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Deloitte Kenya
Budget 2021/22 Webinar

Navigating New Realities

June 2021

MAKING AN IMPACT THAT MATTERS since 1845

Welcome & Introduction
Joe Eshun

HEALTH | SCIENCE & TECH

Start thinking of COVID-19 as a virus with no end

Business leaders optimistic about Kenya's economic recovery: survey

Covid response deflates project spending across eastern Africa

MONDAY APRIL 12 2021

The I.M.F. sees a faster economic recovery as vaccines are deployed.

The global economy is expected to expand by 6 percent

Global economy on firmer ground, but with divergent recoveries amid high uncertainty

Funding dries up as tech start-up businesses falter

EU economy forecast to rebound faster thanks to Covid vaccine

Who Will Win — and Lose — in the Post-Covid Economy?

by Philipp Carlsson-Szlezak, Paul Swartz, and Martin Reeves

June 01, 2021

Recovering from the economic impact of COVID-19 is not about returning to where we left off.

Navigating new realities means using a different map. A map that equips us with the right attitudes, beliefs, policies and systems to thrive during the pandemic, and after it.”

What does recovery look like for Kenya and East Africa as a whole?

What are the market disruptions we have to embrace? Are we prepared?

How do we strike a balance between stimulating the economy and addressing challenges brought about by the pandemic?

Navigating new realities

Program

0900 hrs	House Keeping Rules – Lina Omole
0902 hrs	Welcome & Opening Remarks- Deloitte EA CEO Joe Eshun
0910 hrs	Economic Outlook: Deloitte EA Financial Advisory Leader Gladys Makumi
0935 hrs	Direct Tax Measures: Deloitte EA Tax Leader Fred Omondi
0955 hrs	Indirect Tax Measures: Deloitte EA Indirect Tax Partner Lilian Kubebea
1020 hrs	Panel discussion: Facilitator - Deloitte EA Risk Advisory Leader Julie Nyang'aya
1120 hrs	Question & Answer- Facilitator: Deloitte EA Risk Advisory Leader & Tax Senior Manager Julie Nyang'aya & Lina Omole
1200 hrs	Closing Remarks

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Presenters and Panellists

Navigating new realities

Deloitte Speakers

Joe Eshun
CEO
Deloitte East Africa

Fred Omondi
Tax & Legal Leader
Deloitte East Africa

Gladys Makumi
Financial Advisory Leader
Deloitte East Africa

Lilian Kubebea
Tax Partner
Deloitte East Africa

Guest panellists

Phyllis Wakiaga
Chief Executive Officer
Kenya Association of Manufacturers

Juvenal Ndimurirwo
Director of Finance
East African Community

Moderator

Julie Nyang'aya
Risk Advisory Leader
Deloitte East Africa

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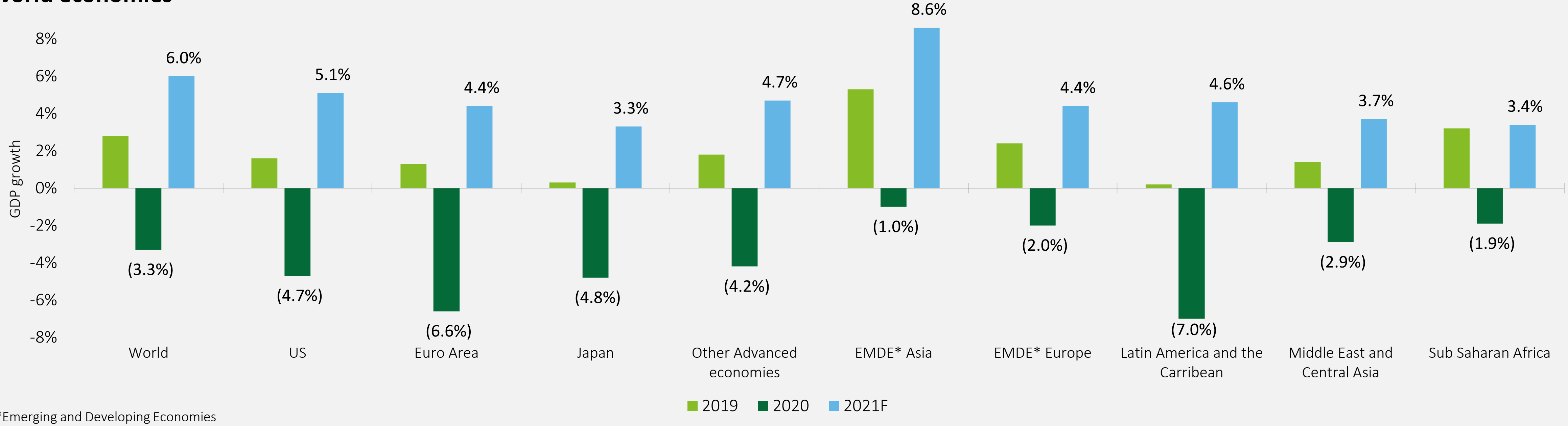
Economic Overview
Gladys Makumi

