



Finance Act 2017 Analysis

June 2017



Focus area	Change in the Law and KPMG comments	Effective date												
<p>Taxation of Islamic Financial Arrangement</p> <p>Amendment to Section 2</p>	<p>Section 2 is amended by including definitions relating to Islamic banking:</p> <ul style="list-style-type: none"> - Islamic finance arrangement to refer to all financial arrangements that are structured in accordance with Islamic law - Islamic finance return to mean any amount received or paid in relation to Sukuk or an Islamic finance arrangement - The definition of interest to be expanded to include Islamic finance return, which was previously not provided for <p>The amendments to the ITA will provide clarity on the taxation of Islamic banking products which are fast becoming a major source of funding for development worldwide. Locally, the government is looking to tap into Islamic Finance as an alternative source of funds for development projects.</p> <p>These provisions are replicated in the changes that the Finance Act has implemented to the VAT Act, 2013.</p>	3 April 2017												
<p>Deductible donations</p> <p>Amendment to Section 15(2)</p>	<p>Ordinarily, donations are only allowable if they meet the Income Tax (Charitable Donations) Regulations, 2007. Key among the conditions in the Regulations is that the donation should be in cash and that it should be made to a charitable organisation with a tax exemption certificate from the Kenya Revenue Authority (KRA).</p> <p>The Act now permits tax deductions for donations made to the Kenya Red Cross, County Governments or other national disaster management bodies to alleviate the effects of calamities which have been declared national disasters by the President.</p>	3 April 2017												
<p>Ascertainment of gains or profits of business in a non-preferential tax regime</p> <p>Section 18 of the ITA</p>	<p>As a result of the promotion of Special Economic Zones (SEZs) whose scope will cover a wide spectrum of economic activities, there will be significant transactions between entities within and those outside the zones. Section 18A of the Finance Act has introduced a provision requiring that transactions between related entities, where one is based in a preferential tax regime and the other not be carried out on an arm's length basis.</p> <p>Where the gains attributed to the entity operating outside the preferential tax regime are deemed to be understated, the KRA will have the power to adjust the gains to reflect the gains that would be expected if the entities were transacting on an arm's length basis.</p> <p>This provision, effectively introduces transfer pricing provisions for local companies where one company is located in a preferential tax regime and the other is not.</p>	3 April 2017												
<p>Changes affecting Special economic zones:</p>	<p>The Finance Act includes a number of provisions which are designed to encourage investment in the special economic zones. These are as follows:</p> <ul style="list-style-type: none"> ▪ Dividends paid by SEZ Enterprises, Developers or Operators to non-resident persons are exempt from withholding tax (First Schedule to the ITA). ▪ Capital expenditure by a SEZ enterprise on the construction of a building or on the purchase and installation of machinery for use by the enterprise in carrying out its business are eligible for 100% investment deduction in the first year of use (Paragraph 24C of the Second Schedule to the ITA). ▪ Investments outside Nairobi and Mombasa counties qualify for 150% investment deduction in first year of use. ▪ Preferential withholding tax rates on payments to non-resident persons as follows (Third Schedule): <table border="1"> <thead> <tr> <th></th> <th>Current non-resident rate (%)</th> <th>SEZ rate (%)</th> </tr> </thead> <tbody> <tr> <td>Management, professional and training fees</td> <td>20</td> <td>5</td> </tr> <tr> <td>Royalties</td> <td>20</td> <td>5</td> </tr> <tr> <td>Interest</td> <td>15</td> <td>5</td> </tr> </tbody> </table>		Current non-resident rate (%)	SEZ rate (%)	Management, professional and training fees	20	5	Royalties	20	5	Interest	15	5	1 January 2018
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Income Tax Changes continued

Finance Act | 2017

	<p>There is an amendment to specify that the reduced corporation tax rates for SEZ Enterprises (10% for the first 10 years and 15% for the subsequent 10 years) apply irrespective of whether the entities sells to markets within or outside Kenya.</p>	
Investment Deductions	<p>The Finance Act introduces investment deductions on the construction of transportation and storage facilities for petroleum products by the Kenya Pipeline Company Limited. This envisages the construction of a pipeline and storage facilities for petroleum products.</p>	1 January 2018 New
Reduction of tax rate for motor vehicle assemblers (Third Schedule)	<p>The Act introduces a reduced corporation tax rate of 15% for companies that are newly incorporated to carry out local assembly of motor vehicles. The reduced rate is applicable for the first five years from the date of commencement of operations. Provided that the rate shall be extended for an additional period of five years if they achieve a local content of 50% of the ex-factor value of the motor vehicles.</p>	1 January 2018

