THE 2021/22 BUDGET HIGHLIGHTS

East Africa

Certified Public Accountants

Westlands Business Park, Chiromo Lane
P. O. Box 46671 00100 GPO
NAIROBI, KENYA
Tel+254 020 2699163/4
E-Mail: info@wia-eastafrica.com
WebSite : http://www.wia-eastafrica.com

A member of

leading **edge** alliance
innovation • quality • excellence

THE 2021/22 BUDGET HIGHLIGHTS

2021/22 BUDGET HIGHLIGHTS

Dear Esteemed Client,
The government has released the 2021/22 fiscal strategy premised on the theme:

"BUILDING BACK BETTER: STRATEGY FRO RESILIENT AND SUSTAINABLE ECONOMIC RECOVERY AND INCLUSIVE GROWTH."

The 2021/22 Budget is prepared against the background of a weakening global economy; Kenya's economy is expected to continue to recover and gradually return to growth, with real GDP growth projected to reach 4.5 per cent in 2021 and to be over five per cent on average in 2022-23. This is a massive cut compared to the previous projection of 6.8 per cent growth, which was to be the fastest in Africa, and a more ambitious prediction than the government's estimate of 6.4 per cent.

Economic Analysis

The growth outlook is positive. The economy is projected to grow by 5.0% in 2021 and 5.9% in 2022. The rebound assumes that economic activity will normalize due to a full reopening of the economy, the Economic Recovery Strategy being successfully implemented, and Kenya capitalizing on an expected improvement in external liquidity and benefiting from initiatives to meet its external financing needs. The external initiatives could include debt refinancing, restructuring and debt service relief, and additional concessional loans. Inflation is projected to remain within the Central Bank of Kenya's target range of 2.5% to 7.5%, and fiscal and current account deficits are forecast to narrow as a result of improved revenue collection and exports. Downside risks to the outlook could emanate from delays in the full reopening of the economy, failure to secure external financing to execute the budget, a slowdown in global growth, and disruptive social conditions during the run-up to the 2022 elections.

The COVID-19 shock has hit Kenya's economy hard through supply and demand shocks on both the external and domestic fronts and caused activity to slow sharply in 2020 (real gross domestic product is estimated to have contracted by 0.3% in 2020). Agricultural output grew robustly, but manufacturing and many services subsectors (e.g., tourism, education) were severely disrupted.

A regional locust infestation, which started early 2020, also affected some parts of Kenya, especially the North East. Nevertheless, moving into 2021 a significant economic recovery has been underway, although it remains highly uneven across sectors (with some, such as tourism, remaining under severe pressure), and there continues to be elevated uncertainty regarding the outlook. The downside risks include a weaker than expected global economic recovery undermining Kenya's export, tourism and remittance inflows, renewed disruption to domestic economic activity from the pandemic, fiscal slippages, and weather-related shocks.

The 23rd Kenya Economic Update by World Bank attributes the growth to an upturn in industry supported by reopening of the economy and strong capital spending.

Other factors includes a moderate recovery in services as vaccination rollout steadily progresses, adequate agricultural harvests and sales, helped by rising external demand from the recovering global economy.

On the demand side, private consumption is expected to continue to recover, supported by a pickup in wages and household incomes, and resilient remittances.

Monetary accommodation is likely to continue in the near term, in the absence of inflationary shocks, as is appropriate in the context of a negative output gap having opened up due to the pandemic, and low core inflationary pressures.

2021 Fiscal Projections

The fiscal policy supporting the financial year 2021/2020 and the medium-term budget is designed to support economic recovery and reduce fiscal deficit. The policy aims at mobilizing revenues through tax reforms in tax policy and administration. Thus, the 2021/22 budget targets revenue collection including Appropriations-in-Aid (AIA) of KES 2.04 trillion, equivalent to 16.4% of GDP, a growth from the estimated revenues of KES 1.89 trillion, equivalent to 16.8% of GDP in the financial year 2020/21.
Of this, ordinary revenues in the financial year 2021/22 are projected at KES 1.78 trillion, equivalent to 14.3% of GDP. Total expenditures in the financial year 2021/22 are projected at KES 3.03 trillion (excluding debt repayments) or 24.5% of GDP from the estimated level of KES 2.79 trillion or 24.7% of GDP in 2020/21.

