Tax Alert

Highlights of the Finance Bill, 2024

May 2024

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General comments on the proposed changes

The changes highlighted below are based on the amendments proposed to the various Tax Statutes by the Finance Bill, 2024 (FB 2024) published on 9 May 2024 and tabled in parliament on 13 May 2024. As anticipated, the government has come up with many tax proposals that have far reaching economic effects but which the government believes will increase net tax revenues and reduce the overall budgetary deficits.

In its raft of changes, the Government has proposed to introduce new taxes such as the motor vehicle tax, significant economic presence tax, Eco Levy as well as re-classification for VAT on various products from either exempt or zero-rated to standard rated at 16%. On the other hand, there are a few proposed reliefs such as VAT exemption on the transfer of business as a going concern and increasing the threshold for the registration of VAT from KShs 5 million to KShs 8 million. We have articulated the numerous tax proposals in the subsequent sections of this alert and we will keep you posted of any developments as the FB 2024 goes through public participation before it is enacted into the Finance Act, 2024 by 30 June 2024.

INCOME TAX ACT

Item	Current provision	Proposed amendment by Finance Bill, 2024
Expansion of scope of digital content monetization	The Income Tax Act ("ITA") as amended by Finance Act, 2023 defines digital content monetisation as offering for payment entertainment, social, literal, artistic, educational or any other material electronically through any medium or channel in any of the forms that are listed under Section 2 of the ITA.	The FB 2024 proposes to amend the ITA to expand activities that would constitute digital content monetisation to also include: a) creative works; b) creating or sharing of the material; or c) any other material that is not exempt under the ITA. Digital content monetization is subject to withholding tax (WHT) at the rate of 5% and 20% on payments to resident and non-resident persons respectively. The WHT on payment made to non-resident persons is a final tax. The above proposal demonstrates the Government's intent to expand the tax base in relation to earnings derived from all forms of digital content monetization. **Proposed effective date: 01 July 2024**
Registration of Retirement Funds to be with Retirement Benefits Authority	The ITA provides that Retirement Funds including individual retirement funds, pension funds and provident funds in Kenya have to be registered with the Commissioner to accord members various tax benefits on the contributions as stipulated in the ITA.	The Bill proposes to provide that Retirement Funds will need to be registered with the Retirement Benefits Authority to accord members various tax benefits that are stipulated in the ITA. This is a clean-up provision that vests registration requirements for Retirement Funds with the main regulatory body. **Proposed effective date: 01 July 2024**
Related Persons	The ITA contains definitions of related persons under Section 18(6) and the Eighth Schedule.	The FB 2024 proposes to harmonize the definition of related persons under Section 2 of the ITA and effectively delete the definitions under Section 18(6) and the Eighth Schedule to the ITA. Under the new definition, related persons shall mean in the case of two persons, either person who participates directly or indirectly in the management, control or capital of the business of the other person, and in the case of more than two persons: a) Any other person who participates directly or indirectly in the management, control or capital of the business of the two persons; and b) An individual who- i. participates directly or indirectly in the management, control or capital of the business of the two persons; and ii. is associated to the two persons by marriage, consanguinity or affinity and the two persons participate in the management, control or capital of the business of the individual. The proposed amendment is a clean-up provision meant to have a single definition in reference to related persons to avoid instances of different interpretations. **Proposed effective date: 01 July 2024**

Item	Current provision	Proposed amendment by Finance Bill, 2024
Royalty	The ITA defines 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.	The FB 2024 proposes to expand the definition of royalty to also include a payment made as a consideration for the use or right to use any software, proprietary or off the shelf, whether in the form of licence, development, training, maintenance or support fee and includes the distribution of the software. This proposed amendment if assented into law, will lead to taxpayers being compelled to deduct withholding tax on payments related to any dealings with software at the prescribed rates for royalties. In particular, payments related to the purchase of software will also be subject to withholding tax, which is in direct conflict with the ruling in the High Court decision in Income Tax Appeal no. 8 of 2017 Seven Seas Technologies Limited Vs the Commissioner of Domestic Taxes where the High Court ruled that the purchase of software for resale does give rise to a royalty to the extent that a software reseller does not acquire the rights to enable them to commercially exploit the software. The High Court decision was also pegged on international best practice by applying the Organization for Economic Cooperation and Development Model Tax Convention on Income and Capital which also provides that software distributors only make payment to acquire copies of the copyrighted software and do not exploit the copyright embedded in the software to give rise to a royalty payment. **Proposed effective date: 01 July 2024**
Donation	The Income Tax (Charitable Donations) Regulations, 2007 defines only a cash donation to include donation given in form of a cheque.	The FB 2024 proposes to define donation as a benefit in money in any form, promissory note or a benefit in kind conferred on a person without any consideration. The ITA provides for tax deductibility of donations made to charitable organizations which are exempt from Income Tax under Paragraph 10 of the First Schedule to the ITA and the proposed amendment will seek to provide clarity to what constitutes a donation for tax deductibility purposes. **Proposed effective date: 01 July 2024**
Tax treatment of realised foreign exchange losses	The ITA provides for tax deductibility of realised foreign exchange losses whose gross interest paid or payable to a non-resident person does not exceed 30% of the company's Earnings Before Interest Tax Depreciation and Amortization ("EBITDA") in a year of income. Further, realized foreign exchange losses are to be deferred and claimed over a period of not more than 5 years from the date the loss was realised.	The FB 2024 proposes to reduce the period in which the realised foreign exchange losses shall be deferred from 5 years to 3 years. This proposal aligns with the current interest restriction criteria where restricted interest can be claimed over a period of 3 years provided that the interest on foreign loans shall not exceed 30% EBITDA. **Proposed effective date: 01 July 2024**

Item	Current provision	Proposed amendment by Finance Bill, 2024
Increased threshold of various non-taxable benefits	The ITA provides for the following amounts as non-taxable benefits: • Per-diem - the first KShs 2,000 • Non-cash benefits - KShs 36,000 per annum • Meal benefit - KShs 48,000 per annum	The FB 2024 proposes to increase the threshold of various non-taxable benefits as follows: • Per-diem - 5% of the monthly gross earnings by an employee provided that the employer has a company policy on payment and accounting for subsistence, travelling, entertainment or other allowances. • Non-cash benefits - KShs 48,000 per annum • Meal benefit - KShs 60,000 per annum The FB 2024 also proposes to increase the limit of tax deductible contributions by employees to registered pension schemes and provident funds from an annual amount of KShs 240,000 to KShs 360,000. This is a welcome proposal to cushion employees from the effects of the high cost of living. **Proposed effective date: 01 July 2024**
Reimbursement of expenditures incurred by a public officer	This proposal was contained in the Finance Bill, 2023 but was not assented into law.	The FB 2024 proposes to exclude from taxable employment gains any amount paid or granted to a public officer to reimburse an expenditure incurred for the purpose of performing official duties, notwithstanding the ownership or control of any assets purchased. The proposal is discriminative as it seeks to exempt public officers on any amounts paid to them as per diem while other employees in the private sector are taxed on any per diem amounts in excess of KShs 2,000 per day if the excess amount is not supported. **Proposed effective date: 01 July 2024**
Commissioner's timelines on change of accounting year end	The ITA provides that the Commissioner has up to 6 months from the date of receipt an application to change the accounting year-end of a taxpayer to communicate his decision in writing to the taxpayer.	The FB 2024 seeks to amend the ITA and provide that an application to change the accounting year end shall be deemed allowed if the commissioner fails to make a decision within 6 months from the date of receipt of the application by the taxpayer. This proposed amendment if assented into law will provide clarity on applications for change of accounting year end following various company restructurings to align with the Group accounting year-end and the ITA did not provide for subsequent steps if the Commissioner does not respond within the 6 months. **Proposed effective date: 01 July 2024**

Item	Current provision	Proposed amendment by Finance Bill, 2024
Repeal of Digital Service Tax (DST) and introduction of Significant Economic Presence Tax (SEP Tax)	The ITA provides for Digital Service Tax (DST) on non-residents without a permanent establishment (PE) in Kenya at the rate of 1.5% on the gross transaction value at the point of transferring payment to the service providers for persons earning income through a digital market place.	The FB 2024 proposes to repeal DST provisions and replace them with Significant Economic Presence Tax (SEP Tax). SEP Tax will be payable by non-residents without PE in Kenya and whose income from provision of services is derived from or accrued in Kenya through a business carried out over a digital marketplace. Additionally, FB 2024 proposes to amend the definition of a digital market place to also include the following services provided online though an electronic platform: ride hailing services, food delivery services, freelance services, professional services, rental services, task-based services and any other service that is not exempt from tax under the ITA. SEP tax shall be charged at the rate of 30% on the deemed taxable profit. Consequently, the deemed taxable profit shall be 20% of the gross turnover earned by the non-resident person. The non-resident person shall file and submit a tax return on or before the 20th day of the month following the end of the month in which the services were offered. The above proposals, if assented into law, will increase the tax payable by non-resident persons deriving income in Kenya from a digital market place from 1.5% to 6% of gross revenue. **Proposed effective date: 01 January 2025**
Introduction of minimum top-up tax	There are no provisions in the ITA.	The FB 2024 proposes to introduce a minimum top-up tax payable by a covered person where the combined effective tax rate in respect of that person for a year of income is less than 15%. The combined effective tax rate (CETR) for a covered person will be determined as follows: CETR= (Sum of all adjusted covered taxes/Sum of all net income or loss for the year of income) * 100 The amount of minimum top-up tax payable will be determined as follows: Minimum top-up tax = (15% of net income or loss for the year of income of a covered person -CETR)* EP