Global Outlook

World economies



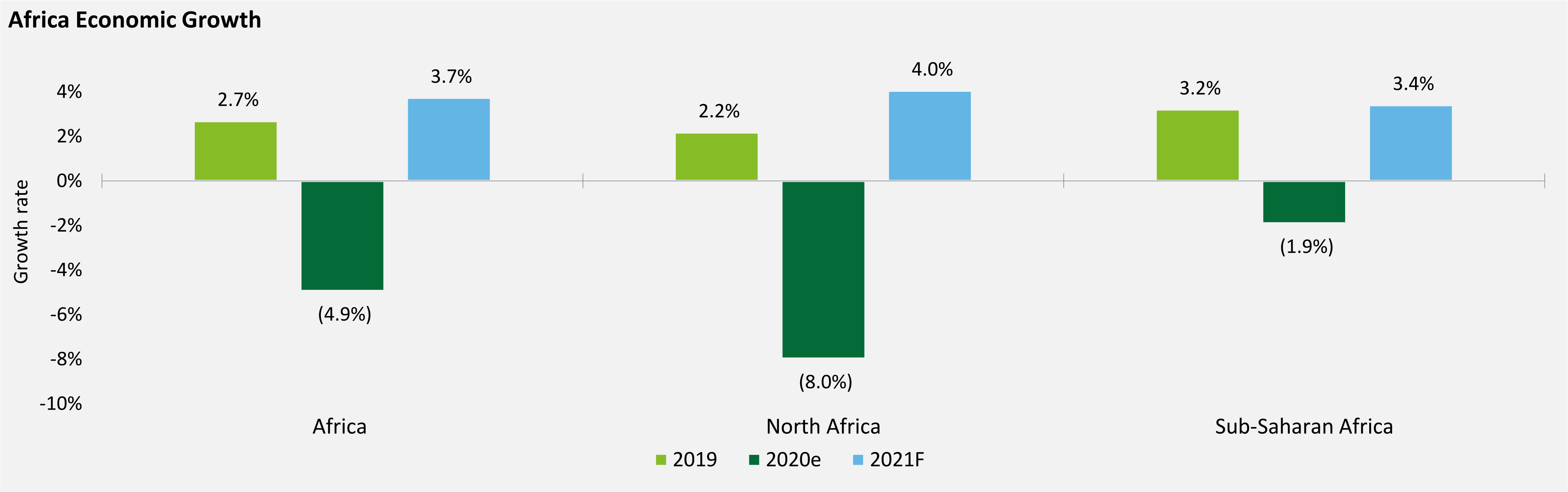
*Emerging and Developing Economies

- Across the globe, recovery has been shaped by the path of the pandemic, curbs to mobility imposed to contain the pandemic's spread and policy actions.
- Output losses have been particularly large for countries that rely on tourism and commodity exports like oil.
- There is optimism on the outlook for 2021 with global growth projected at 6%. This is mainly pegged on the Covid vaccine roll-out. Global widespread vaccination is expected at least by the end of 2022.The slow pace of vaccine distribution will weigh on the global recovery and may foster the emergence of variants that may prove resistant to current vaccines.
- Advanced economies like the US and Japan are expected to record the fastest recovery rates, with real GDP back to pre-coronavirus levels by the end of 2021 driven by contact-intensive activities which are expected to resume following the successful vaccination of the vulnerable population. China's GDP growth is expected to be driven by a resurgence in domestic consumption.
- Recovery may take longer in Europe mainly on account of the differences in behavioral and public health responses to infections. Growth in the Middle East and Africa may stretch into 2022 owing to the lack of flexibility and adaptability of economic activity to low mobility, and logistical hurdles that impede vaccine distribution, despite rising global oil demand.

Source: IMF World Economic Outlook

Africa Outlook

Africa is projected to recover in 2021 with a GDP growth of 3.7% driven by a resumption of tourism, a rebound in commodity prices and the rollback of pandemic-induced restrictions.



- North African economies were most affected by the Covid-19 pandemic which caused a crash in global oil prices in 2020. Sub-Saharan Africa showed more resilience due to less reliance on oil and minerals, and greater economic diversification.
- The forecasted rebound in North African economies in 2021 is expected to be primarily driven by rising global oil prices while growth in Sub-Saharan African economies is expected to be driven by improved exports along with a recovery in both private consumption and investment.
- The biggest threats to the outlook are;
  - slow and delayed vaccination roll-out; and
  - growing debt levels and debt service burdens caused by increased borrowing to cover fiscal deficits which are estimated to have nearly doubled to 8.4% of Africa’s GDP in 2020, from 4.6% in 2019.

Source: AfDB, IMF

East Africa Outlook

East Africa's GDP grew by an estimated 1.3% in 2020. The region's GDP is projected to grow by 4.0% in 2021 and 4.9% in 2022 driven by the implementation of the African Continental Free Trade Area.

GDP Growth

Country	2019 Average	Pre Covid 2020 Forecast	2020 Estimates	2021 Forecast	2022 Forecast
Kenya	5.4%	5.7%	0.6%	6.3%	5.7%
Ethiopia	8.4%	6.2%	3.5%	4.0%	4.6%
Tanzania	7.0%	5.3%	4.8%	2.7%	4.6%
Uganda	8.0%	6.2%	-2.1%	6.3%	5.0%
Rwanda	9.4%	8%	-0.2%	3.1%	4.7%

Consumer Price Inflation

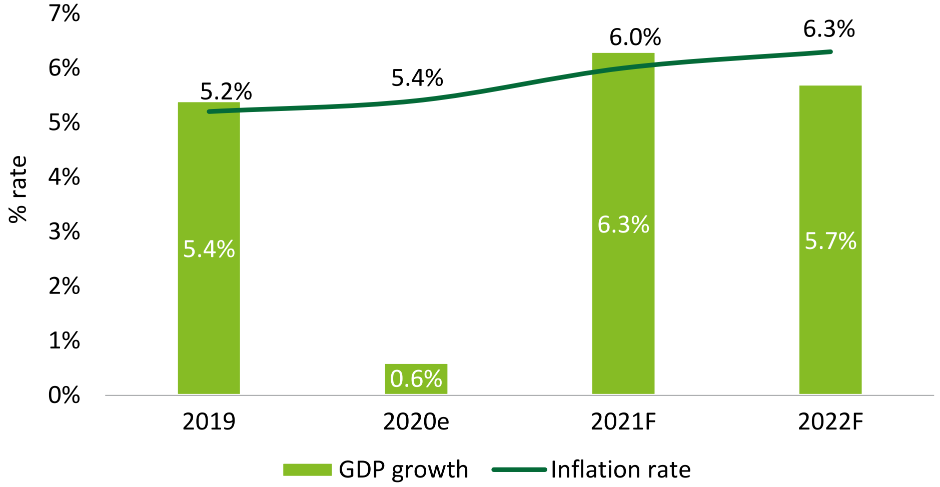
Country	2019 Average	2020 estimate	2021 forecast	2022 forecast
Kenya	5.2%	5.4%	6.0%	6.3%
Ethiopia	15.8%	20.3%	21.1%	18.3%
Tanzania	3.4%	3.0%	3.3%	3.6%
Uganda	2.9%	3.8%	5.2%	4.7%
Rwanda	2.4%	7.7%	8.0%	7.5%

