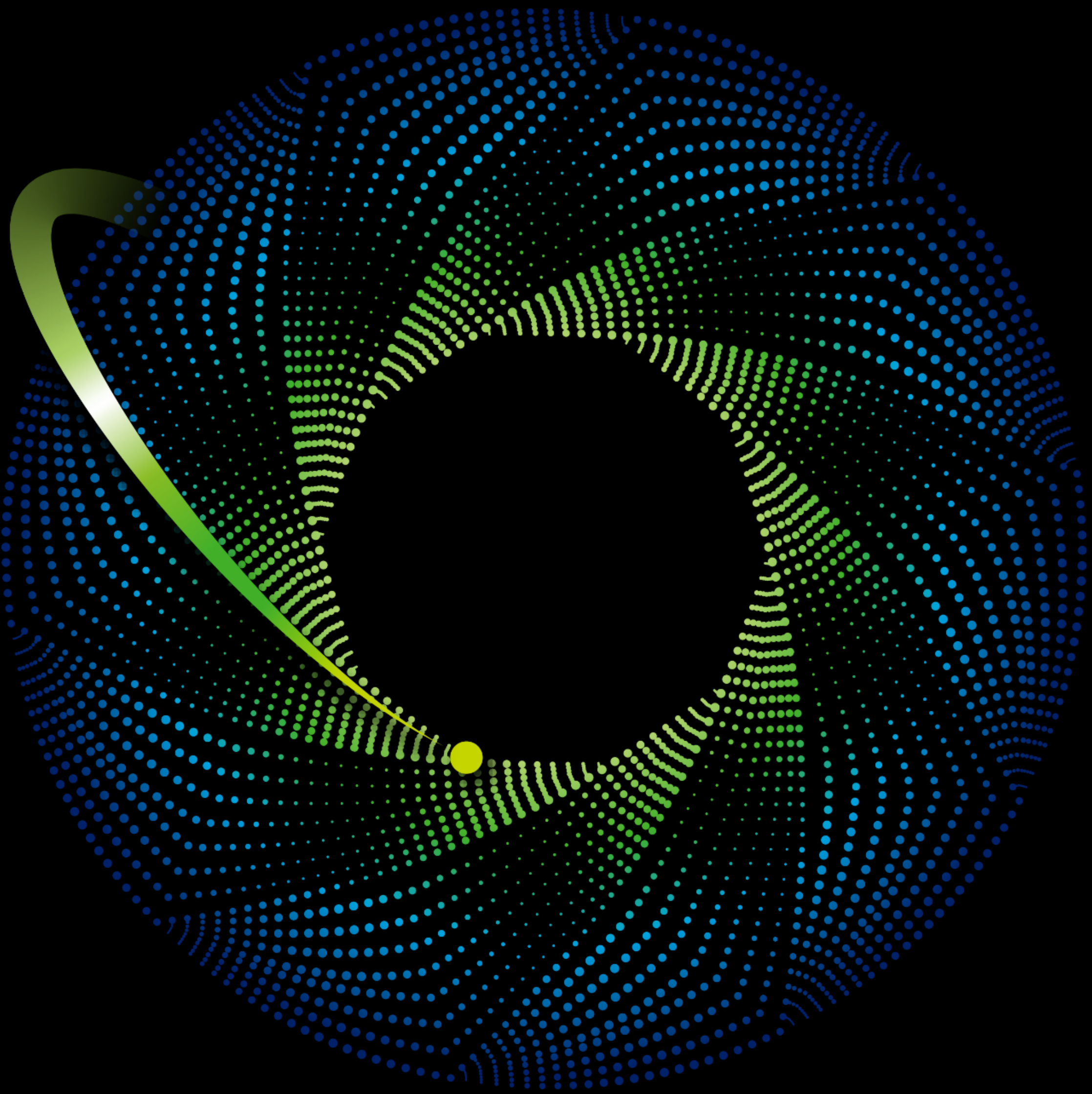
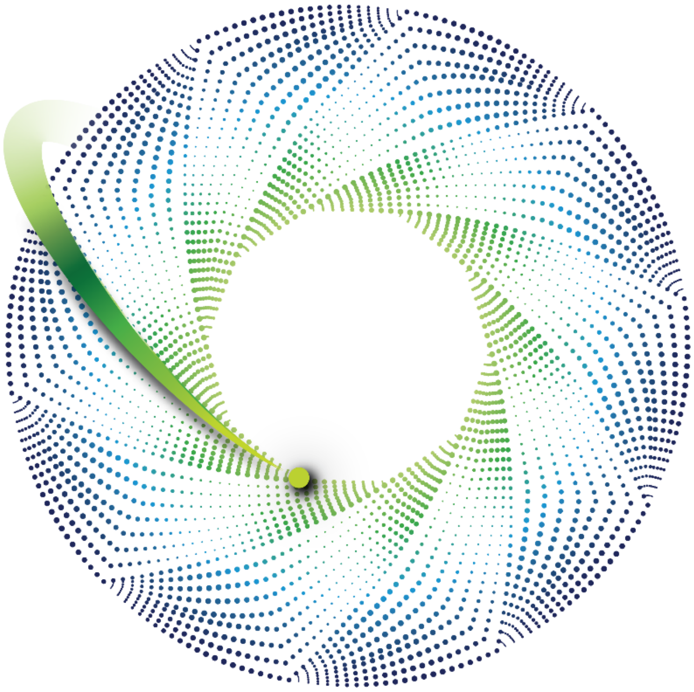