Item	Current provision	Proposed amendment by Finance Bill, 2024
		Where: CETR – combined effective tax rate EP – excess profit of the covered person The FB 2024 further proposes to exempt the following persons from the provisions of minimum top-up tax: a) public entity that is not engaged in business; b) person whose income is exempt from tax under Paragraph 10 of the First Schedule to the ITA; c) pension fund and the assets of that pension fund; d) real estate investment vehicle that is an ultimate parent entity; e) non-operating investment holding company; f) investment fund that is an ultimate parent entity; g) sovereign wealth fund; or h) an intergovernmental or supranational organisation including a wholly owned agency or organ of the intergovernmental or supranational organisation Consequently, the FB 2024 has defined the following terms in respect to minimum top-up tax. "Adjusted covered taxes" means taxes recorded in the financial accounts of a constituent entity for the income, profits, or share of the income or profits of a constituent entity where the constituent entity owns an interest, and includes taxes on distributed profits, deemed profit distributions under the ITA subject to such adjustments as may be prescribed; "Covered person" means a resident person or a person with a permanent establishment in Kenya who is a member of a multinational group and the group has a consolidated annual turnover of 750 million Euros or more in the consolidated financial statements of the ultimate parent entity in at least two of the four years of income immediately preceding the tested year of income; "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 recognised accounting standards in Kenya; and "Excess profit" means the net income or loss of a covered person for the year of income less- a) 10% for employees' costs; and b) 8% for the net book value of tangible assets. The introduction of minimum top up tax is in line with the global minimum tax treaty proposed by the OECD. This is aimed at ending the benefit of multinational entities shielding multi-billion-dollar profits in tax havens and ensuring that the multinationals pay a minimum level of tax in each jurisdiction that they operate in. **Proposed effective date: 01 January 2025**

Item	Current provision	Proposed amendment by Finance Bill, 2024
Introduction of motor vehicle tax	There are no provisions in the ITA.	The FB 2024 proposes to introduce motor vehicle tax at the rate of 2.5% on the value of motor vehicle, payable at the time of issuance of the insurance cover. The tax shall not be less than KShs 5,000 and shall not exceed KShs 100,000. The value of motor vehicle shall be determined on the basis of the make, model, year of manufacturer and the engine capacity in cubic centimetres. The FB 2024 further proposes that the insurer of the motor vehicle shall collect the motor vehicle tax and remit to the Commissioner within 5 working days after issuance of motor vehicle insurance cover. Failure to remit the motor vehicle tax by the insurer shall be liable to pay penalty equivalent to 50% of uncollected tax and the actual amount of the motor vehicle tax. The Bill further proposes to exempt the following from the motor vehicle tax: ambulances, motor vehicles owned by the national government, motor vehicles owned by county government, motor vehicles owned by the Kenya Defence Forces, motor vehicles owned by the National Police Service ,motor vehicles owned by the National Intelligence Service, motor vehicles owned by person exempt from tax under the Privileges and Immunities Act. The above proposal, although intended to expand the tax base, will be punitive to persons with private vehicles that do not generate any income where they will be required to pay the motor vehicle tax. This will be against the tenets of Section 3 of the ITA which subjects Income Tax on incomes of a person which is accrued in or derived from Kenya. Additionally, the motor vehicle tax is an additional tax burden on taxpayers who also have to contend with various taxes and levies at the time of purchasing the motor vehicle and fuel. The proposal will also compell motor vehicle owners to value their vehicles annually which is an additional cost. **Proposed effective date: 01 January 2025**
Increased threshold of allowable deductions	The ITA provides for various allowable deductions for tax purposes.	The FB 2024 proposes to amend the ITA to provide for the following deductions for tax purposes; • Diminution allowance at the rate of 100% incurred on any implement, utensil or similar article employed in the production of gains or profits, not being machinery or plant. • Contributions made to the Social Health Insurance Fund; • Affordable Housing Levy in case of an employee. The FB 2024, however, proposes to remove the affordable housing relief on contributions to an affordable housing scheme. • Contribution to a post-retirement medical fund subject to a limit of KShs 10,000 per month. • Increase allowable interest on mortgage from KShs 300,000 to KShs 360,000 per year. The above proposals are a welcome move. If passed into law, contributions made to the Affordable Housing Levy, Social Health Insurance Fund and Post-Retirement Medical Fund will be deductible for tax purposes on the employee. **Proposed effective date: 01 July 2024**

Item	Current provision	Proposed amendment by Finance Bill, 2024
Introduction of Advance Pricing Agreements provisions	There are no APA provisions in the ITA.	FB 2024 proposes to introduce Advanced Pricing Arrangement (APA) provisions between the Commissioner and persons involved in related party transactions with non-residents on an agreed arm's length price. The APAs will be valid for a period of 5 years. The FB 2024 proposes to empower the commissioner to declare the APA null and void in the event he establishes misrepresentation of facts in the APA. This is a welcome move by the Government as APAs will help resolve transfer pricing disputes by providing certainty on taxpayers with related party transactions by allowing the taxpayers to negotiate with the Commissioner while the covered transactions are ongoing. There is however need for more regulations to govern how the APA discussions will be undertaken as well provide clarity on the powers of the Commissioner to declare an APA null to ensure that the Commissioner's powers are not used arbitrarily. **Proposed effective date: 01 July 2024**
Taxation of Membership Clubs and trade associations	The ITA provides for taxation of Membership clubs and trade associations on the gross receipts on any other source of revenue other than joining fees, welfare contributions and subscriptions.	The FB 2024 proposes to repeal the definition of gross investment receipt from the ITA. This proposal will likely create uncertainty on income subject to tax with respect to membership clubs and trade associations which will lead to disputes with the Commissioner. **Proposed effective date: 01 July 2024**
Introduction of WHT on payments of goods supplied to a public entity	There are no provisions on WHT on goods supplied to a public entity in the ITA.	The FB 2024 proposes to introduce WHT on payment on goods supplied to a public entity at the rate of 3% and 5% for residents and non-residents respectively. FB 2024 has defined public entity to include a ministry, state department, state corporation, county department or agency of the national or county government. The WHT shall be collected and remitted within 5 working days from the date of the deduction. The above proposal is a welcome move as it seeks to widen the tax base by ensuring that persons who supply goods to the government also pay taxes on the incomes derived from such supplies. **Proposed effective date: 01 July 2024**
Applicability of WHT on facilitating payment on a digital marketplace	There are no provisions in the ITA.	The FB 2024 seeks to provide that where a resident or a non-resident owner or operator of a digital market place or platform makes or facilitates payments in respect of digital content monetisation, goods, property or services, the amounts thereof shall be considered income accrued in or derived from Kenya. The FB 2024 further defines platform to mean a digital platform or website that facilitates the exchange of a short-term engagement, freelance or provision of a service, between a service provider, who is an independent contractor or a freelancer, and client or customer. FB 2024 proposes to introduce WHT at the rate of 5% and 20% for residents and non-residents respectively, while making or facilitating payments over digital market place. The WHT shall be collected and remitted within 5 working days from the date of the deduction. **Proposed effective date: 01 July 2024**

Item	Current provision	Proposed amendment by Finance Bill, 2024
Taxation of real estate companies involved in construction of residential units	The ITA provides for a preferential income tax rate of 15% for a company that constructs at least 100 residential units annually, subject to approval by the Cabinet Secretary responsible for housing.	The FB 2024 proposes to repeal the preferential income tax rate of 15% to companies that construct 100 residential units. The above proposal is a stark contrast to the Government's initiative on the Affordable Housing project where the Government intends to provide affordable houses and is encouraging the involvement of the private sector to aid in the provision of houses. The proposed amendment will discourage the private sector from rolling out mass housing projects. **Proposed effective date: 01 July 2024**
Transfer of Shares	Transfer of assets to a company where spouses or a spouse and immediate family hold 100% shareholding is exempt from Capital Gains Tax (CGT).	The FB 2024 proposes to expand the exemption from CGT the transfer of assets to a company owned by individual spouses to include companies owned by individual spouses and an immediate family member. There is however need to introduce an "/or" immediately after the word "and" to also provide for CGT exemption for companies owned by immediate family members only. The current provision is limiting as it provides that the company has to be owned by both an immediate family member and a spouse. **Proposed effective date: 01 July 2024**
Applicability of WHT on payment of pension or withdrawal	The ITA provides for WHT on payment of pension or any withdrawal made after expiry of 15 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 at graduated scale rate for amount in excess of the tax free limit.	FB 2024 proposes to extend the period for withdrawal of pension income from 15 years from the date of joining the fund to 20 years. This proposal is aimed at encouraging persons to save for retirement via a registered scheme and discourage early withdrawals. **Proposed effective date: 01 July 2024**
Deletion of WHT threshold on qualifying payments to residents	The ITA provides that WHT is subjected to payments made in respect of management, professional and training fees exceeding KShs 24,000 or more in a month at the rate of 5% to resident persons. Further, ITA subjects WHT on contractual fee exceeding KShs 24,000 or more in a month at the rate of 3% to resident persons.	FB 2024 proposes to remove the threshold requirement of KShs 24,000 in a month with respect to management and contractual fees paid to resident persons. The proposal seeks to impose that any amount paid to resident persons in respect to management, professional, training fee and contractual will be subjected to WHT. **Proposed effective date: 01 July 2024**

