

Economic Implication of the 2015/2016 Budget

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	1-Jun	1-Jul	1-Aug	1-Sep	1-Oct	1-Nov
	1,307,85	1,240,64	1,235,42	939,09	1,300,67	843,29
	0,00	698,18	0,00	0,00	40,07	0,00
	15,80	78,42	38,16	15,62	256,67	25,46
	2,03	1,485,22	6,062,23	447,24	16,048,05	349,55
	5	677,87	503,91	1,094,97	5,620,31	2,560,60
		0,00	310,01	3,142,38	9,779,24	14,693,66
		0,00	670,64	1,259,50	4,294,85	7,473,24
	83,58	39,386,87	17,848,02	34,414,47	0,00	0,00
	0,00	0,00	0,00	0,00	0,00	0,00
	19,577,90	11,799,74	14,874,16	33,010,21		
	1,335,55	21,76	865,15	348,10		
	0,00	0,00	12,032,74	24,740,68		
	0,00	0,00	4,387,73	18,444,80		
	0,00	701,60	4,796,53	502,91		
		2,144,68	2,130,27	1,727,45		
	10,857,02			82,02		
	0,00			0,00		
	0,00			0,00		

Presentation Outline

- ✓ Introduction
- ✓ Economic impact
- ✓ Conclusion
- ✓ Question and answers

Introduction

- ❖ The budget statement for the fiscal year 2016/2017 was presented to the Rev. Mutava Musyimi, the Chairman of the Budget and Appropriation Committee of the National Assembly by the CS on 8 June 2016
- ❖ First time the budget was read on Wednesday
- ❖ Theme of the budget, *“Consolidating Gains for a prosperous Kenya”*
- ❖ *The budget aims to improve revenue collection by KRA and improve revenue administration*

Introduction...cont'd

- ❖ The budget seeks:
 - ❖ *Promotion of growth of industries and employment*
 - ❖ *Facilitating infrastructure development*
 - ❖ *Enhancing equity and fairness in the tax system and tax administration*
 - ❖ *Cushioning households budgets to ease cost of living*
- ❖ Budget seeks to complete the already continuing infrastructure projects instead of new ones (SGR, lappset)

Highlights of the Budget

The budget aimed to achieve the following:

- a) Improve business environment
- b) Safeguard macroeconomic stability
- c) Invest in Security
- d) Improve infrastructure
- e) Drive agricultural and industrial transformation
- f) Quality and accessible health care and education
- g) Adequate support for most vulnerable
- h) Implement economic, financial and other reforms to boost productivity

Economic Implication

- ❖ Increase in the Tax bracket which will result to more tax revenues

“an economy like ours cannot be supported by 2 million taxpayers in the formal sector”

Proposal to introduce Presumptive tax to the informal sector

- Tax amnesty
- Taxation of Rental Income
- ❖ Ease cost of living
 - Removal of VAT on LPG, extension of the transition clause
 - Support to the most vulnerable
 - Increase in tax relief (Negligible) and tax bands, ED on cars

Economic Implication...cont'd

❖ Spur investments in Real Estate

- Tax incentives (20% corp tax)

❖ Increase the rate of employment

- Tax incentives for apprenticeship/internship programme

❖ Tourism sector revival

- Removal of VAT in Parks

- Removal of VAT in Tour firms commission

- Revival of Kenya Airways

Economic Implication...cont'd

❖ Improve the business environment

- e-Citizen
- Huduma Centres
- e-Registry
- The Kenya Tradenet System
- Digitalizing land transaction

❖ Infrastructure development

- SGR
- Lappset
- 3,800 KM of roads

Economic Implication...cont'd

❖ Improve agricultural productivity

- Irrigation schemes, subsidies of fertilizer and seeds
- Waiver of debts (coffee)
- Revival of cash crops (Pyrethrum, Myra)

❖ Improve industrial productivity

- Special Economic Zones

❖ Improve labour productivity

- Improvement in Health care (Exemption of VAT on medicaments, leasing of medical facilities)
- Improvement in Education (laptop project etc)

Economic Implication...cont'd

❖ Revival of ailing companies

- Kenya Airways
- Mumias Sugar Company
- Rivatex
- Kenya Meat Commission (KMC)
- Kenya Cooperative Creameries (KCC)
- Telecom

Economic Implication...cont'd

❖ Stabilizing the financial sector

- Central Bank Bill
- Stiff penalties on banking fraud
- Movable Property Security Rights Bill, 2016
- Nairobi International Financial Centre (NIFC) Bill
- Financial Service Authority Bill
- Electronic Bond Auction
- M-Akiba bond

Caveats

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity.

Although I endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.

No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.



Thank
you