The recurrent expenditures in the financial year FY 2021/22 will amount to KES 2.0 trillion or 16.2% of GDP. Due to shortfall in revenues, the government will once again tap into the credit markets to finance the budget deficit which now stands at 976.2Bn equivalent to 7.5% of the GDP. This fiscal deficit is lower than the 976.2 equivalent to 8.7% of the GDP in 2019/2020 budget. The deficit will be financed through net external financing of KES 271.2Bn equivalent to 2.2% of GDP and net domestic financing of KES 658.5 equivalent to 5.3% of GDP. Indeed, the cost of financing the national debt consumes a significant portion of tax revenues, leaving the government with limited options for financing development projects.

State of the Economy

THE 2021/22 BUDGET HIGHLIGHTS

Kenya recorded a decline in GDP growth from 5.4% in 2019 to 0.6% in 2020 owing to a 1.4% contraction in the industry sector as a result of the decline in manufacturing activities at the onset of the pandemic and a 2.5% contraction in the service sector due to the 68.9% decline in tourist arrivals following the global ban on international travel and national lockdowns.

Kenya's GDP is projected to grow by 6.3% and by 5.7% in 2021 and 2022 respectively due to the successful implementation of the Post Covid-19 Economic Recovery Strategy, full re-opening of the economy, increased agricultural output on account of favourable weather patterns and the resumption of international travel which will stimulate tourism. The fiscal deficit is expected to increase from 5.6% of GDP in 2020/2021 to 8.2% in 2021/2022 as 66% of revenues are expected to go into debt repayment.

Inflation in 2020 remained subdued at 5.6% mainly due to the crash in world oil prices, as well as consumer and business tax relief measures implemented by the government which saw the reduction of VAT, PAYE, turn-over and corporate tax. Inflation is projected to remain within the Central Bank of Kenya's target range of 2.5% to 7.5%. These low inflation rates are expected to be supported by lower food prices and muted demand pressures despite the recent increase in fuel prices, while fiscal and current account deficits are forecasted to narrow as a result of improved revenue collection following the reversal of the emergency tax cut measures.

Achievements under the Economic Stimulus Programme (ESP)

Since the outbreak of COVID-19 pandemic, the Government has been implementing the Economic Stimulus Programme, which is labour-based. The programme increased demand for local goods and services, cushioning vulnerable Kenyans, securing household food security for the poor, and creating employment and incomes. Great gains have been realized under the Programme including;

- Creation of over 100,000 jobs for youth in urban settlements of Nairobi, Mombasa, Kisumu and Eldoret under "Kazi Mtaani";

- Providing Kshs. 3.0 billion to the Credit Guarantee Scheme as seed capital to de-risk lending to MSMEs;

- Recruitment and posting of 4,000 primary and 8,000 secondary school intern teachers.

- Construction of additional classrooms in secondary schools and procurement of locally fabricated desks for primary and secondary schools;

- 5,000 Diploma and Certificate level health workers were recruited for one year under the Universal Health Coverage;

- 5,500 Community scouts recruited and distributed to conservation areas across the 47 Counties;

- An additional Kshs 10.0 billion was transferred to the vulnerable and the emerging vulnerable as a result of COVID-19 pandemic; and

- Enhancement of liquidity to businesses through payment of VAT refunds of Kshs 10.0 billion and clearance of pending bills of Kshs 13.1 billion.

In the FY 2020/21, the Government spent Kshs 7.6 billion to purchase COVID-19 vaccines.

- In March 2021, the Government launched the National COVID-19 vaccinations after receiving 1.1 million doses of AstraZeneca Vaccine from the COVAX Facility.

- As of end May, 2021, about 1.0 million persons had received the first dose of COVID-19 vaccine.

- Vaccination of the second dose kicked off on 28th of May 2020 with priority given to frontline health care workers, who received the first jab during the initial roll out in March 2021.

