plant, machinery and equipment used in the construction of a plastics recycling plant.</p>	
		<p>Musical instruments and other musical equipment, imported or purchased locally, for exclusive use by educational institutions.</p>	<p>Taxable goods supplied to persons that had an agreement with the Government prior to 25th April 2020</p>	
		<p>Such capital goods that would promote investment in the manufacturing sector</p>	<p>All goods exempt on Transition such as petroleum oils, motor and aviation spirits, gas oils, kerosene etc.</p>	
		<p>Issuing of debit and credit cards, foreign exchange transactions, cheque handling, processing,</p>	<p>Taxable goods, inputs and raw materials imported or locally purchased by a company which was contracted</p>	

Industry/ Category	Current law	As is or summary of the new proposed amendment	Comments Linking to the Proposed Changes	Timeline
		<p>clearing and by the settlement, government if issuance of arrangement securities for was entered money into by the including bills, government on promissory or after 1st July notes and 2017. provision of the above financial services on behalf of another.</p>		
		<p>Hiring, leasing Services and chartering imported or aircrafts. procured locally for use by the local film producers.</p>		
		<p>Taxable Taxable services services for use for use for construction of specialized tourism hospitals with facilities, accommodation recreation facilities parks and conference facilities</p>		
		<p>Betting, gaming Supply of and lotteries ordinary bread. services. Transportation Inbound of sugarcane international from farms to sea freight milling offered by a factories. registered person.</p>		

Industry/ Category	Current law	As is or summary of the new proposed amendment	Comments Linking to the Proposed Changes	Timeline
		<p>All inputs and raw materials whether produced locally or imported, supplied to manufacturers of agricultural pest control products.</p> <hr/> <p>The supply of locally assembled and manufactured mobile phones.</p> <p>The supply of solar and lithium ion batteries.</p> <hr/> <p>Bioethanol vapour (BEV) Stoves classified under HS Code 7321.12.0</p> <hr/>	<p>Agricultural pest control products</p> <p>The supply of motorcycles of tariff heading 8711.60.00</p> <p>The supply of electric buses of tariff heading 87.02</p>	
Exempted goods and services	VAT Act and FB Bill 2023 Lists these goods and services for taxation	<p>FB 2024 Exempts the following goods and services from tax</p> <p>All goods including material supplies, equipment, machinery and motor vehicles, for official use by the National</p> <hr/>	Consumers of these goods and products will get a relief with exemption of tax	July 1, 2024



Industry/ Category	Current law	As is or summary of the new proposed amendment	Comments Linking to the Proposed Changes	Timeline
		Intelligence Service.		
		Raw material used in the manufacture of mosquito repellent.	Mosquito repellent.	
		Tea packaging material.	Micronutrients, foliar feeds and bio-stimulus	
		Supply of motorcycles of tariff heading 8711.60.00.	Cooking appliances and plate warmers for liquid fuel.	
		All inputs and raw materials both locally produced and imported or supplied to manufacturers of agricultural pest control products.	Agricultural pest control products.	
		Insurance and reinsurance premiums	Transfer of a business as a going concern	
The Excise Duty Act				
Excise Duty for services offered by non-residents through digital platforms.	Excise Duty Act (EDA) s5	Finance Bill, 2024 (FB) The Bill seeks to introduce excise duty on services rendered by non-residents through digital platforms.	This provides an additional source of revenue for the government as the tax base has been increased.	July 01, 2024
Excisable goods.	EDA Part I of the 1 st Schedule.	FB 2024 Motorcycles with internal combustion piston engine of a cylinder capacity exceeding 800 with electric motor for propulsion:	This proposal seeks to widen the tax base by bringing into tax, high-end motorcycle owners, thus providing more revenue for the government.	September 01, 2024.

Industry/ Category	Current law	As is or summary of the new proposed amendment	Comments Linking to the Proposed Changes	Timeline
Excisable services.	EDA Part II of the 1 st Schedule	<p>from KES. 12,952.83 per unit to 10% of the value or KES. 12,952.83 per unit, whichever is higher.</p> <p>FB 2024 Telephone & Internet Data: from 15% to 20%</p> <p>Fees charged for money transfer services (<i>banks, money transfer agencies, & financial service providers</i>): from 15% to 20%</p> <p>Fees charged for money transfer services (<i>cellular phones or payment service provides licensed under the National Payment System Act, 2011</i>): from 15% to 20%.</p> <p>Amount wagered or staked (betting): from 12.5% to 20%</p> <p>Amount wagered or staked (gaming): from 12.5% to 20%</p> <p>Prize competition (amount paid or charged to participate from 12.5% to 20%</p> <p>Lottery (excluding charitable lotteries) of the amount paid or charged to buy the lottery ticket: from 12.5% to 20%.</p>	<p>Raising taxes on phone calls, internet data, and money transfers (both bank and mobile phone) might fail as people may use these services less, reducing the total tax collected. On the other hand, the government seeks to discourage gambling by raising taxes on betting, gaming, and lotteries.</p> <p>Excise duty is extended to advertisements on the internet and social media, touching on alcoholic beverages and gambling/betting related products.</p>	July 01, 2024
MISCELLANEOUS FEES AND LEVIES				
Charge to tax	The Miscellaneous Fees and Levies Act (MFLA) s 7 (2) & (7)	FB 2024 The proposed Bill seeks to increase the import declaration fee from	An increase in the import declaration fee seeks to promote the local manufacturing	July 01, 2024