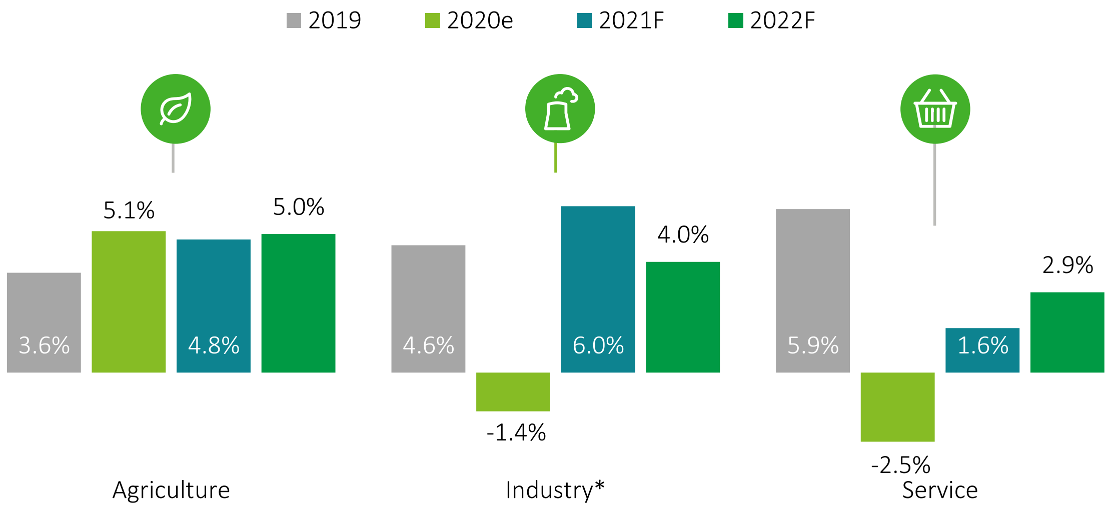
- Growth in the East Africa Region is primarily driven by the agriculture and tourism sectors. The region is estimated to have lost USD 4.8bn in international tourism receipts in 2020 owing to a ban on international travel and national lockdowns across the globe that subsequently resulted in the loss of 2 million jobs. These losses were cushioned by growth in agriculture in Kenya and Tanzania owing to sustained demand for coffee and horticultural products, and a rebound in manufacturing and construction in Rwanda and Tanzania respectively.
- Inflation in the region rose in 2020 due to rising food prices driven by the locust invasion and floods which affected local agricultural production.
- Growth in 2021 is expected to be driven by looser lockdown restrictions, rising global demand for agricultural produce and increased agricultural output owing to favourable weather. However, low vaccination rates as well as political tensions in the region owing to general elections and referendums pose a threat to GDP growth.

Source: EIU, IMF, National Treasury of Kenya, National Bank of Rwanda, Bank of Tanzania, Bank of Uganda, Fitch Solutions

Kenya Outlook

Macroeconomic Indicators





*Industry comprises manufacturing, construction, mining and quarrying sub-sectors

Building resilience

- The decline in GDP growth from 5.4% in 2019 to 0.6% in 2020 is attributable to:
  - a 1.4% contraction in the industry sector owing to a decline in manufacturing activities in the first half of the year, whereby manufacturers were forced to reduce their workforce in order to lower costs and improve cash flows; and
  - a 2.5% contraction in the service sector driven by a 68.9% decline in tourist arrivals following the global ban on international travel and national lockdowns which reduced business activity.
- Inflation in 2020 remained subdued at 5.4% 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.

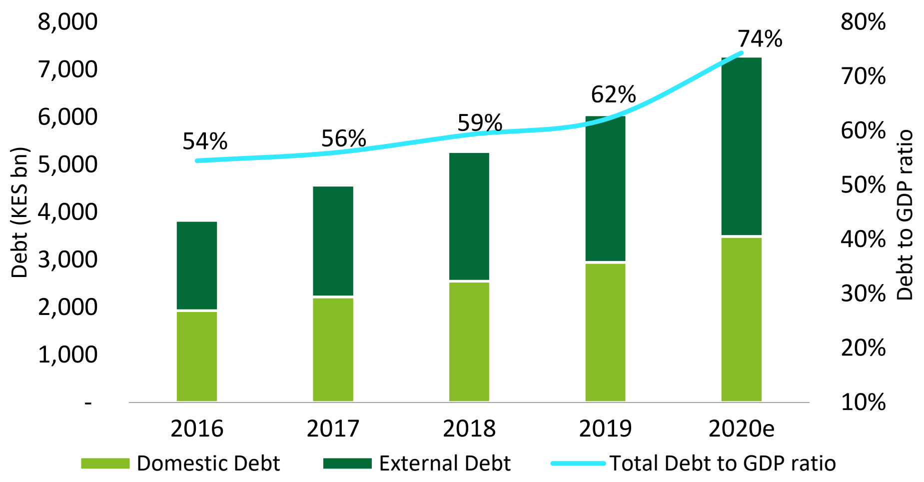
Accelerating recovery

- The outlook is positive with the economy projected to grow by 6.3% in 2021 and by 5.7% in 2022. This is likely to be driven by:
  - successful implementation of the Post Covid-19 Economic Recovery Strategy that is focused on improving the performance of anchor sectors such as agriculture, health, tourism, education and transport;
  - full re-opening of the economy;
  - sustained demand for Kenya's farm-based exports;
  - increased agricultural output on account of favourable weather patterns; and
  - the resumption of international travel which will stimulate tourism.
- Inflation is projected to remain within the Central Bank of Kenya's target range of 2.5% to 7.5%, 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.

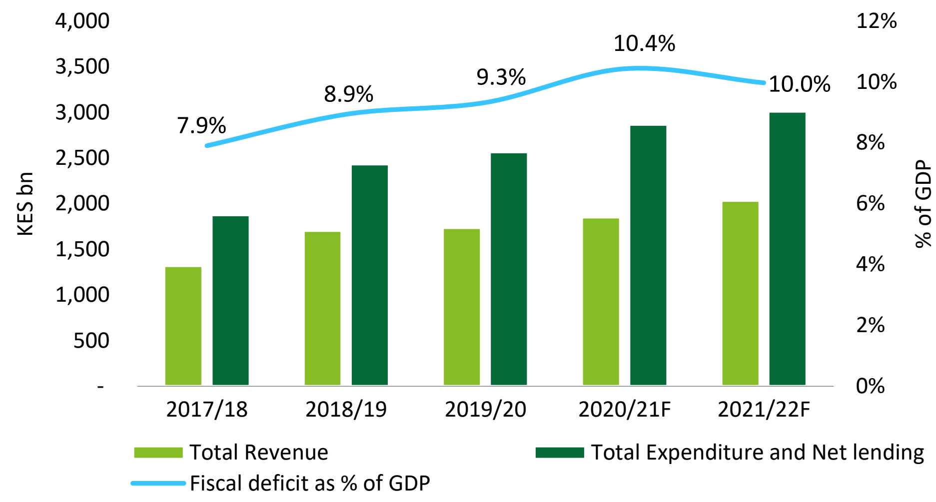
Source: Economist Intelligence Unit, AfDB 2021 Economic Outlook, 2021 Budget Policy Statement, Quarterly Economic Review: Q4-2020

Kenya Outlook

Public Debt



Government Fiscal Operations



Source: IMF, Central Bank of Kenya, EIU, National Treasury

Headwinds and tailwinds to the Outlook

- The projected recovery could be accelerated by:
  — continued economic relief packages to low-income households in order to boost domestic demand.
- The projected recovery could be threatened by:
  — new waves of the Covid-19 infections which could lead to the re-imposition of longer curfews and lockdowns;
  — global supply shortages of the vaccine which could result in the delay of the vaccine rollout thus failure to achieve mass immunisation;
  — social disruptions caused by political tensions leading to the general elections in 2022 and further exacerbated by the Building Bridges Initiative (BBI) referendum drive as well as various by-elections; and
  — growing debt to GDP ratio hence running the risk of debt distress.