- As of end May, 2021 about 27,000 persons had received the second dose of COVID-19 vaccine.

    - The Government is in the process of acquiring more vaccines from Johnson and Johnson to supplement AstraZeneca vaccines.

    - In the FY 2021/22 budget, Kshs 14.3 billion is earmarked for the purchase of Covid-19 vaccines. This will facilitate the ongoing vaccination of Kenyans and create herd immunity against COVID-19 to allow resumption of full economic activities

CONTINUED IMPLEMENTATION OF THE "BIG FOUR" AGENDA TO SUPPORT ECONOMIC RECOVERY AND SUSTAIN INCLUSIVE GROWTH

Realization of priority programmes under the "Big Four" Agenda is a critical path to supporting sustainable economic recovery, accelerating employment creation, supporting manufacturing activities, enhancing health coverage, improving food & nutrition security and living conditions through affordable housing. As such, Kshs 142.1 billion has been allocated in the FY 2021/22 to support implementation of priority programmes under the "Big Four" Agenda, in various Ministries, Departments and Agencies: This includes:

- ♦ Kshs 47.7 billion for Universal Health Coverage;

- Kshs 20.5 billion for Manufacturing;
- Kshs 13.9 billion for Affordable Housing; and
- Kshs 60.0 billion for Food and Nutrition Security

1. Universal Health Coverage

The outbreak and rapid spread of the Covid-19 Pandemic necessitated the urgent need to upscale implementation of Universal Health Coverage (UHC) to all our counties. As such, the Government has enhanced allocations to the health sector to support the response to the pandemic and improve health outcomes. In the FY 2021/22 Kshs 47.7 billion was allocated to UHC. Key allocations to the sector include:

- Kshs 7.2 billion for managed equipment services;
- Kshs 4.1 billion for Free Maternity Health Care;
- Kshs 1.9 billion to provide medical cover for the elderly and severely disabled in our society;
- Kshs 8.8 billion for the Kenya COVID-19 Emergency and Response Project;
- Kshs 15.3 billion for Kenyatta National Hospital;
- Kshs 11.4 billion to Moi Teaching & Referral Hospital;
- Kshs 7.3 billion to Kenya Medical Training Centres;
- Kshs 2.8 billion to Kenya Medical Research Institute;
- Kshs 1.3 billion for the construction of Kenya National Hospital Burns and Paediatrics Centre;
- Kshs 450 million for procurement of Cyber Knife Radiotherapy Equipment; and
- Kshs 350 million for the establishment of two cancer centres in Meru and Kakamega.

♦ Kshs 5.8 billion for addressing and lowering cases of HIV, Malaria and Tuberculosis;

2. **Supporting the Growth of Manufacturing for Continued Job Creation**

   The Government's enhanced investments in manufacturing sector continues to yield results including job creation and improvement of livelihoods.

   ⇒ To this end, the Government has revived and transformed textile, leather and automobile industries, which have in turn created jobs for our youth.

   ⇒ Building on the gains already made, the Government has continued to invest in the manufacturing sector to scale up operations, protect local industries and increase the sector's contribution to GDP.
   ⇒ In particular, the development of Special Economic Zones (SEZ) among them Naivasha Industrial park, Dongo Kundu Special Economic Zone in the coastal region and Kisumu Special Economic Zone in Miwani will spur local industrial activities and unlock additional employment opportunities for the unemployed population.

   ⇒ The Government has also prioritized establishment of private SEZs to boast the manufacturing sector. The Government continues supporting reforms to encourage the investment in manufacturing sector to support and protect local industries.
   In the FY 2021/22, Kshs 20.5 billion has been set aside to promote local industries under various Ministries, Departments and Agencies. Key allocations among this include:

   ♦ Kshs 1.4 billion to Kenya Industry and Entrepreneurship project;

   ♦ Kshs 0.5 billion for Development of various SMEs;

   ♦ Kshs 0.8 billion for Kenya Youth Empowerment and Opportunities Project;

   ♦ Kshs 2.0 billion additional for Credit Guarantee Scheme to enhance access to affordable credit by MSMEs;