Item	Current provision	Proposed amendment by Finance Bill, 2024
Repeal of Tax exemptions on Trust Income	The ITA provides for income tax exemption on income or principal sum of a registered family trust. The ITA further exempts income tax on any capital gains relating to the transfer of title of immovable property to a family trust.	FB 2024 proposes to repeal the tax exemption granted on income earned by a registered family trust. The FB 2024 proposes to also repeal Capital Gains Tax (CGT) exemption on gains realized on transfer of title of immovable property to family trust. The proposal seeks to bring to the tax net monies received by registered family trusts from the trustees and gains realised upon transfer of immovable property. **Proposed effective date: 01 July 2024**
Repeal of tax exemption on income of an amateur sporting association	The ITA provides for income tax exemption on income other than investment income of an amateur sporting association. The ITA defines an amateur sporting association as: a) An association whose sole or main object is to foster and control any outdoor sport; and b) An association whose members consist only of amateurs or affiliated associations the members of which consist only of amateurs; and c) An association whose memorandum of association or by-laws have provisions defining an amateur or a professional and providing that no person may be or continue to be a member of such association if such person is not an amateur.	The FB 2024 proposes to repeal the tax exemption and bring to tax all income of an amateur sporting association. This proposal is likely to discourage the development of amateur sporting associations as they will now have to pay tax on their income. **Proposed effective date: 01 July 2024**

Item	Current provision	Proposed amendment by Finance Bill, 2024
Taxation of interest income from infrastructure and green bonds	ITA provides that interest income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure and other social services is exempted from tax provided that such bonds, notes or securities have a maturity of at least 3 years. The ITA further provides that interest income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure, projects and assets defined under Green Bonds Standards and Guidelines, and other social services is exempted from tax provided that such bonds, notes or securities have a maturity of at least 3 years	FB 2024 proposes to limit tax exemption on interest income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure and other social services issued prior to July 2024. The Bill proposes to introduce a 5% withholding tax on interest payable on infrastructure bonds that will be issued after July 2024 to resident persons. The Bill also proposes to limit tax exemption on interest income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure, projects and assets defined under Green Bonds Standards and Guidelines and other social services issued prior to July 2024. The FB 2024 does not, however, provide the withholding tax rate on green bonds. **Proposed effective date: 01 July 2024**
Tax exemption on pension income	The ITA provides that monthly pension income received by a person who is 65 years of age or more is exempted from income tax.	FB 2024 seeks to provide for tax exemption on pension income from registered pension fund, provident fund, retirement fund or National Social Security Fund (NSSF) by a person who has attained the retirement age determined by the Fund. Further, the FB 2024 seeks to extend tax exemption to a person who receives pension income prior to the retirement age due to ill health or a person who withdraws from the Fund after 20 years from the date of registration as a member of the Fund. The proposal is a welcome move as people who have not attained the retirement age can withdraw from the fund tax free pension income in order to meet medical bills and engage in retirement projects for the people who have withdrawn 20 years after registration. **Proposed effective date: 01 July 2024**
Repeal of Tax exemptions on income of National Housing Development Fund	The ITA provides for income tax exemption on income earned by the National Housing Development Fund. The ITA further exempt amounts withdrawn from National Housing Development Fund by a contributor who is a first time homeowner to purchase a house from income tax.	FB 2024 proposes to repeal the tax exemption on income earned by the National Housing Development fund. The FB 2024 further proposes to subject to tax amounts withdrawn from National Housing Development Fund by a contributor who is a first time owner. This proposal is punitive to taxpayers who save their earnings with the National Housing Development Fund to enable them own a house unit. This proposal by the Government aligns with the Affordable Housing project crusaded by the Government. **Proposed effective date: 01 July 2024**

Item	Current provision	Proposed amendment by Finance Bill, 2024
Repeal of Tax exemption on income earned under the Ajira digital program	The ITA provides for income tax exemption on income earned by an individual registered under the Ajira digital program for a period of 3 years which commenced on 1 January 2020 upon payment of the registration of KShs 10,000 per year and subject to regulations governing the program.	The FB 2024 proposes to repeal tax exemption on income earned by an individual registered under the Ajira digital program in a bid to maximise tax collections. **Proposed effective date: 01 July 2024**
Tax exemption of transfer of property within Special Economic Zone (SEZ)	The ITA provides for CGT exemption on gains on transfer of property within SEZ by an enterprise, developer and operator.	FB 2024 proposes to provide that the CGT exemption will apply to gains earned from transfer of property within a SEZ by a licensed special economic zone developer, enterprise or operator. This provides clarity that gains realised by unlicensed developer will be exempted from CGT. **Proposed effective date: 01 July 2024**
Clarifications on exemptions granted by the First schedule	The ITA provides for income tax exemption on income earned by a non-resident contractor, sub-contractor, consultant or employee involved in the implementation of a project financed through a 100% grant under an agreement between the Government and the development partner, to the extent provided for in the Agreement. The tax exemption applies on the condition that the non-resident is in Kenya solely for the implementation of the project financed by the 100% grant.	FB 2024 proposes to exempt from income tax income earned by a non-resident contractor, sub-contractor, consultant or employee involved in the implementation of a project financed through a 100% grant under an agreement between the Government and the development partner, to the extent provided for in the Agreement in relation to the project. The FB 2024 further proposes to subject to income tax any other income that is not directly related to the project earned by the non-resident contractor, sub-contractor, consultant or employee. The proposal is a welcome move by the Government that provides clarity to the extent that non-related income derived from the project is taxed in Kenya, which brings more to the tax basket. **Proposed effective date: 01 July 2024**
Preferential CGT rate	The ITA provides that gains accrued from transfer of property situated in Kenya is subject to CGT at the rate of 15%.	The FB 2024 proposes a preferential CGT rate of tax of 5% on gains from transfer of investment provided that the Nairobi International Financial Centre Authority certifies that: a) A firm has invested at least KShs 3 billion in at least one entity incorporated or registered in Kenya within a period of 2 years; and b) The transfer of the investment is to be made after five years of the date of the investment. **Proposed effective date: 01 January 2025**
Taxation of non- resident ship owners	The ITA provides for WHT at the rate of 2.5% on gains or profits from the business of a non-resident ship-owner.	The FB 2024 proposes to charge WHT at the rate of 3% on gains or profits from the business of a non-residents ship owner or an air transport operator, where there is no reciprocal arrangement or treaty. This is a proposal aimed at increasing tax collections. **Proposed effective date: 01 July 2024**

Item	Current provision	Proposed amendment by Finance Bill, 2024
Amendments to the Second Schedule	The ITA provide for Investment Deductions (ID) at the rate of 10% in equal instalment on purchase or an acquisition of an indefeasible right to use fibre optic cable by a telecommunication operator.	FB 2024 proposes to allow for ID on purchase or an acquisition of an indefeasible right to use fibre optic cable or spectrum license by a telecommunication operator provided that in the case of spectrum license purchased before 1 July 2024, the deduction shall be restricted to the unamortised portion over the remaining useful life of the spectrum license. **Proposed effective date: 01 July 2024**
Capital allowance on Bulk storage facilities for supporting the Standard Gauge Railway (SGR) operations	The ITA provides for extension of grant of Investment Deduction on Bulk storage and handling facilities of minimum storage of 100,000 metric tonnes of supplies to support the SGR operations qualifies for ID in the first year of use at the rate of 150% of the capital expenditure.	The FB 2024 proposes to revoke ID on Bulk storage and handling facilities for supporting the SGR operations at the rate of 150%. The proposal would be quite punitive for entities that will provide bulk storage for SGR operations and future expansion of the SGR up to Kenya-Uganda border. **Proposed effective date: 01 July 2024**
Clarification on definition of company for CGT	The ITA has defined a company for CGT purposes as a members club or a trade association carrying on a business.	The FB 2024 proposes to amend the definition of a company to include a body of persons, which carries on activities of a members' club or trade association that is carrying on a business. **Proposed effective date: 01 July 2024**
Repeal of 20% penalty on underpayment of installment tax	The ITA provides for a penalty of 20% installment tax underpaid.	FB 2024 proposes to repeal the 20% penalty on installment tax underpayment. Consequently, any penalties for installment tax underpayments will be administered in line with the provisions of the Tax Procedures Act. **Proposed effective date: 01 July 2024**

VALUE ADDED TAX ACT

Definition of a "Tax Invoice"

The FB 2024 proposes to define a "Tax Invoice" in the Value Added Tax, 2013 ("VAT Act) to include an electronic tax invoice issued in accordance with Section 23A of the Tax Procedures Act, 2015 ("TPA"). The proposal to introduce this definition seeks to ensure that all sales invoices generated from the Electronic Tax Invoice Management System gadgets and software (TIMs and e-TIMS) are recognised as valid Tax invoices.