Emerging Vulnerabilities

- Gross public debt increased from KES 3,827bn at 54% of GDP in 2016 to an estimated KES 7,282bn at 74% of GDP in 2020 mainly due to high budgetary deficits caused by large infrastructure projects. The proportion of external debt increased from 49% in 2016 to 52% in 2020.
- The IMF Debt Sustainability Analysis in April 2020 classified Kenya's public debt as sustainable but having a high risk of debt distress, a downgrade from the moderate risk classification in February 2020. The revision was largely attributed to the economic slowdown caused by the lockdown measures enacted in March 2020.
- The overall budget deficit is projected at KES 841bn which is to be financed through net external borrowing of KES 347bn and net domestic borrowing of KES 494bn. The Covid-19 pandemic caused a deterioration in the fiscal situation of Kenya, with the fiscal deficit expected to rise to 10.4% of GDP in the financial year ending June 2021.
- The deficit is expected to narrow slightly to 10.0% of GDP in 2021/22, following a tighter fiscal policy under IMF oversight and austerity measures that will cut development expenditure from KES 638.5bn in FY20/21 to KES 609.1bn in FY21/22, by prioritising projects with the highest social and economic impact, including ICT and digital infrastructure.

Kenya Sectoral Overview and Outlook

Agriculture

- The sector contributes to about 33.0% of the GDP and 56% of the employment (both formally and informally) as of 2019. The sector was the largest driver of economic growth in 2020, registering a 5.1% growth from 2019.
- The projected 4.1% growth in 2021 will be driven by sustained international demand for Kenya's agricultural exports and increased investments in the sector in line with the "Big Four" agenda.

Manufacturing

- The manufacturing sector contributed about 5.7% to Kenya's GDP in 2019 while employing over 353k Kenyans.
- Despite the decline in manufacturing activities experienced in the first half of 2020, business sentiment improved greatly due to the ease of lock down measures and resumption of international travel.
- The "Big Four" agenda aims to double the sector's GDP share to 15% by 2022 with a major focus on manufacturing, protection of local industries and the development of Special Economic Zones (SEZs)

Construction and Infrastructure

- As of 2019, this sector contributed about 6.0% to Kenya's GDP and provided more than 221k jobs.
- Growth in construction slowed down to 1.3% in 2020 from a 5-year average of 7.8% owing to supply bottlenecks, reduction in labour and constrains on financing as resources were diverted away from development projects and used to ease fiscal pressures and provide economic stimuli.
- A gradual acceleration of growth to 5.0% in 2022 is expected, supported by the resumption of a number of large-scale infrastructure projects such as the Jomo Kenyatta International Airport (JKIA)-Nairobi railway line. This will be coupled by a shift away from expensive bilateral debt-funding towards more financially sustainable infrastructure projects.

Hotel and Tourism

- Kenya is dependent on tourism, with the sector historically contributing about 9.0% of Kenya's GDP. The sector was one of the worst hit by the pandemic, evidenced by:
  - a 72.3% decline in international arrivals from 2.0m in 2019 to 567k in 2020;
  - a 72% decline in international tourism receipts from USD 1.9bn in 2019 to USD 531m in 2020; and
  - a 50% loss of jobs due to massive cancellation of hotel bookings prompted by national lockdowns and global travel bans.
- The tourism sector is expected to slightly recover in 2021 with international arrivals projected to rise by 37% to 806k. Furthermore, the government is scaling up efforts to promote aggressive post Covid-19 tourism marketing and to provide financial support to hotels via soft loans channeled through the Tourism Finance Corporation.

Financial Services

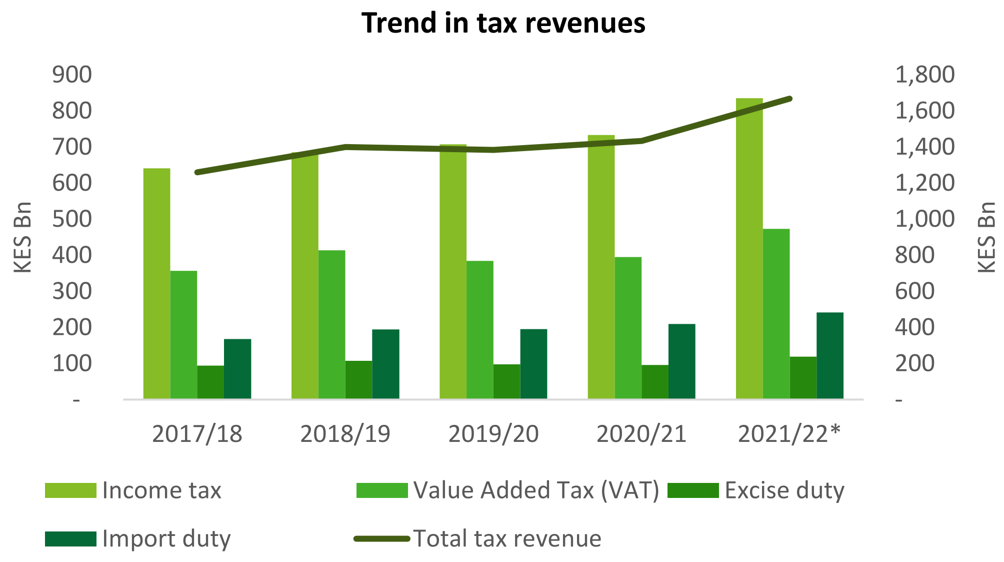
- In 2020, the net non-performing loan (NPL) ratio improved from 5.9% in Q2 to 5.7% in Q4 owing to loan restructures amounting to KES 1.4tn and lower interest rates.
- In 2020, the Central Bank Rate was lowered from 8.25% in January to 7.25% in March and finally to 7.0% in April which was maintained through to December. This led to a decline in average lending rates from 12.2% in Q1 to 11.9% in Q4. The lending rate is forecasted to decline even further to 9.6% in 2021 in order to support increased lending to the private sector.

