



TAX PRINCIPLES AND EMERGING ISSUES SEMINAR

Presentation by: Nickson Omondi
Digital Service Tax
Thursday, 18th March 2020

THE DIGITAL ECONOMY



DATA NEVER SLEEPS 8.0

How much data is generated *every minute*?

In 2020, the world changed fundamentally—and so did the data that makes the world go round. As COVID-19 swept the globe, nearly every aspect of life—from work to working out, and people depended more and more on apps and the Internet to socialize, educate and entertain ourselves. Before quarantine, just 15% of Americans worked from home. Now over half do. And that's not the only big shift. In our 8th edition of Data Never Sleeps, we bring you the latest stats on how much data is being created in every digital minute—a trend that shows no sign of stopping.



The world's Internet population is growing significantly year over year. As of April 2020, the Internet reaches 59% of the world's population and now represents 4.57 billion people — a 6% increase from January 2019.



GLOBAL INTERNET POPULATION GROWTH 2014-2020 (IN BILLIONS)

As the world changes, businesses need to change with the times—and that requires data. Every click, swipe, share or like tells you something about your customers and what they want, and Domo is here to help your business make sense of all of it. Domo gives you the power to make data-driven decisions at any moment, on any device, so you can make smart choices in a rapidly changing world.

Learn more at domo.com

SOURCES: STATISTA, VISUAL CAPITALIST, BUSINESS INSIDER, GAMESPOT, TECHCRUNCH, OMNICORE AGENCY, DOORDASH, BUSINESS OF APPS, NEW YORK TIMES, MUSIC BUSINESS WORLDWIDE, ENCL, THE VERGE, ENCL, HOOK360, CLUSTIN, STOUT, REEDS, UBER, AMAZON, VEX



Legal Background

PARENT LAW

Income Tax Act
2019 (Sec 3(2)(ca))
Tax Procedures Act
2015

FINANCE ACT 2020

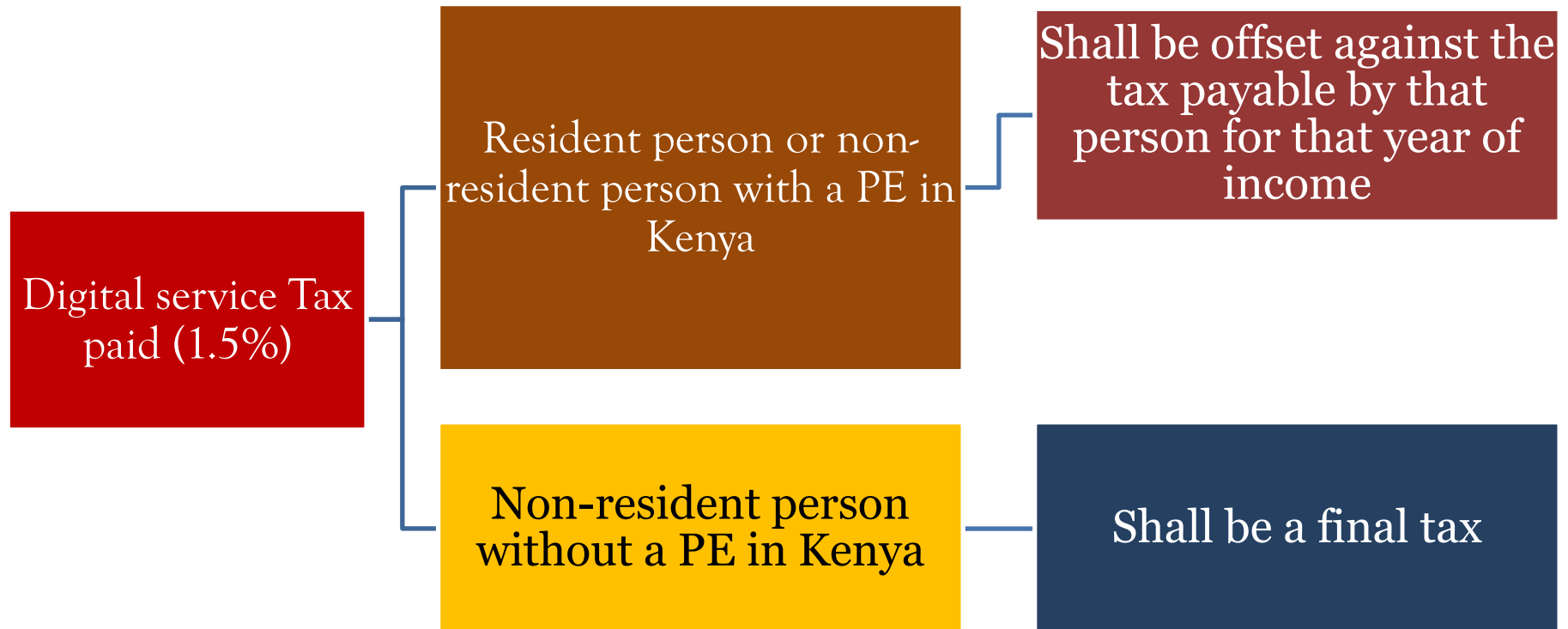
Digital Service Tax
effective 1st
January 2021 (Sec
12E)