Proposed effective date: 01 July 2024

Clarification on the tax point for exportation of goods

The FB 2024 proposes to amend Section 12 of the VAT Act to introduce the time of supply for exported goods to be the time when the registered person is in possession of the required export confirmation documents.

Proposed effective date: 01 July 2024

Mandatory VAT registration threshold increased

The FB 2024 proposes to increase the VAT registration threshold for taxpayers with taxable supplies from at least KShs 5 million annually to KShs 8 million annually. Presently, the VAT Act mandates that any business or person making taxable supplies with an annual turnover of at least KShs 5 million or more is obligated to register for the VAT obligation.

Proposed effective date: 01 July 2024

Period to lodge refund of input VAT aligned to the Tax Procedures Act

The VAT Act provides that a taxpayer who seeks a refund for excess input VAT arising from making zero rated supplies or arising from tax withheld by appointed withholding tax agents must lodge a claim for the refund within 24 months from the date the tax becomes due and payable. The FB 2024 has proposed to shorten the period to lodge VAT refund applications from 24 months to 6 months pursuant to the provisions of the TPA.

Proposed effective date: 01 July 2024

No more input VAT claims on taxable supplies to an official aid funded project

The FB 2024 proposes to put to an end input VAT claims in respect to taxable supplies made by manufacturers who supplies to official aid funded projects and to abolish all VAT refund claims arising from excess input VAT on the supply of goods and services to an official aid funded.

This proposal reverses the existing provision, which allows manufacturers who makes taxable supplies (goods and services) for the direct and exclusive use in the implementation of official aid funded projects to deduct the input VAT with respect to taxable supplies to the project. Consequently, the current law enables manufacturers to lodge VAT refund claims to the Commissioner for any excess input VAT arising from the same. It is noteworthy that taxable goods, imported or purchased locally for direct and exclusive use in the implementation of official aid funded projects remain exempt from VAT.

Proposed effective date: 01 July 2024

Removal of the fraction formula on deductible input VAT by taxpayers with mixed supplies

The FB 2024 proposes to delete the 90% and 10% fraction formula applied to the apportionment of deductible input VAT on common supplies by taxpayers who deal with both taxable and exempt supplies (mixed supplies).

The VAT legislation presently stipulates that a VAT registered person who deals with mixed supplies and who cannot directly attribute the input VAT to either taxable supplies or exempt supplies must apportion the deductible input VAT. Where the exempt supplies in a tax period are less than 10% of the monthly supplies (i.e. taxable supplies exceed 90% of the tax period's supplies), the taxpayer is allowed to deduct input VAT in full. Where the exempt supplies in that tax period exceed 90% of the total supplies in that tax period (i.e. taxable sales are less than 10% of that tax period's supplies), the taxpayer is restricted from deducting any input VAT.

The proposed amendment to remove the fraction formula for persons with mixed supplies effectively means that taxpayers who deal with mixed supplies will deduct input VAT, which is proportionate to the value of their taxable supplies.

Proposed effective date: 01 July 2024

Audit/verification of VAT Withholding credits

The VAT Act provides that where a VAT registered person has excess input VAT arising from tax withheld by appointed VAT Withholding agents, the Commissioner can apply the excess to offset against any VAT payable without undergoing a verification or the taxpayer can lodge a refund claim on the excess under provisions of the TPA. The FB 2024 proposes to align provisions of the VAT Act to the TPA to require verification or audit of the excess input arising from the tax withheld by VAT Withholding agents prior to any offset of the credit against tax payable.

Proposed effective date: 01 July 2024

Reduction of time to remit recovered bad debts

The provisions of the VAT Act allow a VAT registered person to apply for refund of tax on bad debts and where the application is approved by the Commissioner, the approved VAT is credited to the taxpayer. However, where the taxpayer subsequently recovers the debt, he must remit the VAT on bad debts recovered to the commissioner within 60 days after recovery. The FB 2024 proposes to reduce the limit period for the taxpayer to remit VAT on bad debts recovered to the Commissioner from sixty days to thirty days.

Proposed effective date: 01 July 2024

Repeal of VAT exemptions on Special Operating Framework Arrangements

The FB 2024 proposes to repeal VAT exemptions on all arrangements entered into by the Government on or before the 01 July 2017. The VAT Act at present provides a VAT exemption on taxable goods and services, inputs and raw materials imported or locally purchased by a company which is engaged in business under a special operating framework arrangement with the Government and which is incorporated for purposes of undertaking manufacture of human vaccines or other manufacturing activities including refining whose capital investment is at least ten billion shillings as approved by the CS for the National Treasury.

Proposed effective date: 01 July 2024

Reclassification of VAT status on certain goods and services

Item	Current	Proposed
Aeroplanes and other Aircrafts on unladen weight exceeding 2,000 kgs but not exceeding 15,000 kg. (8802.30.00)	Exempt	Vatable at 16%
Spacecraft (including satellites) and suborbital and spacecraft launch vehicles.(8802.60.00)	Exempt	Vatable at 16%
Gluten bread	Exempt	Vatable at 16%
Unleavened bread	Exempt	Vatable at 16%
Goods imported or purchased locally for use by the local film producers and local filming agents, upon recommendation by the Kenya Film Commission, subject to approval by the Cabinet Secretary to the National Treasury	Exempt	Vatable at 16%
Direction-finding compasses, instruments and appliances for aircraft	Exempt	Vatable at 16%
Taxable goods for direct and exclusive use for the construction of tourism facilities, recreational parks of fifty acres or more, convention and conference facilities upon recommendation by the Cabinet Secretary responsible for matters relating to recreational parks	Exempt	Vatable at 16%
Taxable goods for the direct and exclusive use in the construction and equipping of specialized hospitals with a minimum bed capacity of fifty, approved by the Cabinet Secretary upon recommendation by the Cabinet Secretary responsible for health who may issue guidelines for determining eligibility for the exemption	Exempt	Vatable at 16%
Pressure sensitive adhesive of tariff number 3506.91.00	Exempt	Vatable at 16%
Plain polythene film/LPDE of tariff number 3921.19.10	Exempt	Vatable at 16%
Plain polythene film/PE of tariff number 3921.19.10	Exempt	Vatable at 16%
PE white 25-40gsm/release paper of tariff number 4811.49.00	Exempt	Vatable at 16%
ADL 25-40gsm of tariff number 5603.11.00	Exempt	Vatable at 16%
Specially designed locally assembled motor vehicles for transportation of tourists, purchased before clearance through Customs by tour operators upon recommendation by the competent authority responsible for tourism promotion, provided the vehicles meet specified conditions in the Act	Exempt	Vatable at 16%
Plant, machinery and equipment used in the construction of a plastics recycling plant	Exempt	Vatable at 16%
Musical instruments and other musical equipment, imported or purchased locally, for exclusive use by educational institutions, upon recommendation by the CS responsible for Education	Exempt	Vatable at 16%
Taxable goods supplied to persons who had an agreement or contract with the Government prior to 25th April 2020 and the agreement or contract provided for exemption from VAT	Exempt	Vatable at 16%
Such capital goods the exemption of which the CS may determine to promote investment in the manufacturing sector where the value of such investment is not less than KShs 2 billion	Exempt	Vatable at 16%

