



TAX PRINCIPLES AND EMERGING ISSUES SEMINAR

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Tax Amendments Laws 2020 No. 1 and 2
Thursday, 18th Feb 2021

Tax Laws Amendment Act 2020

No. 1



Effective date; 25th April 2020

- When some taxes would be effective even the dates were given.
- Also referred to as COVID-19 Amendments to cushion Kenyans against The Effects of the Pandemic

Tax Laws Amendment Act 2020

No. 1



- "qualifying interest" means the aggregate interest, discount or original issue discount receivable by a resident individual in any year of income:
Husband and wife's interest on joint account still qualifying and HDB.
- Introduced WHIT on payments to non-residents sales promotion, marketing, advertising services, and transportation of goods (excluding air and shipping transport services at 20%

Amendment No 1.



- WHIT on Insurance to non-residents expanded to Re-insurance as well
- Turnover Tax – Sec 12C was expanded.
 - ❑ Revenue Threshold increased to 50M,
 - ❑ Rate reduced from 3% to 1%
 - ❑ Corporate bodies allowed to be under TOT.
- Repeal of the 2nd Schedule
- Personal relief moved from 16,896 to 28,800
- Expanded Income Tax bands and Reduced Corporate tax rate from 30% to 25%
- Limited issuance of credit notes to 6 months and also in case of court disputes, 30 days declaration form the date of settlement for VAT.

Changes Contd'



- Limited VAT claim on bad debts to 4 years instead of 4 years.
- Delete from exemption list;
 - Machinery of Class 84 and 85
 - Supplies for power generation
 - LPG supplies manufacture
 - Geothermal and extractive supplies
 - Supplies to assemble laptops
 - Supplies for Biogas production
 - Supplies to construct industrial parks of more than 100 acres
 - Equipment for museums
 - Grain storage construction materials
- PPE fore pandemic or notifiable infection exempt.

Amendment Laws 2020 No. 2



- ❖ Came as a reversion of incentives granted towards the pandemic.
- ❖ Effective 1st January 2021
- ❖ Key Highlights include;
 - Clarification on Minimum tax... when higher
 - Introduced more exemptions to Min Tax; Price controlled and insurance service providers.
- ❖ Rates of tax harmonized to have only 3 bands.. 10%, 20% and 30%.
- ❖ Increase the taxes to 14% and 30% respectively
- ❖ Input tax on official aid funded projects is exempt. However, manufacturers were accorded an opportunity to claim the same.

*Thank
you*