Deloitte Africa Tax Pulse

Your go-to newsletter for the latest tax developments across the continent

May 2025

Introduction



Welcome to the Deloitte Africa Tax Pulse, your go-to newsletter for the latest tax developments across the continent.

As African economies evolve, governments are implementing new tax policies to enhance revenue collection, promote transparency, and streamline compliance. These changes significantly impact businesses, individuals, and key industries.

In this edition, we cover Kenya's Finance Bill 2025 which proposes changes such as the introduction of incentives for companies and the increase of the tax exemption limit for per-diems, South Africa's newly presented Budget 3.0 which retracts the previously suggested increase in the value-added tax (VAT), Nigeria's adoption of the Merchant Buyer Solution (MBS), an e-invoicing initiative aimed at enhancing tax compliance and curbing leakages, and the newly issued executive order; the Upstream Petroleum Operations (Cost Efficiency Incentives) Order, 2025.

Stay informed and prepared as we navigate Africa's evolving tax environment together.

East Africa

Kenya

The Finance Bill, 2025

The Finance Bill, 2025 (the Bill) was tabled in the National Assembly on 30 April 2025 and published in the Kenya Gazette on 06 May 2025.

The Bill proposes amendments to the Income Tax Act, Value Added Tax Act, Excise Duty Act, Miscellaneous Fees and Levies Act, and the Tax Procedures Act.

The notable proposed changes include limitation of period to carry forward losses, introduction of incentives to companies certified by the Nairobi International Financial Centre Authority, increase of tax-exempt limit for per diems, and reclassification of vatable goods from zero rating to exempt.

The Bill is expected to be signed into an Act of Parliament by Monday, 30 June 2025.

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Southern Africa

South Africa

Budget 3.0: A move to sustainable growth

On Wednesday, 21 May 2025, South Africa's Minister of Finance delivered his National Budget Speech for the third consecutive time, a presentation that has been dubbed Budget 3.0. This iteration of the budget comes on the heels of a significant revision, as it retracts a previously suggested increase in the value-added tax (VAT) rate, which had been proposed in prior budget speeches in February and March.

To mitigate the financial repercussions stemming from the retraction of the VAT rate increase, the government proposes to retract the additional items that it was going to add to the zero-rated VAT list and to implement an inflation-adjusted hike in the general fuel levy.

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Nigeria

Mandatory e-invoicing is coming to Nigeria

The Federal Inland Revenue Service (FIRS) has announced the adoption of the Merchant Buyer Solution (MBS), an e-invoicing initiative aimed at enhancing tax compliance, curbing revenue leakages, and modernising financial transactions.

FIRS announced that from July 2025, large taxpayers would be required to send and receive invoices electronically in a structured format (e.g., Pan-European public procurement online), enabling automatic and electronic processing between businesses.

While it remains uncertain if the July 2025 go-live date would be enforced and when other taxpayers will be required to comply with the e-invoicing mandate, the proposed tax legislation, which is awaiting assent by the President of the Federal Republic of Nigeria, requires taxpayers to comply with the mandate within 30 days of notice from FIRS.

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Federal Government of Nigeria Issues the Upstream Petroleum Operations (Cost Efficiency Incentives) Order, 2025

The Federal Government of Nigeria (FGN), on 29 May 2025, issued a new executive order; the Upstream Petroleum Operations (Cost Efficiency Incentives) Order, 2025.

The order, effective 30 April 2025, introduces performance-based tax incentives in the upstream sector which are designed to lower project costs, attract investment in the sector, and enhance revenues from oil and gas operations.

The order marks a significant continuance of the FGN’s targeted oil and gas sector reforms aimed at improving the Nigerian economy.

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