



Emerging Issues and Tax Outlook

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Compliance matters associated with COVID 19

Uphold public interest

Compliance matters associated with COVID 19



- The Pandemic was first identified in the year 2019 (globally), and has since then evolved severally.
- Kenya was affected around March 2020
- Measures taken by governments across the globe were both perceived as positive and some as harmful to businesses.
- A number organizations are navigating new compliance challenges resulting from COVID-19. Some of these include:



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Suspension of minimum tax

Uphold public interest

Minimum tax in Kenya: Drawn from Pillar two?



- Minimum tax was introduced with effect from 1 January 2021, payable at the rate of 1% of the turnover.
- However, it remains currently suspended due to a High Court ruling that deemed minimum tax as unconstitutional.
- KRA has appealed the decision at the Court of Appeal– Do they have the mandate?



Political influence

Uphold public interest

Political influences



Collection of revenue is somewhat driven by political influences.

Members of parliament approve the proposals made by the National Treasury, which affect potential collection methods.

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What next?

Uphold public interest

Expectations



Following have been identified as critical aspects to best practice:

- Attention to cost efficiency and effectiveness; Ease of complying?
- Responsive engagement with all stakeholders;
- Clarity – Tax laws should be as simple as possible. National Tax policy?; and
- Flexibility – Tax systems should be flexible and dynamic to keep up with changes in legislation.
- Focus on ESG – new tax laws?

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INTERACTIVE SESSION



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