♦ Kshs 350 million for development of SEZ Textile Park in Naivasha, Kenanie leather Industrial Park and Athi River Textile Hub;

♦ Kshs 8.3 billion for Dongo Kundu Special Economic Zone;

♦ Kshs 59.2 million modernization of cooperative cotton ginneries;

♦ Kshs 130.2 million for the Modernization of RIVATEX; and

♦ Kshs 210.0 million coffee industry revitalization

3. **Provision of Affordable and Decent Housing for All Kenyans**

The Government continues to tackle the housing problem in Kenya by implementing programmes under Affordable Housing Pillar. Resources have been mobilized through the National Housing Development Fund and fostering public-private partnerships in order to fund 500,000 affordable housing units. The National Housing Development Fund continues to mobilize resources to fund the housing projects in Mavoko, NHC Stoni Athi among others which are at various stages of completion. In FY 2021/22 budget, Kshs 13.9 billion has been allocated for affordable Housing. Key allocations include:

♦ Kshs 3.5 billion to operationalize the Kenya Mortgage and Refinance Company (KMRC);

♦ Kshs 7.0 billion to Kenya Affordable Housing Project;

♦ Kshs 500.0 million construction of Social Housing Units;

♦ Kshs 3.5 billion to Kenya Informal Settlement Improvement Project – Phase II;

♦ Kshs 750.0 million for the Housing Units for National Police and Kenya Prisons; and

♦ Kshs 1.0 billion for construction of markets.

4. **Enhancing Food and Nutrition Security to all Kenyans**

Government's efforts to make food cheap and available to all Kenyans are bearing fruits with various initiatives aimed at supporting farming, livestock rearing and fish production. More farmers are now accessing subsidized inputs to lower their cost of production and boost earnings. In FY 2021/22 budget, Kshs 60.0 billion has been allocated to support the aspirations to attain 100 percent food and nutrition security. Key allocations in this budget include:

♦ Kshs 7.0 billion National Agricultural and Rural Inclusivity project;

♦ Kshs 1.5 billion Small Scale Irrigation and Value Addition Project;

♦ Kshs 2.7 billion to Kenya Cereal Enhancement Programme;

♦ Kshs 1.8 billion for the Emergency Locusts Response;

♦ Kshs 1.5 billion for National Value Chain Support Project;

♦ Kshs 620.0 million to the Food Security and Crop Diversification Project;

♦ Kshs 3.1 billion for free disease holding ground in Lamu;

♦ Kshs 10.7 billion to increasing agricultural productivity and enhance resilience to climate change risks in targeted smallholder farming and pastoral communities;

♦ Kshs 529.5 million for Insurance Scheme for livestock and crops;

♦ Kshs 3.2 billion for the Aquaculture Business Development Project;

♦ Kshs 3.4 billion for the Kenya Marine Fisheries and Socio-Economic Development Project;

♦ Kshs 2.1 billion for construction of Liwatoni fishing Complex; and

♦ Kshs 1.0 billion for construction of a fish processing plant in Lamu.

Enablers for the "Big Four" Plan;

A. Conducive Business Environment for Investment

Macro-Economic Stability

Government continues to maintain macroeconomic stability by pursuing fiscal and monetary policies that will stimulate the economy to safeguard livelihoods, jobs, businesses and industrial recovery.

♦ The monetary policy continues to maintain inflation rate within target range of 2.5 percent to 7.5 percent and to ensure stability in interest rates which will in turn support credit extension to the private sector.

♦ Monetary policy has also strived to promote stable and competitive exchange rate to support exports and ensure sufficient exchange reserves as a cushion from external shocks.

♦ To complement monetary policy, the fiscal policy will continues to sustain fiscal consolidation efforts through revenue mobilization and expenditure rationalization

Improving National Security

A safe and secure environment remains a prerequisite for achieving the "Big Four" Agenda. To support this, the following key allocations have been made:

♦ Kshs 10.7 billion for Lease Financing of Police Motor Vehicles;

♦ Kshs 4.8 billion for Police and Prison Officers Medical Insurance Scheme;

♦ Kshs 2.3 billion for Group Personal insurance for police and prisons

♦ Kshs 1.5 billion for the National Communication and Surveillance System;

♦ Kshs 335.0 million for Equipping the National Forensic Laboratory; and

♦ Kshs 1.0 billion for the second mass registration for Huduma number.