Item	Current	Proposed
Inputs and raw materials used in the manufacture of mosquito repellent on recommendation by the cabinet secretary responsible for matters relating to health	Vatable at 16%	Exempt
Mosquito repellent	Vatable at 16%	Exempt
Tea packaging material	Vatable at 16%	Exempt. All other packaging materials are still subject to VAT in line with Section 13(4) of the VAT Act
Micronutrients, foliar feeds and bio stimulants of Chapter 38	Vatable at 16%	Exempt
The supply of ordinary bread	Zero rated	Vatable at 16%
Inbound international sea freight offered by a registered person	Zero rated	Vatable at 16%
The supply of motorcycles of tariff heading 8711.60.00	Zero rated	Exempt
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	Zero rated	Exempt
Agricultural pest control products	Zero rated	Exempt
Financial Services in the form of: ▪ Issuing of credit and debit cards; ▪ Telegraphic money transfer services; ▪ Cheque handling, processing, clearing and settlement, including special clearance or cancellation of cheques; ▪ Issuance of securities for money, including bills of exchange, promissory notes, money and postal orders; ▪ The assignment of a debt for consideration; ▪ The provision of the above financial services on behalf of another on a commission basis.	Exempt	Vatable at 16%
Insurance and re-insurance premiums	Exempt	Exempt
Management and related insurance consultancy services, actuarial services, and services of insurance assessors and loss adjusters	Vatable at 16%	Vatable at 16%
Other insurance and reinsurance services (excluding Management and related insurance consultancy services, actuarial services, and services of insurance assessors and loss adjusters)	Exempt	Vatable at 16%
Betting, gaming and lotteries services	Exempt	Vatable at 16%
Hiring, leasing and chartering of aircrafts, excluding helicopters of tariff numbers 8802.11.00 and 8802.12.00	Exempt	Vatable at 16%
Services imported or procured locally for use by the local film producers or local film agents upon recommendation by the Kenya Film Commission, subject to approval by the Cabinet Secretary for the National Treasury	Exempt	Vatable at 16%
Taxable services for direct and exclusive use for the construction of tourism facilities, recreational parks of fifty acres or more, convention and conference facilities upon the recommendation by the Cabinet Secretary responsible for matters relating to recreational parks	Exempt	Vatable at 16%

Item	Current	Proposed
Taxable services for direct and exclusive use for the construction of specialized hospitals with accommodation facilities upon recommendation by the Cabinet Secretary responsible for health, who shall issue guidelines for the criteria to determine the eligibility for the exemption	Exempt	Vatable at 16%
Transfer of a business as a going concern	Vatable at 16%	Exempt
Transportation of sugarcane from farms to milling factories	Zero rated	Vatable at 16%
The supply of locally assembled and manufactured mobile phones	Zero rated	Vatable at 16%
The supply of electric bicycles	Zero rated	Vatable at 16%
The supply of solar and lithium ion batteries	Zero rated	Vatable at 16%
The supply of electric buses of tariff heading 87.02	Zero rated	Vatable at 16%
Bioethanol vapour (BEV) Stoves classified under HS Code 7321.12.00 (cooking appliances and plate warmers for liquid fuel)	Zero rated	Vatable at 16%

Proposed effective date: 1 July 2024

Proposed alterations to existing VAT exemptions

Applicable VAT exemption	Proposed change by the Finance Bill
The current provision exempts from VAT all goods and parts thereof of Chapter 88	The FB 2024 proposes to restrict the VAT exemption to only Aircraft parts of Chapter 88 All other supply of goods and parts which are not utilised in aircrafts will be subject to VAT at 16%
The current provision exempts from VAT all goods including material supplies, equipment, machinery and motor vehicles, for official use by the Kenya Defence Forces and the National Police Service	The FB 2024 proposes to extend the VAT exemption to include all goods supplied to the National Intelligence Service
The current provision exempts Specialized equipment for the development and generation of solar and wind energy, including photovoltaic modules, direct current charge controllers, direct current inverters and deep cycle batteries that use or store solar power, upon recommendation to the Commissioner by the CS responsible for matters relating to energy	The FB 2024 proposes to restrict the timeline on the VAT exemption until the completion of the projects under development The VAT exemption will henceforth be restricted to specialised equipment purchased at the development/generation phase of the project and will exclude goods purchased during commercialization stage
The current provisions exempt from VAT locally manufactured passenger motor vehicles whose ex-factory value comprises at least 30% of local content. It further defines the term "local content" to mean parts which are designed and manufactured in Kenya by an "original equipment manufacturer" operating in Kenya	The FB 2024 proposes to introduce more clarity on applicability of the VAT exemption by defining the term "Original equipment manufacturer" to mean a manufacturer of parts and subassemblies who own the intellectual property rights in the parts or subassemblies

Proposed effective date: 1 July 2024

EXCISE DUTY ACT

Item	Current Provision	Proposed amendment by The Finance Bill, 2024
Classification of goods and general interpretation rules	There is no provision in the EDA.	The FB 2024 proposes to streamline the classification of goods for excise duty purposes by reference to the tariff codes set out in Annex 1 to East Africa Community (EAC) Custom Union and the general interpretation rules. This is a welcome move as it streamlines the classification of goods by reference to tariff codes and the general interpretation rules as set out under the EAC Common External Tariff (EAC CET). **Proposed effective date: 01 July 2024**
Excisable services offered through a digital platform by a non-resident	There is no provision in the EDA.	The FB 2024 proposes to impose excise duty on excisable services offered in Kenya by a non-resident through a digital platform. The excise duty shall be paid by the non-resident person offering the services. This is expected to net more revenue for the Government. **Proposed effective date: 01 July 2024**
Remission of excise duty on spirits	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 FB 2024 proposes to include spirit as one of the excisable goods eligible for excise duty remission through a gazette notice published by the Cabinet Secretary. This proposal aims at unifying the excise duty treatment for alcoholic beverages to include spirits made from sorghum, millet or cassava or any other agricultural products (excluding barley). **Proposed effective date: 01 July 2024**
Removal of relief on raw materials and internet data services	Where excise duty has been paid in respect of excisable goods imported into, or manufactured in Kenya by a licensed manufacturer and which have been used as raw materials in the manufacture of other excisable goods (hereinafter referred to as "finished goods"), the excise duty paid on the raw materials shall be offset against the excise duty payable on the finished goods. Also, where excise duty has been paid in respect of internet data services by a licensed person who purchases the data in bulk for resale, the excise duty paid shall be offset against the excise duty payable by that person on internet data services supplied to the final consumer.	The FB 2024 proposes to repeal this provision. Manufacturers of excisable goods and internet data providers will therefore not be allowed to offset excise duty paid on inputs i.e. raw materials and internet data respectively against excise duty on the finished goods or internet data services supplied. This is expected to increase excise duty collections for the Government. **Proposed effective date 01 July 2024**

Item	Current Provision	Proposed amendment by The Finance Bill, 2024
Timelines for feedback on excise license applications	The Commissioner shall consider an application for a license and may grant or refuse to issue the applicant with a licence.	The FB 2024 proposes to impose a 14 day timeline after receipt of all required valid documents for the Commissioner to grant or refuse an excise license application. This is a welcome move and creates certainty on timelines for excise license applications. **Proposed effective date: 01 July 2024**
Payment of excise duty for alcoholic beverage manufacturers	A licensed manufacturer of alcoholic beverages is required to pay excise duty to the Commissioner within twenty-four hours upon removal of goods from the stockroom.	The FB 2024 proposes to extend the timeline for payment of excise duty for alcoholic beverage manufacturers from twenty-four hours to five working days. This is a welcome move as it eases the administrative and compliance burden for alcoholic beverage manufacturers. **Proposed effective date: 01 July 2024**
Excise duty on motorcycles	Excise duty on motorcycles of tariff 87.11 other than motorcycles ambulances, locally assembled motorcycles and electric motorcycles is KShs 12,952.83 per unit.	The FB 2024 proposes to charge excise duty on motorcycles of tariff 87.11.60.00 other than motorcycle ambulances and locally assembled motorcycles, at the rate of 10% of the value or KShs 12,952.83 per unit, whichever is higher. This is aimed at increasing excise duty collections for higher value motorcycles. **Proposed effective date: 01 July 2024**
Imported cartons, boxes, paper board and skillets from EAC partner states	Imported cartons, boxes and cases of corrugated paper or paper board and imported folding cartons boxes and case of non-corrugated paper or paper board and imported skillets, free-hinge lid packets of tariff heading 4819.10.00, 4819.20.10 and 4819.20.90.	The FB 2024 proposes to exempt from excise duty imported cartons, boxes and cases, of corrugated paper or paperboard, folding cartons, skillets labels of paper and paper board, originating from EAC Partner States that meet the EAC Rules of Origin. This is a welcome move as it seeks to encourage trade amongst the EAC partner states and protect the respective industries within East Africa. **Proposed effective date: 01 July 2024**
Imported clinker	Imported cement is subject to the excise duty rate of 10% of the value or KShs 1.50 per Kg, whichever is higher.	The FB 2024 proposes to amend this provision by excluding clinkers from the imposition of excise duty. Therefore, imported clinker will not be subject to excise duty. This is aimed at providing clarity and protecting the local cement industry as currently, there is a shortfall of locally available clinker, a raw material used in the manufacture of cement. **Proposed effective date: 01 July 2024**
Imported eggs from EAC partner states	Imported eggs of tariff heading 04.07 are subject to excise duty at the rate of 25%.	The FB 2024 proposes to exempt from excise duty eggs originating from EAC Partner States that meet the EAC Rules of Origin. This is a welcome move as it seeks to encourage trade amongst the EAC Partner States while protecting the respective local industries within the EAC. **Proposed effective date: 01 July 2024**