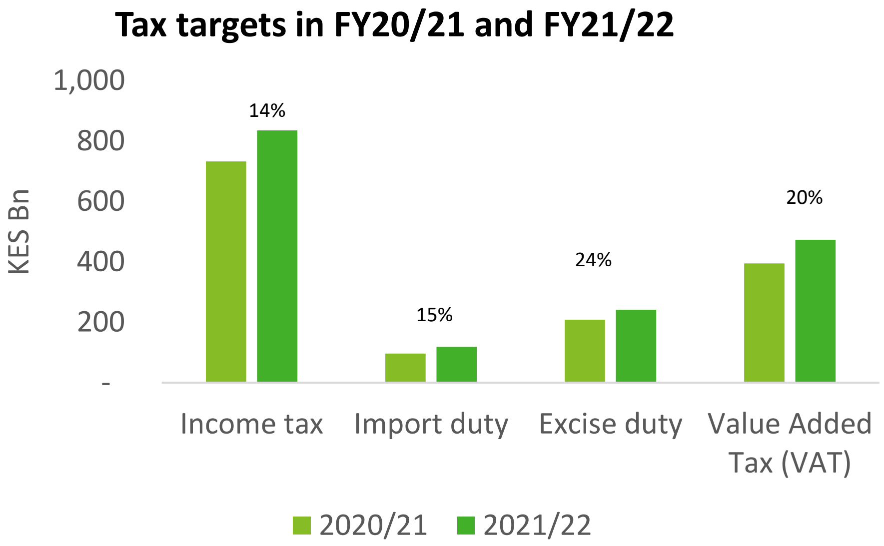
Healthcare

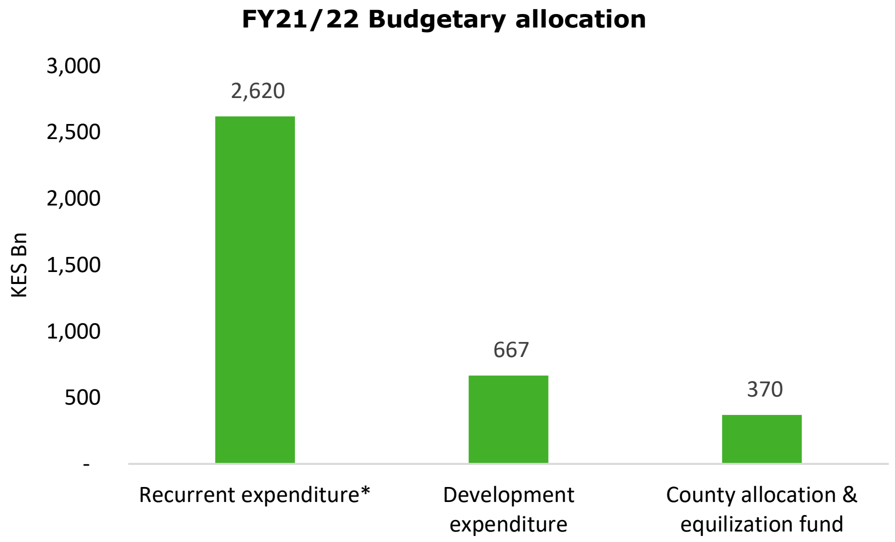
- Given the Covid-19 pandemic, government has had to increase its health expenditure in order to protect citizens, with majority of donor-funding being diverted to the healthcare sector.
- Additional spending on healthcare is expected in order to support the government's vaccination programme, which will cause total expenditure to rise by 8.5% to KES2.8tn in FY20/21.