THE 2021/22 BUDGET HIGHLIGHTS

Digitalizing the Economy to Spur Economic Recovery

The Government has taken advantage of rapid technological advances as they have great potential to catalyse economic recovery, enable attainment of "Big Four" Initiatives, increase economic growth and improve the lives of Kenyans. To leverage on these gains, the Government continues to enhance investments in the ICT sector to improve access to Government services particularly in the wake of COVID-19 Pandemic. Key allocations to the sector include:

♦ Kshs 12.0 billion for development of Konza Horizontal Infrastructure;

♦ Kshs 3.6 billion for Konza Data Centre and Smart City Facilities;

♦ Kshs 1.2 billion for National Optic Fibre Backbone Infrastructure (Phase II) Expansion;

♦ Kshs 670.0 million for Digital Literacy Programme (School Laptop Project);

♦ Kshs 1.0 billion for Government Shared Services;

♦ Kshs 400.0 million for Construction of Konza Complex Phase 1B; and

♦ Kshs 604. 0 million for Connectivity to Health Facilities (UHC).

B. Infrastructure Development for Inclusive Growth

Road Construction

The Government has been scaling up the construction of modern highways as well as urban and rural roads in every part of the country. This will open up many areas to economic activities and spur growth. The following allocations have been made in FY 2021/22:

♦ Kshs 94.7 billion for the ongoing Road and bridges Construction;
♦ Kshs 36.1 billion for Rehabilitation of Roads; and
♦ Kshs 54.0 billion for Maintenance of Roads.

Rail and Ports Construction Railway transport continues to improve interconnectivity and reduced traffic congestion on our roads while the construction of ports continues to enhance job creation for our youth. To continue improving public transport and construction of ports, the following allocations have been proposed:

♦ Kshs 27.2 billion for Construction of SGR Phase II

♦ Kshs 7.5 billion for LAPSSET project;

♦ Kshs 7.5 billion Mombasa Port Development Project;

♦ Kshs 1.8 billion for rehabilitation of the Meter Gauge Railway;

♦ Kshs 1.3 billion for Railways Metro Lines;

♦ Kshs 8.3 billion for Dongo Kundu SEZ;

♦ Kshs 2.0 billion for construction and rehabilitation of Riruta –Ngong Railway; and

♦ Kshs 2.0 billion for the Kenya National Shipyard

Energy

The Government is committed to ensure efficient and reliable production, transmission and distribution of affordable, clean and reliable energy. Key allocations under the sector include:

♦ Kshs 50.1 billion to Power transmission & distribution;

♦ Kshs 11.3 billion for Geothermal Development;

♦ Kshs 5.7 billion for Electrification of identified Public Institutions; and

♦ Kshs 1.3 billion for Development of nuclear energy and exploration and mining of coal

Sustaining Water Supplies

Significant resources have been allocated for water and irrigation infrastructure, sewerage and flood control to safeguard livelihoods as follows:

♦ Kshs 39.1 billion Water & Sewerage Infrastructure;

♦ Kshs 16.4 billion for Water Resource Management;

♦ Kshs 9.6 billion Forest and Water Tower Conservation;

♦ Kshs 10.4 billion to Irrigation & Land Reclamation;

♦ Kshs 10.8 billion Water Storage & Flood control; and

♦ Kshs 8.2 billion Wildlife Conservation & Management;

C. Sustained Investment in Social Services for the Welfare of Kenyans

Quality and Relevant Education

THE 2021/22 BUDGET HIGHLIGHTS

Human capital development is central to promoting shared prosperity. The allocations in the FY 2021/22 are aimed at enhancing learning and competencies to develop quality and relevant skills for the 21st century. They include:

♦ Kshs 281.7 billion for Teachers Service Commission (TSC);

♦ Kshs 77.7 billion for University Education;

♦ Kshs 62.2 billion for Free Day Secondary Education;

♦ Kshs 15.8 billion for Higher Education Loans Board;

♦ Kshs 12.0 billion for Free Primary Education;

♦ Kshs 1.8 billion for Construction and Equipping of the Technical Training Institutes;

♦ Kshs 4.0 billion to KNEC for Examination Fee Waiver;

♦ Kshs 4.2 billion for both the public Primary and Secondary School Infrastructure;

♦ Kshs 2.5 billion for Recruitment of Additional Teachers; and

♦ Kshs 1.0 billion for competency Based Curriculum.

