

# MOBILISING RESOURCES FOR COUNTY DEVELOPMENT

Presentation by:  
CPA Samira Swaleh

# Legislations Governing County Revenue Mobilisation



The Constitution of Kenya Article 209

A county may impose-

- a. property rates;
- b. entertainment taxes; and
- c. any other tax that it is authorized to impose by an Act of Parliament.

# Constitution Article 210



1. No tax or licensing fee may be imposed, waived or varied except as provided by legislation.
2. If legislation permits the waiver of any tax or licensing fee-
  - a. a public record of each waiver shall be maintained together with the reason for the waiver; and
  - b. each waiver, and the reason for it, shall be reported to the Auditor-General.
3. No law may exclude or authorise the exclusion of a State officer from payment of tax by reason of--
  - (a) the office held by that State officer; or
  - (b) the nature of the work of the State officer.

# PFM Act 2012



- Article 157 ) Designation of receivers of County Government revenue
- Article 158) Receiver may authorize public officer to be a collector
- Article 159) powers of the CECMF to waive/ vary fees or charges
- Article 160) KRA may be appointed collector
- Article 161) county revenue raising measures to conform to the Constitution Article 209(5) and before imposing any tax shall seek views of CS and CRA

# County Government Tax Regulation Process Bill, 2016



- An act of parliament to regulate the process to be followed by the county government in the exercise of their powers under Article 209 and 210 of The Constitution to impose, Vary or waiver taxes, fees, levies and other charges , and for connected purposes

# Cont'd



- Bill restates Article 209(5) of the constitution, noting that a county government tax shall not materially or unreasonably prejudice national economic policies, economic activities across county boundaries or the national mobility of goods

# Cont'd



- Bill regulates the process for the introduction of county government tax and other revenue raising measures. It requires county governments to submit tax proposals to the cabinet Secretary must provide the submission to the council and other counties for comments.

# Cont'd



- Bill states that the KRA may be the collecting agent for a county government tax.
- Clarifies that current county government taxes are exempt from the bill, and are deemed to have been imposed in terms of the bill unless they are not in compliance with Article 209(5) of the constitution
- Empowers the cabinet secretary to make regulations for implementation of the Act.

# County Governments Budget Implementation Review Report



- It presents the progress made by analyzing the revenue received and expenditure incurred during the period against the annual budgeted estimates.
- In first 9 months of the FY 2016/17, ag. Revenue raised amounted to Kshs. 24.71b which was 41.4% of annual local revenue target of 59.71b. This rep. a decrease of 4.6% compared to Kshs. 25.89b raised in a similar period of FY 2015/16

# Cont'd



- The ag. Expenditure for the period was 207.8b of which 61.8% recurrent expenditure. This rep. 51.9% of annual county government budgets and an increase of 13.1% for similar period of FY 2015/16
- Counties that recorded highest absorption rate were Isiolo (68.4%), Tana river (65.8), and Bomet 65.2%. Conversely, Kirinyaga, Kwale and Lamu Counties recorded the lowest at 42, 41 and 27 resp.

## KEY HIGHLIGHTS

### Overall Absorption Rates for the First Nine Months of the FY2016/17

#### KEY

OVERALL ABSORPTION RATES (%)



#### NOTE:

Absorption rate is actual expenditure as a percentage of approved budget.

Source: [Office of The Controller of Budget]

# Challenges Facing Budget Implementation



- High expenditure on personnel emoluments (43% of total expenditure)
- Delays in establishment and operationalization of County Budget & Economic Forum
- IFMIS connectivity challenges,
- Under performance in local revenue collection
- Delays in establishment of internal Audit Committee

# Facing Kwale



- Rural county
- Low economic activities
- 7th poorest county
- Procurement process is long
- Project cannot be divided when funds released quarterly basis.

# Strategies For Own Resource Enhancement



- The County government to automate revenue management so as to collect revenue effectively and efficiently
- Formulate the Inspectorate division that reports directly to the receivers of revenue which will enforce compliance
- Expand tax base by investing in projects that will result to charge for service rendered – Parking areas, markets stalls, Rental houses, Garbage collection Vehicles and equipment.
- updating county Valuation Roll
- Domesticating the national government act that will give us powers to collect most sources of revenue.

# Policy on Counties Resource Enhancement



- Finance Act – which derives its powers from other policies thus cannot be in place unless the following are in acted
- Revenue administration Act
- County Rating and Valuation Act
- Entertainment Act- Bed levy, betting and gambling, water sports, % on entrance fees
- Liquor license
- Outdoor Advertisement Act

# Challenges



- Lack of standardized policy formulation processes
- Lack of strong legal team in counties
- Lack of cooperation , understanding and prioritizing within other ministries
- Lack of policy is major setback in own revenue enhancement

# Questions?



Ask  
Answer  
Who  
Why  
Where  
What  
When  
How  
Question  
Answers  
Apply  
Understand  
Query  
Questions