



**Grant Thornton**

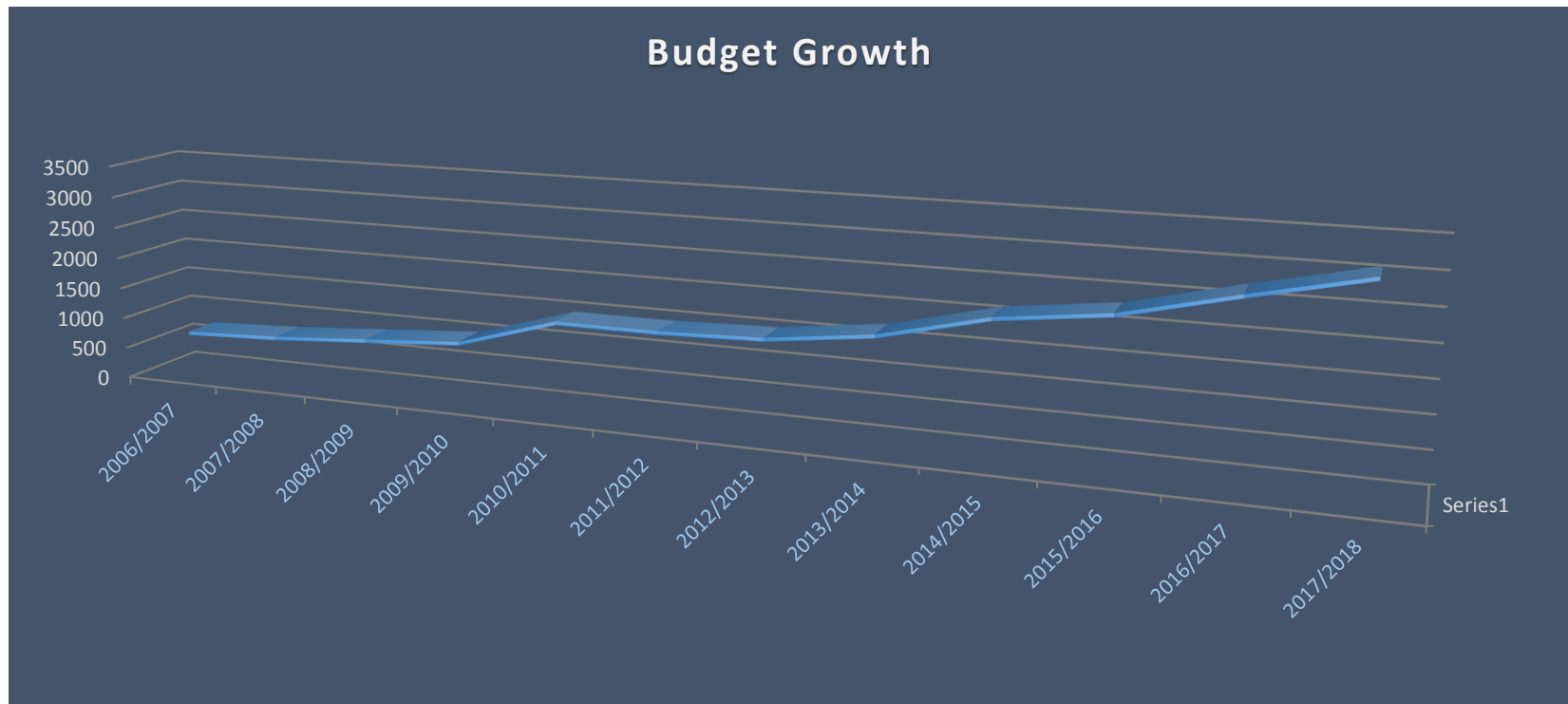
An instinct for growth™

# Implications of the Finance Act to the Economy

**Presentation By:**  
**Mbiki Kamanjiri**



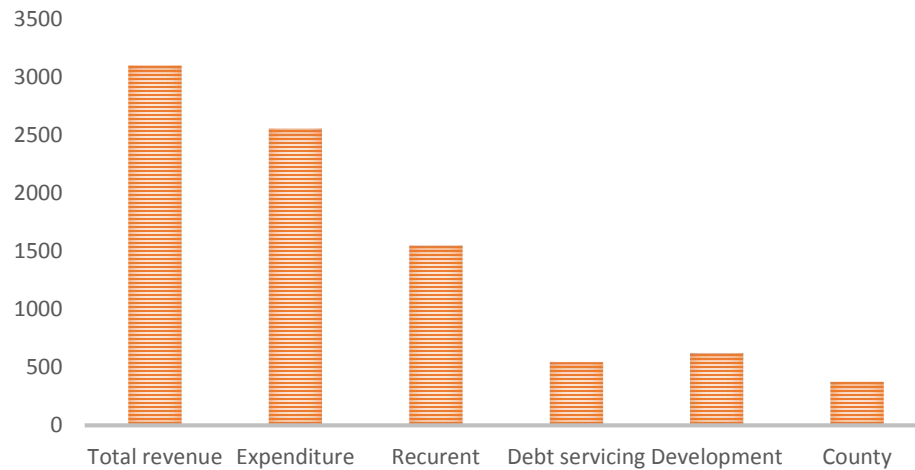
# The budget trend



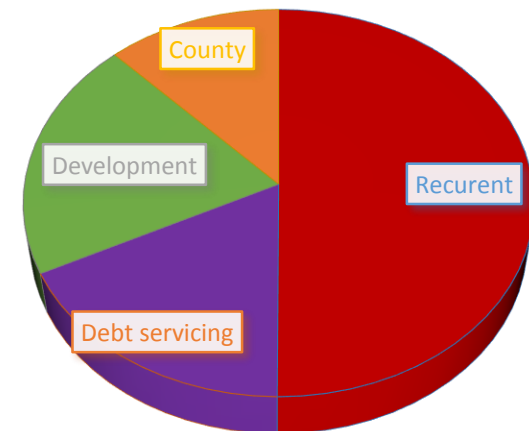
# Total Expenditure



## EXPENDITURE

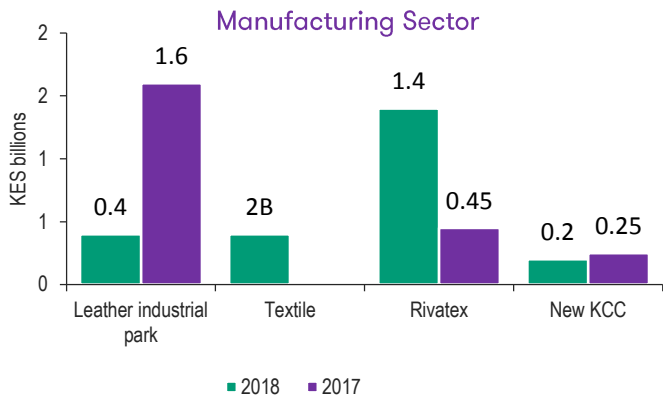


3.07 TRILLION

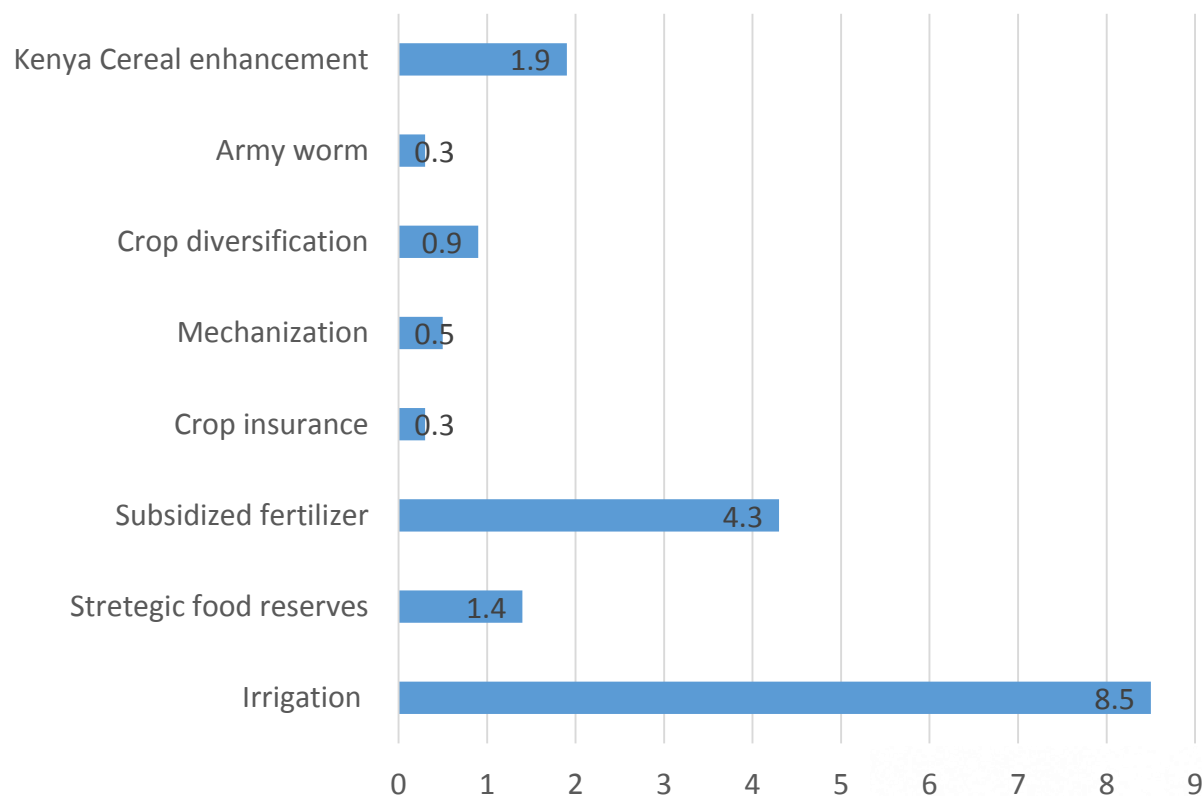


# Manufacturing sector

4.4B



### Food security



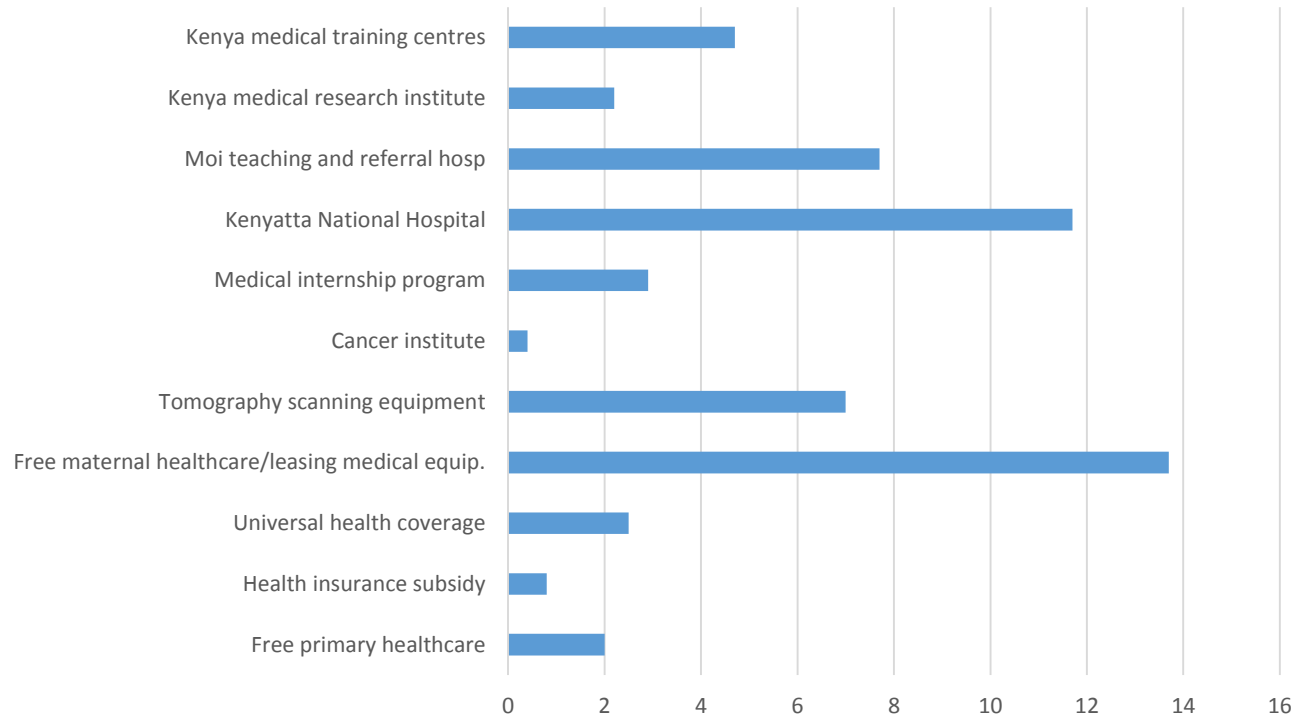


# Health sector

55.6B



Healthcare Allocations



# Housing sector



3B for affordable housing



1.5 for police housing

1.5 for civil servants housing



18.4 for servicing of land for housing

# Tembea Kenya



325m restoration of Fort Jesus



380m loans to hoteliers



1B for tourism promotion

340m for seating booths



# Special Economic Zones

## *The EastAfrican*

News

Business

Opinion and Editorial

Magazine

Rwanda Today

Infographics

Home - News

NEWS

### Kenya now introduces special economic zones

SHARE BOOKMARK PRINT RATING ★★★★★



Workers at an EPZ textile factory. PHOTO | FILE

# Special Economic Zones

Transaction	Old rates	New rates
Dividends	10%	0%
Interest	15%	5%
Management & Professional fees	20%	5%
Royalties	20%	5%



Inputs for housing  
minimum 5,000 units are  
exempt

Inputs Hotels and  
conference facilities



## Affordable Housing



- ✓ Exemption from stamp duty under affordable housing scheme for first time home buyers.
- ✓ Affordable housing relief of 15% subject to a maximum of KES 108,000 p.a. /9,000 p.m.