Item	Current Provision	Proposed amendment by The Finance Bill, 2024
Imported onions from EAC partner states	Imported onions of tariff heading 07.03 are subject to excise duty at the rate of 25%.	The FB 2024 proposes to exempt from excise duty onions originating from EAC Partner States that meet the EAC Rules of Origin. This is a welcome move as it seeks to encourage trade amongst the EAC Partner States and protect onion farmers within the EAC. **Proposed effective date: 01 July 2024**
Imported potatoes from EAC partner states	Imported potatoes, potato crisps and potato chips of tariff heading 07.01 and imported potatoes of tariff numbers 0710.10.00, 2004.10.00 and 2005.20.00 are subject to excise duty at the rate of 25%.	The FB 2024 proposes to exempt from excise duty potatoes, potato crisps and potato chips originating from EAC Partner States that meet the EAC Rules of Origin. This is a welcome move as it seeks to encourage trade amongst the EAC Partner States and protect potato farmers within the EAC. **Proposed effective date: 01 July 2024**
Articles of plastic	Imported articles of plastic of tariff heading 3923.30.00 and 3923.90.90 are subject to excise duty at the rate of 10%.	The FB 2024 proposes to impose excise duty on all plastic of tariff heading 3923.30.00 and 3923.90.90, whether imported or locally produced. This is expected to increase excise duty collections for the Government. **Proposed effective date: 01 July 2024**
Coal	No provision	The FB 2024 proposes to introduce excise duty on coal at the rate of 5% of the value or KShs 27,000 per metric tonne, whichever is higher. This is expected to net additional revenue for the Government. **Proposed effective date: 01 July 2024**
Vegetable oils	No provision	The FB 2024 proposes to introduce excise duty on vegetable oils of tariff codes 1511, 1512, 1515 and 1517 at the rate of 25%. This is expected to net additional revenue for the Government. **Proposed effective date: 01 July 2024**
Advertisements on the internet and social media	Excise duty at the rate of 15% applicable on advertisement on television, print media, billboards and radio stations on alcoholic beverages, betting, gaming, lotteries and prizes competitions.	The FB 2024 proposes to additionally subject to excise duty advertisements on the internet and social media relating to alcoholic beverages, betting, gaming, lotteries and prizes competitions. The applicable excise duty rate will be 15%. This is expected to net more revenue for the Government while discouraging advertisements on alcoholic beverages, betting, gaming, lotteries and prizes competitions on the internet and social media. **Proposed effective date: 01 July 2024**

Item	Current Provision	Proposed amendment by The Finance Bill, 2024
National Intelligence Service exemptions	All goods including material supplies, equipment, machinery, and motor vehicles for the official use by the Kenya Defence Forces and the National Police service are exempted from excise duty.	The FB 2024 proposes to extend excise duty exemptions to the National Intelligence Service (NIS). This is expected to support the NIS through exempting material supplies, equipment, machinery, and motor vehicles from excise duty. **Proposed effective date: 01 July 2024**
Definition of original equipment manufacturer	Locally manufactured passenger motor vehicles are exempt from excise duty, subject to the ex-factory value comprising local content. The term local content is defined as parts designed and manufactured in Kenya by an original equipment manufacturer (OEM) operating in Kenya. However, the term OEM is not defined.	The FB 2024 proposes to introduce the definition of an OEM as "a manufacturer of parts and sub-assemblies who owns the intellectual rights in the parts or sub-assemblies". This is expected to restrict the excise duty exemption for local car manufacturers who own the intellectual rights in the parts or sub-assemblies, where OEM parts account for at least 30% of the ex-factory value of the motor vehicle. **Proposed effective date: 01 July 2024**
Imported emulsion	Imported Emulsion - Styrene Acrylic is subject to excise duty rate of 20%.	The FB 2024 proposes to change the item subject to excise duty from Imported Emulsion - Styrene Acrylic to Styrene-acrylonitrile (SAN) copolymers at the rate of 20%, whether imported or locally produced. This is expected to net more revenue for the Government as Styrene-acrylonitrile (SAN) copolymers are commonly used in a wider range of applications compared to Emulsion - Styrene Acrylic. **Proposed effective date: 01 July 2024**
Clean up of legislation on inflationary adjustment	The powers of the Commissioner to make annual inflationary adjustments on the ad valorem excise duty rates was repealed in the Finance Act, 2023. However, the supporting provisions under the First Schedule, which provided the formula to be applied remained.	The FB 2024 proposes to repeal the supporting provisions under the First Schedule which provide the formula to be applied for inflationary adjustments. This is a clean-up of the Act in line with amendments made in the year 2023 where the powers of the Commissioner to make annual inflationary adjustments were repealed. **Proposed effective date 01 July 2024**

Proposed changes in Excise Duty Rates

Item	Current	Proposed
Imported sugar confectionary of tariff heading 17.04	KShs 42.91 per Kg	KShs 257.55 per kg **Proposed effective date is 01 July 2024**
Wines including fortified wines, and other alcoholic beverages obtained by fermentation of fruits	KShs 243.43 per litre	KShs 22.50 per centilitre of pure alcohol. **Proposed effective date: 01 September 2024**
Beer, Cider, Perry, Mead, Opaque beer and mixtures of fermented beverages with non-alcoholic beverages and spirituous beverages of alcoholic strength not exceeding 6%	KShs 142.44 per litre	KShs 22.50 per centilitre of pure alcohol **Proposed effective date: 01 September 2024**
Spirits of undenatured ethyl alcohol; spirits liqueurs and other spirituous beverages of alcoholic strength exceeding 6%	KShs 356.42 per litre	KShs 16 per centilitre of pure alcohol **Proposed effective date: 01 September 2024**
Cigarette with filters (hinge lid and soft cap)	KShs 4,067.03 per mille	KShs 4,100 per mille **Proposed effective date is 01 July 2024**
Cigarette without filters (plain cigarettes)	KShs 2,926.41 per mille	KShs 4,100 per mille **Proposed effective date is 01 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 responsible for matters relating to health and other manufactured tobacco and manufactured tobacco substitutes that have been homogenized and reconstituted tobacco, tobacco extracts and essences	KShs 1,595 per Kg	KShs 2,000 per Kg **Proposed effective date is 01 July 2024**
Liquid nicotine for electronic cigarettes	KShs 70 per millilitre	KShs 100 per millilitre **Proposed effective date is 01 July 2024**
Telephone and internet data services	15%	20%
Money transfer services by banks, money transfer agencies and other financial service providers	15%	20%
Money transfer services by cellular phone service providers or payment service providers licensed under the National Payment System Act, 2011	15%	20%
Betting	12.5%	20%
Gaming	12.5%	20%
Prize competition	12.5%	20%
Lottery (excluding charitable lotteries)	12.5%	20%

TAX PROCEDURES ACT

Item	Current Provision	Proposed amendment by The Finance Bill, 2024
Clarifications on Registration and Cancellation of a Tax Agent's Licence	An individual or a partnership may apply for a tax agent licence in a prescribed form alongside a non-refundable fee of KShs 20,000 and upon receipt of recommendation from the Tax Agents Committee. A licensed tax agent may make an application to the Commissioner for cancellation of the tax agent licence. The Commissioner can cancel a license of a tax agent under certain conditions such as where the agent ceases to carry on business, falsely declares tax returns wilfully or ceases to satisfy the conditions for tax agent licensing.	The FB 2024 proposes to clarify that reference to the Tax Agents Committee which is tasked with considering Tax Agents licensing applications shall only be a Committee established under the Tax Procedures (Tax Agents) Regulations. The FB 2024 proposes that the Commissioner shall only cancel a Tax Agent's licence on recommendation by Tax Agents Committee. The above proposals aim at establishing a framework for registration and cancellation of a Tax Agent's licence in an effort to ensure that taxpayers engage qualified tax agents. **Proposed effective date: 01 July 2024**
Features of an Electronic Tax Invoice	The TPA does not stipulate the information to be contained in an Electronic Tax Invoice.	The Bill proposes to amend the TPA to include identifiable features of a proper Electronic Tax Invoice and which must entail: (i) the words "TAX INVOICE"; (ii) name, address and PIN of the supplier and purchaser; (iii) serial number of the tax invoice; (iv) date and time which the tax invoice was issued and the supply was made, if it is different from the date the tax invoice was issued; (v) description of the supply in terms of quantity of goods or type of services; (vi) details of any discount allowed at the time of supply; (vii) consideration of the supply; (viii) tax rate charged and the total amount of tax charged; and (ix) any other prescribed information These features mirror the details cited under the Tax Procedures (Electronic Tax Invoice) Regulations, 2024 which were gazetted on 28 March 2024. **Proposed effective date: 01 July 2024**