Industry/ Category	Current law	As is or summary of the new proposed amendment	Comments Linking to the Proposed Changes	Timeline	
		<p>2.5% of the customs value of the goods to 3%.</p> <p>The Bill further proposes that 10% of the funds collected from import declaration fee shall be directed to the African Union contributions or any other international obligations, while 20% of the funds shall be directed to revenue enforcement initiatives.</p>	<p>sector as the cost of importation will be increased.</p>		
<p>Introduction of eco levy</p>	<p>MFLAs 7B</p>	<p>FB 2024</p> <p>The proposed addition will introduce an eco-levy on certain goods laid out in Fourth Schedule which are manufactured or imported into Kenya. This levy serves to compensate for any negative environmental impact caused.</p>	<p>The eco levy is in line with the global initiative of environmental protection. As such, manufacturers will be paying more for their products, and in turn, will push down additional costs towards the consumers.</p>	<p>July 01, 2024</p>	
<p>THE TAX PROCEDURES ACT</p>					
<p>Tax Agents Committee Regulations</p>	<p>Tax Procedures Act (TPA) s 19</p>	<p>FB 2024</p> <p>The Bill seeks to add the words “established by Regulations prescribed under this Act” immediately after the words “Tax Agents Committee”.</p>	<p>This change aims to place the Tax Agent Committee under the authority of the Tax Procedures Act. Currently, the committee operates under regulations based on a separate law, the Kenya Revenue Authority Act.</p>	<p>July 01, 2024</p>	
<p>Cancellation of Tax Agent License</p>	<p>TPA s 22</p>	<p>FB 2024</p> <p>The Bill seeks to add the words “on the recommendation of the Tax Agents Committee” immediately after the words “Commissioner shall” in subsection (3).</p>	<p>This addition ensures that tax agent license cancellations are not only under the purview of the Commissioner, but are also assessed by a Committee, creating a system of checks and balances.</p>	<p>July 01, 2024</p>	

Industry/ Category	Current law	As is or summary of the new proposed amendment	Comments Linking to the Proposed Changes	Timeline
Electronic Tax Invoice	TPA s 23 A	FB 2024 The Bill proposes a subsection which prescribes information that must be captured for an electronic tax invoice to be valid.	This builds on the Finance Act 2023, which gave the Commissioner power to create a digital system for issuing receipts and tracking inventory.	July 01, 2024
Tax Relief Instances	TPA s 37E	FB 2024 The Bill proposes a new section which gives the Commissioner discretion to refrain from collecting unpaid taxes under certain conditions, with the approval of the Cabinet Secretary.	There are instances where collecting unpaid taxes may prove to be troublesome, and as such, this proposed amendment allows for relief by the Commissioner because of doubt or difficulty in recovery of tax.	July 01, 2024
Withholding Tax	TPA s 42A	FB 2024 The Bill proposes to introduce a penalty of 10% of the amount of withholding VAT not withheld or remitted within 5 working days after the deduction.	This proposition cleans up how penalties work for persons that don't withhold or pay withholding VAT. Right now, a 10% penalty only applies if they're found guilty in court. The proposition would make them liable for the penalty even without a conviction.	July 01, 2024
Enforcement on integration of the Electronic Tax System	TPA s 59A	FB 2024 This Bill proposes an amendment to Section 59A of the TPA to establish a penalty for non-compliance with a Commissioner's notice to integrate with the Electronic Tax System. Additionally, the Bill seeks to introduce a penalty for failing to submit required documents through the aforementioned Electronic Tax System.	This penalty not exceeding two million shilling every month serves as a deterrence mechanism, encouraging compliance to the Electronic Tax System.	July 01, 2024
Tax Refund Period	TPA s 47	FB 2024 The Bill makes a distinction between the refund period for income tax and other taxes.	s 47 currently permits applications for refunds of overpaid taxes, excluding Value Added Tax (VAT), to be filed within five years of the overpayment. The proposed amendment seeks to modify this provision by limiting the five-year refund window to	July 01, 2024

Industry/ Category	Current law	As is or summary of the new proposed amendment	Comments Linking to the Proposed Changes	Timeline
MISCELLANEOUS				
Affordable Housing Act	Affordable Housing Act s 54	FB 2024 Deleted.	income tax overpayments only, and introduce a new six-month deadline for filing refund applications for all other tax types.	July 01, 2024
Data Protection Act	Data Protection Act s 51 (2)	FB 2024 Proposes an exemption to lawful processing of personal data to include disclosure of personal data for purposes of assessment, enforcement or collection of taxes.	This proposal allows KRA to have access to and process personal data which if this goes through, KRA will access sensitive information regarding one's transactions and process the same as it deems fit	
Industrial Training Act	Industrial Training Act s 28 (5)	FB 2024 Proposes an addition to the Commissioner General's power to encompass those in the Tax Procedures Act.	This will further strengthen KRA's enforcement and collection of the industrial levy for anything taxable good/service falls under the Tax Procedures Act.	July 01, 2024