Income Tax (Digital
Service Tax)
Regulations, 2020
L.N 290 of 2020.
Gazetted on 11th
December 2020

Digital Service Tax



DST shall apply to the income of a resident or non-resident person derived or accrued in Kenya from the provision of services through a digital marketplace.



Services Subject to DST



Downloadable digital content

- downloadable mobile applications, e-books, films, movies, music and online games

Over-the-top services

- streaming television shows, films, music, podcasts and any form of digital content

Sale of, license of or any other form of monetizing data collected about Kenyan users

- has been generated from such users' activities on a digital marketplace

Provision of a digital marketplace, website or other online applications

- e-commerce platforms and sharing economy e.g Airbnb, taxi hailing services

Subscription-based media

- news, magazines and journals

Services subject to DST



Electronic data management

- website hosting, online data warehousing, file-sharing, cloud computing and cloud storage services

Provision of search-engine and automated helpdesk services

- includes supply of customized search engine services – google etc

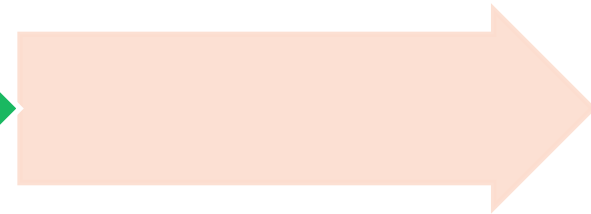
e-booking and e-ticketing services

- online sale of tickets for attendance at live events, theatre, performance art and similar entertainment activities

Online distance teaching

- via pre-recorded medium or e-learning, including online courses

any other service provided or delivered through an online digital or electronic platform



Payment and Filing DST



1. The payment of Digital Service Tax & VAT on digital supplies shall be the liability of:
 - ☐ The digital service provider or digital marketplace provider.
 - ☐ The supplier or intermediary (where an intermediary makes a supply on a digital marketplace on behalf of another person).
 - ☐ The tax representative appointed by a non-resident person without a permanent establishment.
2. A person liable to pay DST shall submit a return in the prescribed form and remit the tax due by the 20th day of the following month that the digital service or taxable supply was offered.
3. The filing of tax returns and payment of taxes due shall be in the prescribed form, i.e. via the KRA revenue collection system – *iTax*.

DST Exemptions



1. Tangible Goods traded online
2. Income taxed under the provisions of section 9(2) and section 35 of the Income Tax Act.
3. Online services provided by government institutions.
4. Income exempt under the First Schedule of the Income Tax Act.
5. Online services which facilitate payments, lending or trading of financial instruments, commodities or foreign exchange, carried out by:
 - a) A financial institution specified under the Fourth Schedule to the Act;
 - b) A financial service provider licensed or approved by CBK

*Thank
you*