Equity, Poverty Reduction and Social Protection for Vulnerable Groups

The Government through the National Safety Net (Inua Jamii) Programme, continues to share benefits of economic growth through cash transfers to vulnerable groups. Allocations in the FY 2021/22 include:

♦ Kshs 16.7 billion Cash Transfers to Elderly Persons;

♦ Kshs 7.9 billion for Orphans and Vulnerable Children;

♦ Kshs 4.1 billion for Hunger Safety Net Programme; and

♦ Kshs 1.2 billion for Cash Transfer to Persons with Severe Disability.

To support youth and women empowerment, allocations in FY 2021/22 include:

♦ Kshs 4.2 billion Kenya Youth Empowerment and Opportunities Project;

♦ Kshs 10.0 billion for National Youth Service;

♦ Kshs 454.1 million Youth Enterprise Development Fund

♦ Kshs 120.0 million for Women Enterprise Fund; and

♦ Kshs 62.0 million for Uwezo Fund

The National Government Constituency Fund and National Government Affirmative Action Fund play a key role in promoting equity, reduce poverty and promoting and social development especially in marginalized areas. To continue enjoying these benefits, the FY 2021/22 budget has se aside: ♦ Ksh 41.7 billion for National Government Constituency Fund (NG-CDF); ♦ Ksh 6.8 billion for Equalization Fund; and ♦ Ksh 2.1 billion for National Government Affirmative Action Fund (NG-AAF).

D. Continued Support to Counties for Enhanced Service Delivery

The National Government has continued to support the County Governments to ensure that devolution succeeds. In the FY 2021/22, County Governments have been allocated Ksh 409.8 billion, which comprises of: ♦ Ksh 370.0 billion from the equitable share of revenue raised nationally; ♦ Ksh 7.5 billion as additional conditional allocations from the National Government share of revenue ; and ♦ Ksh 32.3 billion as conditional allocation from the Development Partners.

Nairobi Metropolitan Services ♦ As a pilot programme, the Nairobi Metropolitan Services has been successful in rolling back the frontiers of urban indignity. ♦ Ksh 27.2 billion has been allocated in the FY 2021/22 budget to support NMS continue to perform its functions

ECONOMIC RECOVERY STRATEGY

Building on the gains made from Economic Stimulus Programme, the Government is implementing an Economic Recovery Strategy to mitigate the adverse impact of the Pandemic on the economy and re-position it on an inclusive and sustainable growth trajectory. Interventions under this strategy seeks to: ♦ Enhance resource mobilization to ensure sustainable funding of our development programs; ⇒ Including Public Private Partnerships and lease financing. ♦ Support the role of private sector in economic development by facilitating credit access by Micro, Small & Medium Enterprises through the Credit Guarantee Scheme; ♦ Upscale investment in ICT and digital infrastructure in order to facilitate e-commerce and efficient delivery of public services; ♦ Promote local production processes and domestic supply value chains; ♦ Strengthen social protection through targeted policy interventions and programs. ⇒ Improve access to education, strengthen health care systems and enhance cash transfers for the support of the vulnerable members of our society; ♦ Ensure a secure and conducive business environment; ♦ Develop critical infrastructure to reduce cost of doing business as well as promote competitiveness; ♦ Support youth, women and persons with disability to enable them actively contribute to economic recovery; ♦ Facilitate County Governments in strengthening their systems to enhance service delivery; and ♦ Implement various structural reforms to enhance the efficiency of public service delivery-Governance, PFM reforms, financial sector reforms