Item	Current Provision	Proposed amendment by The Finance Bill, 2024
Re-introduction of tax abandonments on unpaid taxes	The provisions relating to abandonment of taxes were repealed by Finance Act, 2023.	The FB 2024 proposes to re-introduce the provisions relating to abandonment of unpaid taxes, which were repealed by the Finance Act, 2023. Similar to the repealed provisions, the Bill proposes that the Commissioner may, with prior written approval of the Cabinet Secretary, refrain from assessing or recovering any tax liability where the Commissioner determines that: • It is impossible to recover an unpaid tax; • There is undue difficulty or expense in the recovery of the tax liability; • There is hardship or inequity in relation to the recovery of the tax liability or • There is any other reasonable cause occasioning the inability to recover the unpaid tax. The Commissioner shall submit a bi-annual report to the CS containing details of the taxes abandoned. To alleviate earlier fears of misuse of this provision, the FB 2024 proposes that the CS shall subsequently submit a report detailing the abandoned taxes to the National Assembly by 30th March of the following year for oversight purposes. **Proposed effective date: 01 July 2024**
One-year timeline for validity of an Agency Notice issued by the Commissioner	The TPA does not provide clarity on the timeline for validity of an Agency Notice.	The FB 2024 proposes to clarify that the agency notice issued by the Commissioner shall be valid for a period of 1 year, and therefore, covering all instances where the agent may owe money to the taxpayer within a future period of 1 year, unless the Agency Notice is revoked by the Commissioner. **Proposed effective date: 01 July 2024**
Reduced Commissioner's powers to issue agency notices	The Finance Act, 2023 introduced circumstances when the Commissioner can issue an agency notice to include where a taxpayer has not: • Paid instalment taxes based on the settlement plan; • Objected to an assessment within the prescribed period; • Appealed to a confirmed assessment. • Paid the taxes due before the due date after filing the self-assessment return; or • Appealed against a tax decision at Tax Appeals Tribunal ("TAT") or Court	This is a clean up on issuance of agency notices by the Commissioner for appeals that are at the courts. **Proposed effective date: 01 July 2024**

Item	Current Provision	Proposed amendment by The Finance Bill, 2024
Changes to VAT Withholding provisions	The TPA exempts from VAT Withholding, taxable value of zero-rated supplies and registered manufacturers whose value of investment in the preceding three years from 01 July 2022 is at least KShs 3 billion. The Act also provides for a penalty of 10% of the tax due on appointed persons who fail to withhold or fail to remit the VAT withholding by the 5th working day after deduction.	The FB 2024 proposes to delete the provisions relating to VAT withholding exemptions. Effectively, VAT withholding will now be applicable to zero rated supplies. Additionally, the VAT withholding exemption accorded to certain manufacturers will be scrapped. Further to the above, the FB 2024 proposes that the 10% penalty for failure to withhold or remit VAT withholding shall be applicable to appointed persons who fail to withhold without a reasonable cause. Currently, the Act does not provide for situations where a taxpayer can have a reasonable cause for not withholding VAT. **Proposed effective date: 01 July 2024**
Refund of overpaid taxes	Currently, a taxpayer who has overpaid tax may make an application to the Commissioner to utilize any overpaid tax against outstanding tax debts and future tax liabilities or apply for a refund of the overpaid tax. The Act also stipulates that a refund application should be lodged within six months in the case of VAT and five years for all other taxes after the date on which the tax was overpaid.	The FB 2024 proposes to amend the timelines for an offset or refund application as follows: ▪ For Income Tax, the application for the offset or refund of overpaid tax should be made within five years; and ▪ For other taxes including VAT, Excise Duty among others, within six months from the date of the tax overpayment. **Proposed effective date: 01 July 2024**
Review of timelines for Commissioner to issue an Objection Decision	The TPA provides that where a taxpayer fails to provide the information within 7 days to validate a notice of objection, upon request by the Commissioner, the Commissioner shall proceed and issue an objection decision within 60 days from the date the notice of objection was lodged. The TPA also provides that the Commissioner must render an objection decision within 60 days from the date of receiving a valid notice of objection, otherwise the objection shall be deemed to be allowed.	The FB 2024 proposes to provide that a notice of objection shall be deemed disallowed where the taxpayer fails to provide the information required to validate the notice of objection within 7 days. This will be punitive to taxpayers especially where the Commissioner may request for information that is not readily available or within the reach of the taxpayer. A disallowed objection would also limit the taxpayer from further appeal at the TAT or the courts. The FB 2024 proposes to increase the timeline for the Commissioner to issue an objection decision to 90 days. This is in addition to a subsequent proposal to exclude weekends and public holidays in the computing the 90 days. If adopted, this proposal will greatly increase the timeline within which the Commissioner can issue a tax decision. **Proposed effective date: 01 July 2024**

Item	Current Provision	Proposed amendment by The Finance Bill, 2024
Integration of KRA's data management and reporting system with taxpayer's electronic tax system	The TPA mandates the Commissioner to establish a data management and reporting system to enhance its capability on having visibility of trader transactions through electronic invoices. Upon the successful establishment of the system, the Commissioner will be required to notify the selected taxpayers in writing requiring them to submit the electronic documents through the system.	The FB 2024 proposes that the Commissioner may issue a written notice requiring a person to integrate their electronic tax system with KRA's data management and reporting system for the purposes of submitting electronic documents. These documents include detailed transaction data such as the names and addresses of each person to whom a payment was made among other details. Further, the FB 2024 proposes to introduce the following penalties relating to data management and reporting system: ▪ KSsh 2 million per month where the taxpayer fails to comply with the Commissioner's notice relating to the system integration; and/or ▪ KSsh 2 million per month where the taxpayer fails to submit the electronic documents as per the notice issued by the Commissioner. **Proposed effective date: 01 July 2024**
Exclusion of weekends and public holidays in computation of due date under various tax laws	The due date for submission, payment and taking any other action under a tax law is computed taking into account weekends and or public holidays.	The FB 2024 proposes to provide that in computing the period for submitting and payment and taking any other action under the tax law, the period shall not include Saturdays, Sundays or Public holidays. The computation shall only consider business days rather than calendar days. **Proposed effective date: 01 July 2024**
Penalty for failure to submit return by an Export Processing Zone Enterprise	The Income Tax Act provides for a daily penalty of KShs 2,000 where an export processing zone ("EPZ") enterprise does not submit an annual tax return among other information details.	The FB 2024 proposes to have the penalty stipulated under the TPA as the main statute that deals with administration of taxes. Further, the FB 2024 proposes to lower the penalty to KShs 20,000 per month or part thereof until the enterprise complies. **Proposed effective date: 01 July 2024**
PIN registration requirement for remote employees outside Kenya working for Kenya based employers	No express provision	The FB 2024 proposes to have employees working remotely outside Kenya for an employer based in Kenya to possess a KRA PIN. **Proposed effective date: 01 July 2024**

MISCELLANEOUS FEES AND LEVIES ACT

Item	Current Provision	Proposed amendment by The Finance Bill, 2024
Increase in Import Declaration Fee (IDF) Rate	IDF is charged on all goods imported into the country for home use at the rate of 2.5% of the customs value and is payable by the importer.	The FB 2024 proposes to increase the IDF rate from 2.5% to 3% of the customs value. The increase in the IDF rate will increase importation costs for goods and overall production costs for manufacturers. **Proposed effective date: 01 July 2024**
Introduction of Eco Levy	No provision under the current Act.	The Bill proposes to introduce a new levy, Eco Levy, to be levied on specific goods manufactured locally or imported into the country. The Cabinet Secretary is empowered to make Regulations specific to this Eco Levy. Manufacturers shall pay the Eco Levy upon the removal of goods from the excise stock room, while for importers upon the entry of goods into the country. The purpose of the Eco Levy is to pay for the adverse environmental effects of their products. This proposal is aimed at raising additional revenue for the Government as well as promoting environmental conservation. **Proposed effective date: 01 July 2024**
IDF and Railway Declaration Levy ("RDL") exemptions to National Intelligence Service	No provision under the current Act.	The Bill proposes to exempt from IDF and RDL all goods including materials supplies, equipment, machinery and motor vehicles imported by National Intelligence Service (NIS) for official use. This is a welcome move and will support the NIS in its security and intelligence initiatives. **Proposed effective date: 01 July 2024**
IDF and RDL exemptions for mosquito repellent manufacturers	No provision under the current Act.	The Bill proposes to exempt from IDF and RDL inputs, raw materials and machinery used in the manufacture of mosquito repellent on recommendation by the Cabinet Secretary. This is expected to spur investments in the mosquito repellent manufacture sector. **Proposed effective date: 01 July 2024**

Item	Current Provision	Proposed amendment by The Finance Bill, 2024
Allocation of funds to revenue enforcement initiatives	Currently, 10% of the IDF collected is allocated to a Fund established and managed in accordance with the Public Finance Management Act, 2012 (the Fund). The Fund is utilized in meeting Kenya's financial obligations to the African Union (AU) and any other international organizations to which Kenya has a financial obligation.	The Bill proposes to limit the funds available in meeting the AU and other international organization to 10% of the Fund. In addition, the Bill proposes to allocate 20% of the Fund for revenue enforcement initiatives or programmes. This is expected to provide funds to the Government to enhance revenue collection. **Proposed effective date: 01 July 2024**

