



ICPAK PRESS STATEMENT ON THE OPENING OF THE ANNUAL TAX CONFERENCE 20TH -23RD SEPTEMBER 2016, PRIDE INN BEACH RESORT SHANZU MOMBASA

September 2016

Ladies and gentlemen of Forth Estate, the Chief Executive and I are very pleased to welcome you to our press conference. This is the Fourth edition of Annual Tax Conference the Institute has organized.

As you may be aware, a good fiscal management system ensures that there are stable revenues over time. In Kenya, taxation forms the largest source of government revenue. The Institute has continued to play a pivotal role in informing tax administration and tax policy in Kenya.

This has been realized through our engagement in the budget making and tax reform initiatives, including partnership with the Kenya Revenue Authority. This Conference comes at an important stage in tax reform and modernization in Kenya. For this process to succeed, we propose recommendations as follows:

- a. Reform of the Income Tax Act
- b. Implementation of iTax
- c. Prudent utilization of Resources

1. Reform of the Income Tax Act

The CS in the budget statement for 2015 identified the review of the income tax act as a priority reform to be completed by September 2015, in order to modernize the income tax regime in the country. Yet again, this policy intervention has been identified as a policy intervention intended to actualize the realization of the KES 1.3 trillion revenue target in the Financial Year 2016/17. It is however doubtful that the new income tax act will be enacted in this financial year.

As a key stakeholder in taxation and fiscal matters, ICPAK wishes to confirm its support for this initiative. We further reiterate our desire to deepen engagements that would enhance efficiency and professionalism in tax administration, broaden the tax base and increase overall national revenue.

ICPAK has continuously been involved in improving the design of taxation laws and their operation in Kenya. Our involvement in the review of the VAT Act 2013, Excise Act 2015 and Tax Procedures Act 2015 is telling of our commitment to tax policy reform.

We are requesting the National Treasury to consider initiating the process of reviewing the Income Tax for the benefit of taxpayers and ease of tax administration.

2. Implementation of iTax

The Institute lauds and supports KRA and the National Treasury for the iTax platform. Indeed, the use of this system goes a long way in simplifying administration of Tax in Kenya. However, more efforts need to be done in streamlining the iTax platform to ensure efficiency in the process.

The Institute further supports the ongoing efforts by KRA to sensitize taxpayers on iTax. This effort should be enhanced with the support of other stakeholders so that every taxpayer is enlightened.

3. Prudent utilization of Resources

The Institute is still worried about the continued abuse of public funds. This stems from the recently released Auditor General's report that paints a gloomy picture on how the tax payer's resources are being utilized. The Report indicates that, for the FY 2014-15, out of the audited one hundred and eight (108) financial statements, only twenty-seven (27) financial statements or 25% had a 'clean' (unqualified) audit opinion, fifty-one (51) or 47% had qualified audit opinion, nineteen (19) or 18% had an adverse opinion while eleven (11) or 10% had a disclaimer of opinion.

We note that most of these findings are not new. They have now become a common phrase and occurrence in our public life. We call upon public officers in charge of public resources to exercise prudence and responsibility in the utilization and management of the same.

FCPA Julius Mwatu

National Vice Chairman, ICPAK