Budget Overview
Fred Omondi

Kenya |Sources of tax revenues

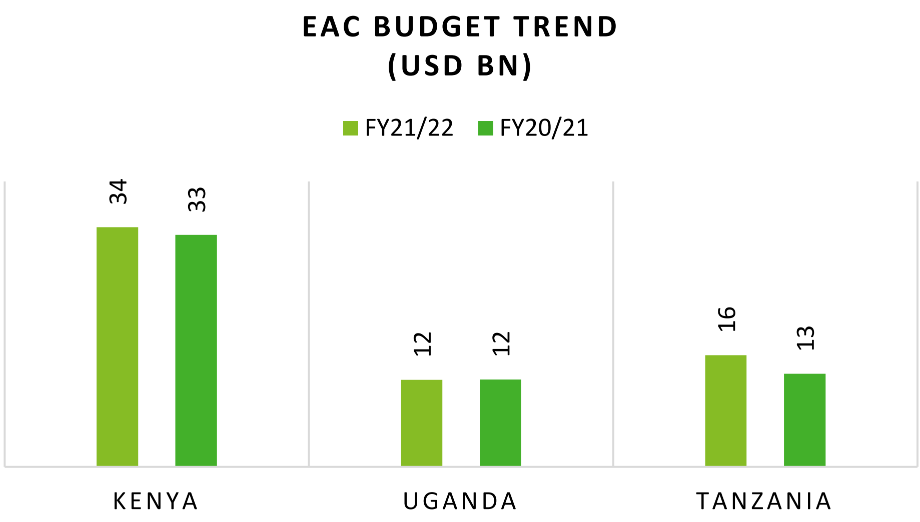


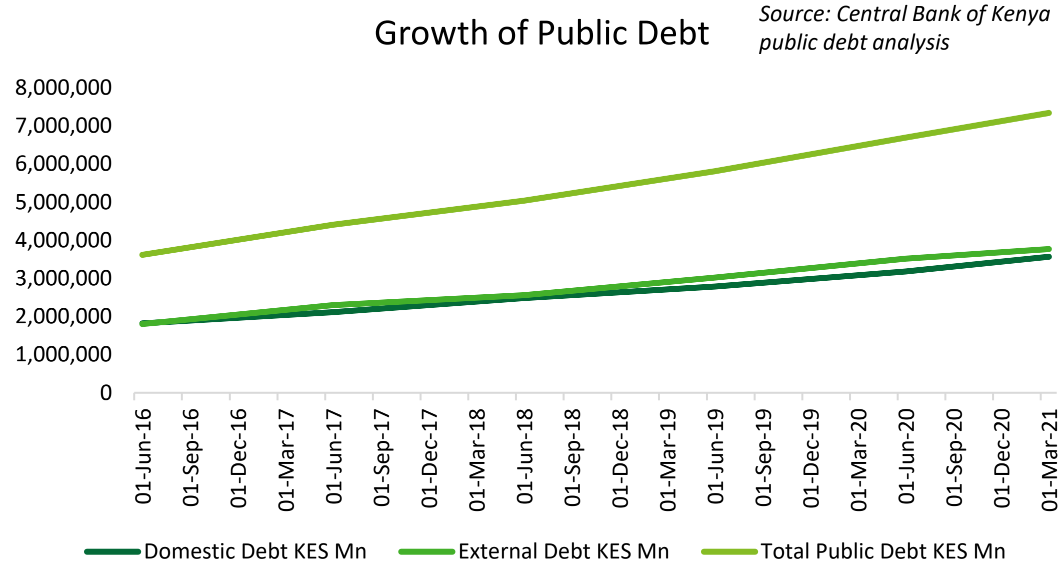


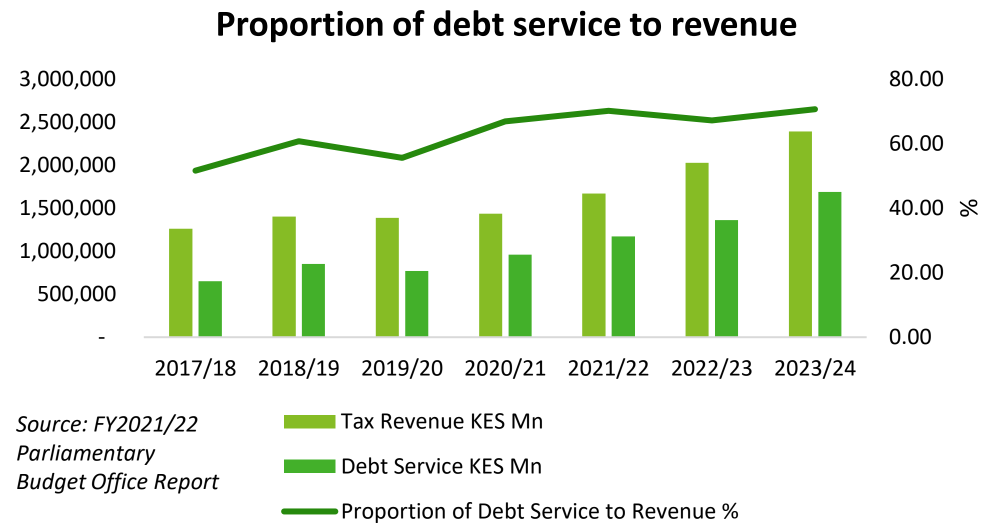


- Revenue collections increased from KES 1.3T in FY 17/18 to projected revenue of KES 1.7T in FY 21/22. Income tax accounts for 50% of revenue.
- Budget has increased to KES 3.7T from KES 3.3T in PY
- Recurrent expenditure continues to take the largest share of the budget at 72%

Kenya |EAC Highlights & Kenya’s debt structure







- Public debt has risen from KES 3.619 T as of 30 June 2016 to KES 7.340 Trillion
- Government of Kenya reliance on debt financing options purposed at financing ongoing infrastructure development.
- External and domestic debt commitments expected to consume up to 70% of the revenue targets set for the financial year FY21/22
- Expansion of the tax base and promoting increased tax compliance would aid in providing headroom to support increased debt servicing commitments.

Direct Tax Measures

Corporate Tax

01	New EBITDA-based interest limitation rule	Thin capitalization rule of 3:1 debt-to-equity ratio repealed. Introduction of interest limitation based on 30% of EBITDA. Financial institutions, SPVs and capital heavy sectors heavily impacted. No transition clauses.
02	Indefinite tax loss carry forward	The carry forward period for tax losses period of 9 years removed. Is minimum tax the trigger?
03	Investment allowance now on straight-line basis	All Investment allowances now to be computed at straight-line. Simplicity and definite time frame. No transition clause.
04	Extractive sector changes	• Thin cap ratio of 2:1 removed, aligned to new EBITDA rule. • Great disadvantage for capital intensive, long lead time • Machinery capital allowances now aligned to other sectors – reduced from 100% to 50% and 25%.
05	Other changes	• Off-grid electricity supply to qualify for investment allowance at 50% of the cost in the first year of use;

w.e.f 1 January 2022

Corporate Tax

Expanded definition of control

- A wider definition of control to include metrics such as voting rights, loan amounts, directorships, supply/purchases by one person to another, ownership of intellectual property etc.
- Control is important as it determines interest deduction limit, unrealized foreign exchange deferral, transfer pricing and tax residency.

New definition of permanent establishment

- New definition of PE now includes a fixed place of business PE which is created by warehousing, farming, agricultural, forestry plantation and sale outlet activities
- Service PE concept introduced, triggered by 91 days in-country service provision
- Activities of a building site, construction, assembly or installation project or any supervisory activity shall trigger a PE if they continue for a period of more than 183 days

Introduction of Country-by-Country reporting on Kenyan HQ MNEGs

- Kenya based ultimate parent entity with subsidiaries outside Kenya now required to file a return of its financial activities in Kenya and all countries where it has a taxable presence;
- The return to contain revenue, PBT, income tax paid, stated capital, accumulated earnings, number of employees etc.
- Will impact transfer pricing reporting requirements for Kenya based ultimate parents

w.e.f 1 January 2022

Digital Service Tax (DST)

Wider DST scope

- DST now applicable to income accruing from a business carried out over the internet or an electronic network.
- Previously, only income derived through a digital marketplace was subject to DST.
- Change aimed at aligning the ITA with DST Regulations

Extension of DST payment date

- DST now due on or before the 20th of the month following the end of the month in which the digital service was offered
- Previously due at the time of the transfer of the payment for the service to the service provider.

Residents not subject to DST

- Welcome move as residents are already paying their fair share of advance taxes
- Reduced accumulation of tax credits
- Non-resident persons with PE should be exempt as well

Other DST exemptions

- Income subject to WHT exempted from DST;
- Income of a non-resident person who carries on broadcast/ telecommunication business exempt from DST;
- Change aligns ITA with DST Regulations