The Bill proposes to overhaul the goods subject to Export and Investment Promotion Levy (EIPL). EIPL will therefore be applicable on the following goods:

Item	Tariff No.	Proposed EIPL rate
Articles of leather	Chapter 42	20% of the customs value
Imported footwear	Chapter 64	20% of the customs value
Denatured ethyl alcohol and other spirits	2207.20.00	3% of the customs value
Rum and other spirits obtained by distilling fermented sugar	2208.40.00	3% of the customs value
Vodka	2208.60.00	3% of the customs value
Cement clinker	2523.10.00	10% of the customs value
Organic surface-active products and preparations for washing the skin	3401.30.00	3% of the customs value
Kraft liner	4804.11.00	3% of the customs value
Uncoated kraft paper and paperboard, in rolls or sheets, other than that of heading 48.02 or 48.03		
- Other	4804.29.00	3% of the customs value
Milk and cream of a fat content by weight, exceeding 1% but not exceeding 6%	0401.20.00	3% of the customs value
Ceramic sinks, wash basins, pedestals, baths, bidet, water closet pans, flushing cistern, urinals and similar sanitary fixtures	69.10	3% of the customs value
Billets	7207.11.00	10% of the customs value
Cooking stoves for liquid fuel	7321.12.00	3% of the customs value
Motorcycles with internal combustion engine not exceeding 50cc	8711.10.90	3% of the customs value
Motorcycles with internal combustion engine exceeding 50cc not exceeding 250cc	8711.20.10	3% of the customs value
Motorcycles with internal combustion engine exceeding 50cc not exceeding 250cc	8711.20.90	3% of the customs value
Motorcycles with internal combustion engine exceeding 250cc not exceeding 500cc	8711.30.90	3% of the customs value

Item	Tariff No.	Proposed EIPL rate
Motorcycles with internal combustion engine exceeding 500cc not exceeding 800cc	8711.40.90	3% of the customs value
Motorcycles with internal combustion engine exceeding 800cc	8711.50.90	3% of the customs value
Electric motorcycles	8711.60.00	3% of the customs value
Metal furniture of a kind used in offices	9403.10.00	3% of the customs value
Other metal furniture	9403.20.00	3% of the customs value
Wooden furniture for office	9403.30.00	3% of the customs value
Wooden furniture for kitchen	9403.40.00	3% of the customs value
Wooden furniture for bedrooms	9403.50.00	3% of the customs value
Other Wooden furniture	9403.60.00	3% of the customs value
Furniture of plastics	9403.70.00	3% of the customs value
Furniture of bamboo	9403.82.00	3% of the customs value
Furniture of rattan	9403.83.00	3% of the customs value
Furniture of cane, osier or similar material	9403.89.00	3% of the customs value
Parts of furniture, of wood	9403.91.00	3% of the customs value
Parts of furniture, not of wood	9403.99.00	3% of the customs value
Mattress supports	9404.10.00	3% of the customs value

Proposed effective date: 01 July 2024

The Bill proposes to impose Eco Levy on the following goods:

Description	Tariff No	Eco Levy rate (KShs)
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	8472.90.00	98 per unit
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	8470.21.00	225 per unit
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 as 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	8471.30.00	225 per unit

Description	Tariff No	Eco Levy rate (KShs)
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	8471.41.00	225 per unit
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	8471.49.00	225 per unit
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	8471.50.00	225 per unit
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	8471.60.00	225 per unit
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	8471.80.00	225 per unit
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	8471.90.00	225 per unit
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	8472.90.00	225 per unit
Arts and accessories (other than covers, carrying cases and the like suitable for use solely or principally with machines of headings 84.70 to 84.72. Parts and accessories of automatic data processing machines and units thereof- parts and accessories of the machines of heading 84.71	8473.30.00	98 per unit
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 local or wide area network) other than transmission or reception apparatus of heading 84.43, 85.25, 85.27, 85.28- line telephone sets with cordless handsets	8517.11.00	225 per unit
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 together data, including apparatus for communication in a wired or wireless network), other than transmission or reception apparatus of heading 84.43,85.25,85.27 or 85.28 - smartphones	8517.13.00	225 per unit
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, 85.27or 85.28- Other telephones for cellular networks or for other wireless networks	8517.14.00	225 per unit

Description	Tariff No	Eco Levy rate (KShs)
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	8517.18.00	225 per unit
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, 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	8517.61.00	225 per unit
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	8517.62.00	225 per unit
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	8517.69.00	225 per unit
Microphones and stands therefor; loudspeakers, whether or not mounted in their enclosures; headphones and earphones whether or not combined with a microphone and one or more loudspeakers audio-frequency electric amplifiers; electric sound amplifier sets microphones and stands therefore	8518.10.00	98 per unit
Sound recording or reproducing apparatus - using magnetic, optical or semiconductor media	8519.81.00	98 per unit
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	8525.50.00	98 per unit
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	8525.60.00	98 per unit
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	8528.81.00	98 per unit

Description	Tariff No	Eco Levy rate (KShs)
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	8525.82.00	98 per unit
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	8525.83.00	98 per unit
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	8525.89.00	98 per unit
Radar apparatus, radio navigational aid apparatus and radio remote control apparatus- other radio navigational aid apparatus	8526.91.00	98 per unit
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	8527.12.00	225 per unit
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	8527.13.00	225 per unit
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	8527.19.00	225 per unit
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	8527.21.00	225 per unit
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	8527.29.00	225 per unit
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.	8527.91.00	225 per unit
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	8527.92.00	225 per unit
Reception apparatus for radio-broadcasting, whether or not combined, in the same housing, with sound recording or reproducing apparatus or a clock - other: other	8527.99.00	225 per unit

Description	Tariff No	Eco Levy rate (KShs)
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	8528.71.00	1,275 per unit
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, colour; unassembled	8528.72.10	1,275 per unit
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	8528.73.10	1,275 per unit
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	8528.73.90	1,275 per unit
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	8540.11.00	1,800 per unit
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	8540.12.00	1,800 per unit
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) - television camera tubes, image converter and other photocathode tubes	8540.20.00	1,800 per unit
Oscilloscopes, spectrum analysers 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, psophometers)	9030.40.00	98 per unit
Rubber tyres	Chapter 40	1,000 per unit
Diapers	Chapter 96	150 per kg
Batteries or dry cells	Chapter 85	750 per kg
Plastic packing materials	Chapter 39	150 per kg

Proposed effective date: 01 July 2024

Other miscellaneous changes

Item	Current provision	Proposed change in the Bill
Removal of restriction on sale of Affordable Housing Units	Purchasers are restricted from entering a contract or agreement to sell or agree to sell an affordable housing unit without prior consent of the Affordable Housing Board.	The FB 2024 proposes to repeal this section and therefore, grant permission to owners of affordable housing units to sell their units. This will enable home owners to transact at free will, hence making it more attractive for potential purchasers. **Proposed effective date: 01 July 2024**
Powers of the Commissioner-General under the Industrial Training Act	Under the Industrial Training Act, The Commissioner-General (Commissioner) is responsible for the collection of training levy and shall have all the powers conferred by the Kenya Revenue Authority Act and Income Tax Act.	The FB 2024 proposes to include the powers conferred to the Commissioner by the Tax Procedures Act, 2015 (TPA). This is an alignment of legislation to grant powers to the Commissioner as per the TPA to enforce the collection of training levy. **Proposed effective date: 01 July 2024**
Exemptions from data protection principles under the Data Protection Act in the collection of taxes	No provision under the current Act.	The FB 2024 proposes to include an exemption from data protection principles in relation to personal data where it is necessary for assessing, enforcing, or collecting any tax or duty as stipulated in a written tax law. This is expected to enforce tax collection efforts by exempting the Commissioner from data protection where such is necessary for the collection of tax. **Proposed effective date: 01 July 2024**
Functions of the Public Sector Accounting Standards Board	The Accounting Standards Board provides frameworks and sets generally accepted standards for the development and management of accounting and financial systems by all State organs and public entities.	The FB 2024 proposes to expand the functions of the Accounting Standards Board to include prescribing a framework for accrual accounting in Government and a risk management framework. In addition, the Bill proposes a 3 year transition period for the implementation of the framework for accrual accounting. **Proposed effective date: 01 July 2024**
Laws relating to revenue as per the Kenya Revenue Authority (KRA) Act	The Road Maintenance Levy Fund Act, among others, constitute the laws relating to revenue as per the KRA Act.	The FB 2024 proposes to repeal the Road Maintenance Levy Fund Act as a law relating to revenue as per the KRA Act. The Commissioner will now be restricted from the collection of Road Maintenance Levy. **Proposed effective date: 01 July 2024**

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