



The Tax Convention Presentation on Minimum Tax

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How minimum tax works



1% OF GROSS TURNOVER

Impacts all entities,
whether profit making or
loss making



PAYMENT DATES

- 20th of 4th, 6th, 9th and 12th month
- Agricultural sector – 20th of 9th and 12th month ?

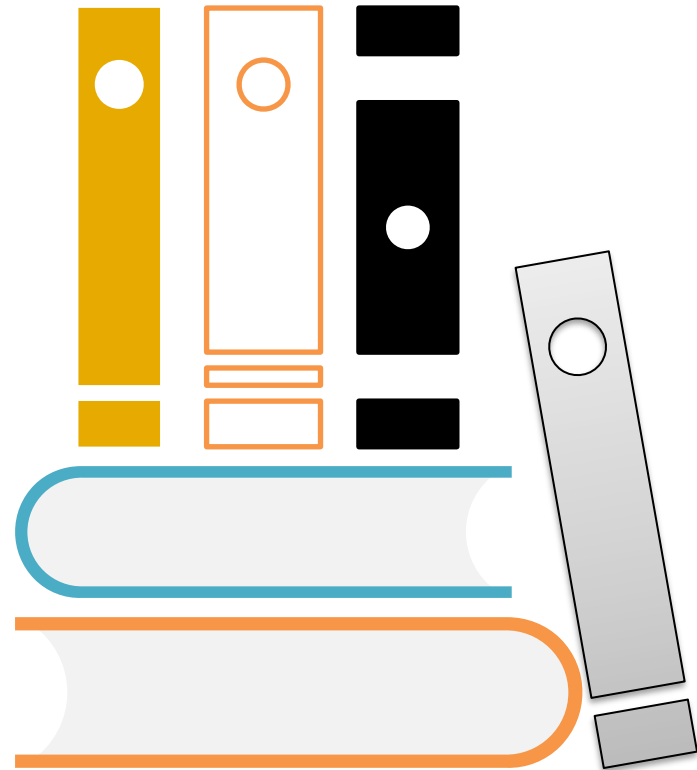
IN ADDITION TO INSTALMENT TAXES

Pay the higher of
minimum tax or
instalment tax

Minimum tax is not applicable to:



- ◆ EMPLOYMENT INCOME
- ◆ INCOME SUBJECT TO TURNOVER TAX
- ◆ EXTRACTIVE INDUSTRY INCOME
- ◆ INCOMES THAT ARE TAX EXEMPT
- ◆ RESIDENTIAL RENTAL INCOME COVERED UNDER THE 10% MRI MODEL
- ◆ GAINS FROM PROPERTY TRANSFERS THAT ARE SUBJECT TO CGT



Key concerns on minimum tax



◆ LOW PROFIT MARGINS

Petroleum, Palm Oil,
Commodity distribution
etc

◆ GROSS TURNOVER

Which gross turnover?
Prior or current year?

◆ CAPITAL ALLOWANCES

Losses arising from capital
deductions

◆ OVERPAYMENTS/REFUNDS

Modalities for utilization
of minimum tax against
future corporation tax
liabilities

◆ RELEVANCE

Relevance of Sections 3,
15 and 16 of ITA

◆ TAXES DEDUCTED AT SOURCE

Adjustment of minimum
tax with withholding
taxes deducted at source

◆ CONSTITUTION

- Chapter 5 on Bills of Rights & Article 210 on taxation.
- Generally accepted taxation principles