w.e.f 1 July 2021

Withholding tax

WHT on service fees paid to non-resident subcontractors

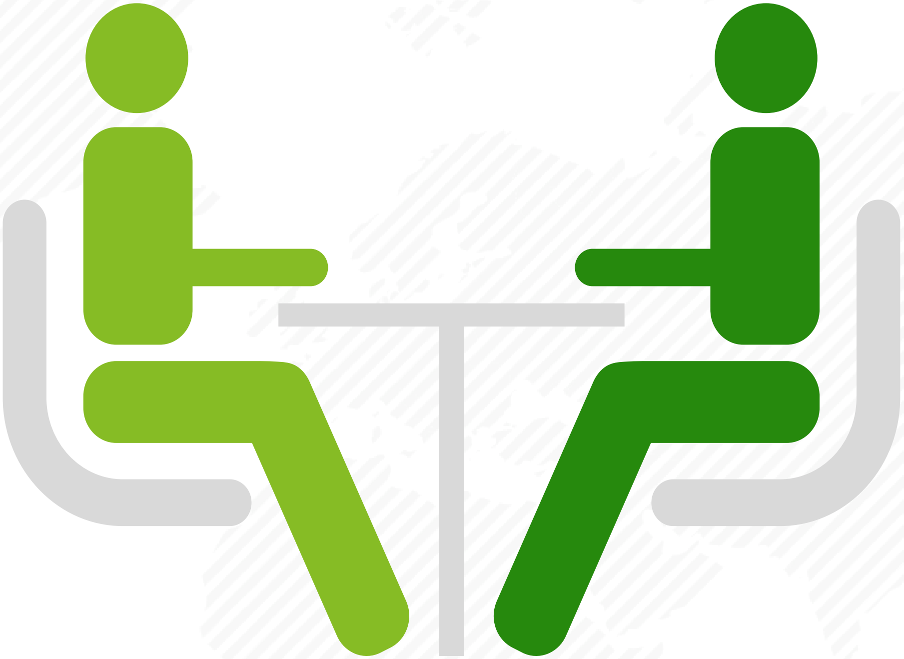
- Extractive sector rate increased from 5.625% to 10%.
- Still lower compared to the WHT rates generally applicable to other non-resident service providers

WHT on management fees paid to non-resident subcontractors

- Extractive sector rate reduced from 12.5% to 10%
- Welcome move as it removes the confusion between the scope of service fees and professional fees paid to subcontractors

w.e.f 1 July 2021

Personal income tax



New NHIF tax relief

- Insurance relief to be claimed is equivalent to 15% of the premiums paid with a cap of KES 5,000 per month;
- Albeit minimal, may encourage NHIF uptake.
- NHIF amendment Bill, 2021 proposes to require employers to match employee's NHIF contributions

w.e.f 1 January 2022

Tax rebates for employing graduates of technical and vocational institutions

- Employers who employ graduate apprentices from technical and vocational institutions to enjoy a rebate equal to 50% of salaries paid if they hire at least ten apprentices who are university graduates for a period of 6-12 months

Tax Administration

1. Kenya ratified the Convention on Mutual Administrative Assistance in Tax Matters (MAC) the most powerful multilateral instrument against offshore tax evasion and avoidance
2. Common Reporting Standards (CRS) regime for Exchange of Information I on tax matters
3. Statute of limitation to be increased from 5 to 7 years
4. Non-residents using a tax representative exempted from maintaining records in KES
5. Non-residents who do business via digital marketplace allowed to maintain records in foreign currency.
6. Commissioner now able to exercise his discretion in abandoning tax if there is a justifiable basis.
7. Repeal of the tax amnesty on rental income, was redundant post 2016.
8. Deletion of provision that allowed suppliers with VAT credits for at least 2 yrs to apply for WhVAT exemption
9. If a taxpayer applies for a refund & KRA applies the credit to offset against unpaid tax, penalties or interest stops to accrue
10. Notice of objection in electronic form to be submitted even on weekends or public holidays
11. KRA can now seek the help of other authorities in enforcement of taxes from persons subject to DST
12. Offence for failure to appear before the Commissioner broadened

w.e.f 1 January 2022/ 1 July 2021

Indirect Tax Measures
Lilian Kubebea

Value Added Tax

Proposal to align provisions of the VAT Act on imported services

- Scope of imported services expanded to include non-registered persons through Finance Act 2019;
- Bill proposes to amend Section 2(C) to recognize the expanded scope and provide clarity that where a registered person is entitled to fully claim input tax he shall not be required to account for VAT on imported services;
- Proposed amendment to Section 10 to align to expanded scope.

Scope of supplies made through a digital marketplace widened

- Bill proposes to include supplies made over the internet or an electronic network within the purview of digital marketplace supplies;
- Definition of digital marketplace also amended to mean "an online platform which enables users to sell or provide services, goods or other property to other users." Proposal seeks to amplify the scope of supplies made through a digital marketplace.

Hiring and leasing of passenger cars and minibuses to be barred

- Section 17(4) currently only bars deduction of input tax relating to the acquisition of passenger cars and minibuses;
- Proposal to now expand the prohibition to hiring and leasing;
- Prohibition applies to extent the cars or minibuses are not exclusively used in the business of hiring or selling cars or minibuses.

Proposal to move exported taxable services to exemption

- The current status is zero-rating;
- Move to exemption likely aimed at curbing increased cases of VAT refund claims and disputes;
- Move does not align to international best practice – i.e. destination and neutrality principles;
- Preferred alternative is to maintain zero-rating and develop guidelines.

Value Added Tax

VAT group registration deletion

- VAT Act currently empowers the CS to make regulations on group registration;
- Proposal to delete the provision. Group registration will not be anchored in law;
- Administrative and compliance merits of group registration should be considered

Proposal to make regulations without tabling before NA

- Bill proposes do away with the need to table regulations before the NA before they become law;
- Negates the spirit of consultation, transparency and accountability and may result in arbitrary, unjust and discriminatory laws;
- Statutory Instruments Act 2013 requires consultation however NA approval necessary.

Proposal to delete ordinary bread from the zero-rating schedule

- Proposal to delete ordinary bread from the zero-rating schedule;
- Appears to move the supply of ordinary bread to 16%;
- KRA and Treasury have clarified that the proposal is to exempt ordinary bread from VAT;
- Merits of exemption viz a viz zero-rating need to be considered.

Value Added Tax

Proposed exempt supplies

- Taxable goods for use in the extractive sector
- Specialized equipment for the development and generation of solar and wind energy
- Health and medical goods including equipment, medicaments and consumables
- The transfer of assets and other transactions related to the transfer of assets into real estate investments trusts and asset backed securities
- Transitional provisions - taxable goods supplied to persons that had an agreement or contract with the Government prior to 25 April 2020

Correction of tariff numbers

- Proposal to correct typographical errors on tariff numbers that had been captured wrongly. These include inter alia:
  - Baby formula;
  - Food supplements;
  - Food preparations for infants

Aligning Tariff Codes

- Deletion of items whose tariff numbers do not exist in the EAC CET e.g. syringes, baby formula
- Airlid paper of tariff codes 4803.00.00(Par 73) and 4803.00.00(Par 74)
- Plain polythene film/PE - 3920.10.10.(85)
- PE white 25 40gsm/release paper - 4810.99.00