THE 2021/22 BUDGET HIGHLIGHTS

In the FY 2021/22 budget, Ksh 23.1 billion has been allocated for the Economic Recovery Programme in the following areas: ♦Ksh. 2.6 billion to enhance liquidity to business; ♦Ksh 6.4 billion for improving education outcome; ♦Ksh. 6.9 billion for improving environment, water and sanitation facilities; ♦Ksh. 1.97 billion for improving agriculture and food security; ♦Ksh. 1.2 billion for the recruitment of health care interns; ♦Ksh. 1.0 billion for the Kenya Wildlife Services to engage community scouts; and ♦Ksh 3.0 billion for the youth empowerment and employment creation under Kazi Mtaani Programme,

Summary of Proposed Tax Measures

Customs Measures

♦ Finished Iron and steel products to be imported at 25% or corresponding specific rate; ♦ Import duty on leather and footwear products at 25% or corresponding specific rate; ♦unassembled motorcycles at 10% under Duty Remission Scheme.

♦ Inputs used in textile and apparel sector at 0% under the Duty Remission Scheme;

♦ Import duty on furniture products at 35% duty rate;

♦ Inputs for manufacture of baby diapers at 0% under Duty Remission Scheme;

Value Added Tax Measures

♦ VAT exemption on Health Products and Technologies to boost health sector.

♦ VAT exemption on goods used in geothermal, oil and mining projects.

♦ VAT exemption on equipment for generation of solar and wind energy.

♦ Transitional VAT exemption on goods used in power generation under power purchase agreements

♦ VAT exemption for asset transferred to Real Estate Investment Trusts and Asset Backed Securities

♦ Bread exempt from VAT instead of being both exempt and zero rated.

Excise Duty Measures

♦ Rebate on excise duty paid on internet data services purchased in bulk for resale.

♦ Excise duty on locally manufactured sugar confectionary and white chocolate.

♦ Removed excise duty on imported glass bottles.

♦ Changed excise duty rate on Motorcycles from Kshs 11,608.23 per unit to 15%.

♦ Excise duty on nicotine pouch at Kshs 5,000 per kg.

♦ Excise duty on betting at 20% of amount wagered.

Income Tax Measures

♦ Removal of limitation for carrying forward of losses under Section 15(4) of income Tax Act

♦ Thin capitalization rule changed from debt-to-equity ratio to 30% of earnings before interest, taxes, depreciation and amortization.

♦ National Health Insurance Fund to qualify for insurance relief.

♦ Tax rebate extended to employers engaging TVET graduates as apprentice.

♦ Management and professional fees under the extractive sector harmonized with service fees, in the same sector, at 10%. Fees and Levies

♦ Import Declaration Fee (IDF) and Railway Development Levy (RDL) exemption on goods in imported public interest, or to promote investment above Kshs 5 billion.

Contact Persons

Nguru Wachira
Consulting, Corporate Governance, Local Government, Agricultural sector, Tourism, HRD, Investment Advisory Services and over-all Practice Development

Joseph Kimani
External and Internal Audit, Procurement Audit, Forensic Audit, Value for Money Audit, and Accounting, Tax Advisory, Management Advisory, Corporate Finance, Commercialisation and Privatisation, Agricultural Sector, Strategic Management and HRD.

Stephen Tumbo
External and Internal Audit, Procurement Audit, Accounting, Financial Advisory and Taxation.

Esther Wagatwe
External and Internal Audit, Accounting and Financial Advisory.

Catherine Waruiru
Company Secretarial and Registrar Services

Joseph M. Maina
Taxation Advisory

John .N.Gitau
Taxation Advisory

Westlands Business Park, Chiromo Lane
P. O. Box 46671 00100 GPO Nairobi
Tel: 254 020 2699163/4
Mobiles: 0734 - 654441 0722-207119
E-Mail : info@ wia-eastafrica.com
Backup email : dominionwia@gmail.com
WebSite : http://www.wia-eastafrica.com

Associated Firms:
- Nguru Muregi & Associates; Certified Public Secretaries
- Dominion Securities Limited

We provide your organization with unmatched value proposition — personal global connections, innovative accounting and business solutions, and leading edge specialization in diverse services and industries.