(w.e.f 1st July 2018)



Registered home ownership savings plan deduction doubled to KES 8,000 p.m.

# Manufacturing sector



## Energy relief to the manufacturing sector

- ✓ 30% additional deduction on electricity costs incurred by manufacturers

28 | Business News

**Costing** Fuel and forex levies have both been reduced

**Consumers to enjoy cheaper power from July after tariff review**

Proposal to do away with 150% ID allowance in municipalities outside the 3 cities

## Taxing the Elusive informal sector

- ✓ Threshold – turnover under Kes 5 million
- ✓ Rate - 15% of the single business permit fee issued by County Governments
- ✓ Tax is final tax

### TAXATION

## Presumptive tax set to cast net wider in revenue collection

### LEGISLATION

**SAMUEL KIOKO**

Senior tax associate at KN Law LLP

The high enforcement costs juxtaposed with the low yield of the tax also discouraged the taxman from pursuing the enforcement

(w.e.f 1st Jan 2019)



## Sea freight to increase

- ✓ 20% WHT for Demurrage charges paid to non-resident ship operators

## New tax opens window for cheap fuel

Rotich introduced a 20 per cent levy on the earnings ship owners get for delays at the port



## Foreign insurance targeted

- ✓ 20% WHT on insurance premiums paid to non residents except in the case of aircrafts



Goods and services imported or purchased locally for direct and exclusive use in the implementation of projects under a special operating framework arrangement with the Government.

These have received exemptions from

- VAT
- Stamp Duty
- Excise Duty

# Solar Power Accessories



VAT exemption for solar powered equipment's restricted to only equipment's used in generation of solar and wind energy

## Mkopa Case



What is the impact on our economy of cheaper solar power?

## Introduction

Duty remission refers to permission granted to a country to import goods or inputs used in the export product either duty free or reduced rate of duty.

A stay of application of CET is when a country asks for special import rates to import them from outside the EAC because they do not have the capacity to produce the particular.

(w.e.f 1st July 2018)



## Objectives

- 1) Illicit goods suppresses the objective of the government to encourage manufacturing
- 2) Suppresses regulating objectives that makes no sense to the government objectives to create a level playing ground

## Actions

- Change in tariffs
- KRA fighting illicit trade intensively for the last one year –
  - Sugar
  - Cars
  - Tyres
- Use of Consulted and multi agencies to fight counterfeits to achieve overall objectives (Anti Counterfeit Agency)



PEOPLE DAILY / Monday, July 2, 2018

## BusinessHub

### EAC slaps duty on goods to protect manufacturers

100% remission on inputs and raw materials  
for assemble of clean cooking stoves

Paper and paper board

## Prices of local sugar brands shoots up

Business | 32

Ban export of  
raw minerals,  
group urges  
government

Leather and footwear  
Textile and apparel  
Chewing gum

Revenue Many Kenyans usually file returns last minute

## Kenyans to get tax deadline extension

Extension of time to file return

✓ Tax amnesty extended to 2019

Foreign sourced  
income  
File return by 2019

Taxpayers  
should also file  
accounts up to  
31st Dec 2017

ECONOMY

## Fuel use falls 25pc after September tax increase

MONDAY, NOVEMBER 12, 2018 21:09 BY EDWIN OKOTH



# Taxing the digital economy

TAXATION

## Why digital tax laws will soon be the new normal

REGULATIONS

Ugandans may be charged approximately a dollar per month for use

TONNY MATHUKA



## Betting tax

- Winnings have been defined as the positive difference between payouts made and stakes placed in a given month for each player.
- 20% WHT on winnings applicable to both resident and non-resident players.

Many changes to the sector  
In the past three years from repealing of withholding tax to introduction of 50% betting and lottery tax

### ECONOMY & POLITICS

## Kenya's tax on betting among the highest

Consultancy firm PricewaterhouseCoopers (PwC) has revealed Kenya's betting tax is the highest in the region and ahead of gaming hubs like the famed Las Vegas strip. **p5**

## Reprieve for betting firms after MPs back gambling tax review



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