Excise duty

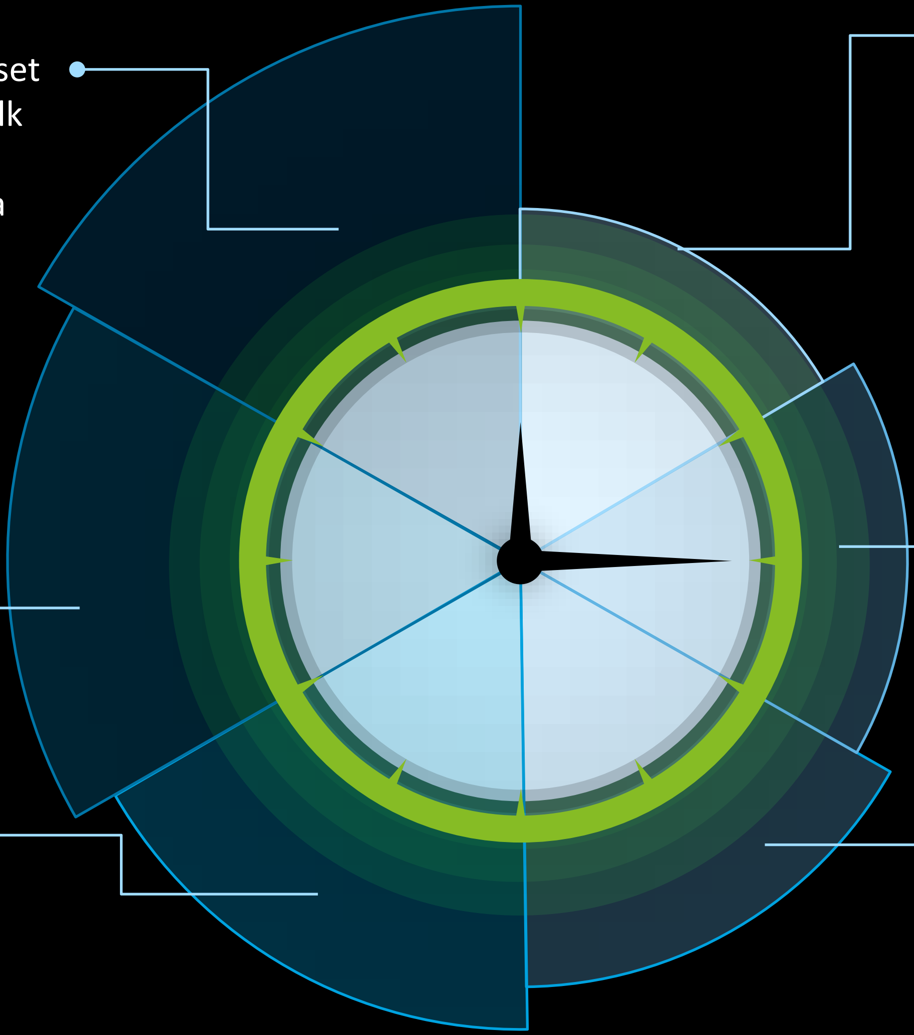
Relief of excise duty on bulk internet data purchased for resale

Section 14 of the EDA to allow for offset of excise duty paid on purchase of bulk internet data against excise duty payable on resale of the internet data to final consumers.

Re-introduction of excise duty

- Locally manufactured sugar confectionery at KES 20.99 per Kg and chocolate at KES 209.88 per Kg
- Betting at 20% of the amount wagered or staked

Removal of 20% excise duty on imported glass bottles.



Introduction of excise duty

- Jewellery of tariff heading 7113 and imported jewellery of tariff heading 7117 at 10% .
- Products containing nicotine or nicotine substitutes at KES 5,000 per Kg,

Change of excise duty on motorcycles

Rate to be amended from KES 11,608.23 per unit to 15% of the excisable value.

Amendment of definition of other fees charged by financial institutions

Deletion of “fees or commissions earned in respect of a loan”

Excise Duty

"compound" – As defined in Section 2 of the Compounding of Potable Spirits Act i.e.

"communicate any flavour to, or to mix any ingredient or material with, spirits, but not so as to denature the spirits"

Introduction of new definitions in the Excise Duty Act

"possession" - Owning or controlling any excisable goods including:

- having in one's possession any excisable goods;
- knowingly having any excisable goods in the actual possession or custody of any other person;
- having any excisable goods in any place, whether belonging to or occupied by oneself or not, for the use or benefit of oneself; or
- having any excisable goods for the use or benefit of another person.

Miscellaneous Fees and Levies

01

Application for refund of fees & levies based on Section 47 of the TPA

Section 47 of the TPA shall be relied on for purposes of:

- Application for refunds, ascertainment and repayment of fees and levies overpaid or paid in error under the MFLA;
- Determination of penalties and interests on fees that remain unpaid by the Commissioner .

02

IDF and RDL exemption on goods for public interest

Reintroduction of IDF and RDL exemption on goods, the exemption of which the CS may determine is in the public interest, or to promote investment of a value not exceeding KES 5 billion..

Customs

“Protect locally manufactured products from unfair competition”

Extension of duty remission for 1 year

- Inputs for manufacture of masks, sanitizers, ventilators and PPE at 0%.
- Inputs for manufacture of baby diapers at 0%.
- Inputs for manufacture of roofing tiles at 0%.

Extension of stay of application of CET

- Finished Iron and steel products at 25% or corresponding specific rate.
- Leather and footwear products at 25% or corresponding specific rate.
- Wooden furniture at 35% instead of 25%.

Stay of application of the CET

Vegetable products including potatoes, peas, tomatoes etc to attract Import duty at 30%

Automation

- Maritime Single Window System introduced under the Tradenet System.
- Automation of Duty Remission and Tax exemptions

Other Measures

Other measures

The Kenya Revenue Authority Act, 1995

- Increase of the maximum reward upon sharing of information leading to the identification of unassessed tax or recovery of unassessed taxes
- Will encourage the public to provide intelligence information to the Commissioner

The Insurance Act (Cap 487)

- Introduction of provisions to govern closed fund business.
- Enhance the regulation of insurance companies with closed fund businesses by the Commissioner of Insurance;
- Move aimed at protecting policy holders and equally provide efficient winding up processes

The Retirement Benefits Act, 1997

- Retirement benefit schemes to now include any arrangement under which persons are entitled to benefits in the form of post-retirement medical cover.
- RBA can now extend the time for the submission of accounts during extraordinary times.

The Capital Markets Act (Cap 485A)

- Bill proposes to set a 90-day period commencing on the date of filing of an appeal for the Capital Markets Tribunal to hear and determine that appeal.
- This is expected to improve efficiency in resolving disputes by the Tribunal.

Panel discussion

Panellists

Moderator

Julie Nyang'aya
Risk Advisory Leader
Deloitte East Africa

Phyllis Wakiaga
Chief Executive Officer
Kenya Association of Manufacturers

Juvenal Ndimurirwo
Director of Finance
East African Community

Fred Omondi
Tax & Legal Leader
Deloitte East Africa

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