



KEY BUDGET HIGHLIGHTS 2019/2020 FINANCIAL YEAR



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1.0 Withholding Tax

Now withholding tax to be subjected to;

- i. Security Services
- ii. Cleaning & Fumigation Services
- iii. Sales & Marketing Promotions Services
- iv. Outside Catering Services
- v. Transport of goods on Land

2.0 VAT Withholding Tax

Withholding VAT to be reduced from the current 6% to 2%. This will un-lock credit and subsequently reduce the VAT refunds claims.

3.0 Capital Gain Tax (CGT)

Capital gain rate to be increased from current 5% to 12.5%. However, the issue of indexation to factor out inflation has not been addressed.

4.0 Turnover Tax

Turnover Tax suspended in 2018 (when Presumptive Income Tax was introduced) will be re-introduced. This will affect un-incorporated businesses with turnover below 5m p.a. Turnover Tax will run concurrently with Presumptive Tax.



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5.0 Customs Duty

The Reduction of duty when importing raw timber from 10% to 0%. This aims at conserving our forests.

6.0 Excise Duties

The cabinet secretary of Finance has proposed a 15% increment of excise duty on Cigarettes, wines and spirits with effect from 1st July 2019.

7.0 Other Miscellaneous

- i. Increase of Import Declaration Fee (IDF) on Import from 2% to 3.5%.
- ii. Increase of the Railway Development Levy on Finished goods from 1.5% to 2%.

8.0 PAYE

No proposed Change

9.0 Corporate Tax

No proposed change other than corporates listing in NSE under Growth and Enterprise Market Segment (GEMS). Cabinet Secretary has proposed a tax amnesty on penalties and interest on the outstanding taxes for two years prior to listing.

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10.0 National Housing Development Levy

Currently the High Court has suspended the implementation of the new Housing Levy pending hearing of the various cases filed.

11.0 Exemption of PIN Requirements for foreigners

The Government has proposed KRA PIN requirement exemptions for foreigners seeking to open bank accounts in Kenya

12.0 Existing Tax Incentives for Individuals

- i. Staff meals provided to employees exempted up to Kshs. 48,000 p.a. (Kshs. 4,000 p.m.)
- ii. Insurance Relief at the rate of 15% of premiums paid, up to a maximum of Kshs. 60,000 p.a. (Kshs. 5,000 p.m.)
- iii. Pension Contribution deduction up to Kshs. 240,000 p.a. (Kshs. 20,000 p.m.)

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