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Enhancement of PAYE tax bands by a further 10%	<p>For the second year in a row, the Cabinet Secretary has expanded the Individual PAYE bands by 10%. This follows an expansion of the bands by a similar margin with effect from 1 January 2017. The new bands are as follows:</p> <table border="1"> <thead> <tr> <th>New bands (KES)</th> <th>Old bands (KES)</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>First 147,580</td> <td>First 134,165</td> <td>10%</td> </tr> <tr> <td>Next 139,043</td> <td>Next 126,403</td> <td>15%</td> </tr> <tr> <td>Next 139,043</td> <td>Next 139,043</td> <td>20%</td> </tr> <tr> <td>Next 139,043</td> <td>Next 139,043</td> <td>25%</td> </tr> <tr> <td>Over 564,709</td> <td>Over 513,374</td> <td>30%</td> </tr> </tbody> </table> <p>The above changes will provide a welcome cushion to taxpayers whose income has been adversely affected by inflation.</p>	New bands (KES)	Old bands (KES)	Rate	First 147,580	First 134,165	10%	Next 139,043	Next 126,403	15%	Next 139,043	Next 139,043	20%	Next 139,043	Next 139,043	25%	Over 564,709	Over 513,374	30%	1 January 2018
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Enhancement of Personal Relief by a further 10%	<p>Similarly, the personal relief has increased by a 10% from KES 15,360 p.a. to KES 16,896 p.a. Following the change, the lowest taxable income will increase from KES 12,260 p.m. to KES 13,486 p.m.</p>	1 January 2018																		
Enhancement of tax rates in respect of payments or withdrawals from pensions	<p>In line with the changes to the PAYE bands, the Act enhances the tax bands for taxation of withdrawals from NSSF, registered pension funds and provident funds (before the expiry of fifteen years from the date of joining the fund) where the withdrawals are in excess of the tax-free amounts specified under Section 8(4) and 8(5) of the Income Tax Act, in any one year.</p> <p>The new tax bands for withdrawals in excess of the tax free amount, will be as follows:</p> <table border="1"> <thead> <tr> <th>New bands (KES)</th> <th>Old bands (KES)</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>First 147,580</td> <td>First 121,968</td> <td>10%</td> </tr> <tr> <td>Next 139,043</td> <td>Next 114,912</td> <td>15%</td> </tr> <tr> <td>Next 139,043</td> <td>Next 114,912</td> <td>20%</td> </tr> <tr> <td>Next 139,043</td> <td>Next 114,912</td> <td>25%</td> </tr> <tr> <td>Over 564,709</td> <td>Over 466,704</td> <td>30%</td> </tr> </tbody> </table>	New bands (KES)	Old bands (KES)	Rate	First 147,580	First 121,968	10%	Next 139,043	Next 114,912	15%	Next 139,043	Next 114,912	20%	Next 139,043	Next 114,912	25%	Over 564,709	Over 466,704	30%	1 January 2018
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<p>Place of supply of goods (Section 11)</p>	<p>The Act amends Section 11(b) regarding the place of supply for goods. Previously, for goods to have been deemed to be supplied in Kenya, the supply had to meet the following three conditions:</p> <ul style="list-style-type: none"> - The goods are delivered in Kenya; - The supply involves installation or assembly of goods at a place in Kenya; <i>and</i> - Where the goods are delivered outside Kenya, the goods were in Kenya when their transportation commenced <p>The Finance Act deletes the word "<i>and</i>" and replace it with '<i>or</i>'. Following the change, a supply of goods will be deemed to be made in Kenya if it meets any of the above three conditions.</p>	<p>3 April 2017</p>																					
<p>Exemptions from VAT</p>	<p>First Schedule of the VAT Act has been amended to exempt a number of transactions from VAT as follows:</p> <table border="1" data-bbox="280 701 1358 1765"> <thead> <tr> <th data-bbox="280 701 1129 734">Particulars</th> <th data-bbox="1129 701 1241 734">New rate</th> <th data-bbox="1241 701 1358 734">Old rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="280 734 1129 824"> Taxable equipment and apparatus for the direct and exclusive use for construction of specialized hospitals with at least 50 beds capacity. Previously the exemption did not specify the bed capacity. </td> <td data-bbox="1129 734 1241 824">Exempt</td> <td data-bbox="1241 734 1358 824">Exempt</td> </tr> <tr> <td data-bbox="280 824 1129 969"> Materials, articles and equipment, including motor vehicles intended for the educational, scientific or cultural advancement of the disabled for the use of an organisation approved by the national Government for purposes of exemption. Previously the exemption only applied to materials, articles and equipment for use by the blind only. </td> <td data-bbox="1129 824 1241 969">Exempt</td> <td data-bbox="1241 824 1358 969">16%</td> </tr> <tr> <td data-bbox="280 969 1129 1059"> Unused postage, revenue or similar stamps with a recognised face value, stamp-impressed paper, bank-notes, cheque forms and documents of title such as stock, share or bond certificates. </td> <td data-bbox="1129 969 1241 1059">Exempt</td> <td data-bbox="1241 969 1358 1059">16%</td> </tr> <tr> <td data-bbox="280 1059 1129 1205"> Spare parts imported by aircraft operators or persons carrying on the business of aircraft maintenance upon recommendation by the Kenya Civil Aviation Authority (KCAA). Previously the exemption did not include propellers and related parts and aircraft under-carriage together with related parts. These are now covered. 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Exempt services	<p>The Finance Act amends Part II of the First Schedule to the VAT Act that deals with Exempt services to exempt the following supplies from VAT:</p> <ul style="list-style-type: none"> Asset transfers and other transactions related to the transfer of assets into Real Estate Investment Trusts and Asset backed Securities as Paragraph (n); The Finance Act has clarified that financial services which are structured to conform to Islamic Finance principles. 	3 April 2017																		
Services supplied to international and regional organizations	<p>The Finance Act amends the Second Schedule to the VAT Act to provide that both goods and services supplied to international and regional donor bodies and other diplomatically accredited bodies qualify for zero-rating.</p> <p>Previously, the organizations which enjoyed various tax privileges faced a hard time with KRA on the VAT treatment of the services received as the Second Schedule only provided for goods. This is a welcome change for the organizations most of which incur large amounts on services in carrying out their activities.</p>	3 April 2017																		
Zero-rating	<p>The Finance Act has amended the Second Schedule to the VAT Act to zero-rate the following products:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>New rate</th> <th>Old rate</th> </tr> </thead> <tbody> <tr> <td>Supply of maize (corn) flour, cassava flour, wheat or meslin flour and ordinary bread</td> <td>Zero rated</td> <td>Exempt</td> </tr> <tr> <td>Taxable goods supplied to marine fisheries and fish processors upon recommendation of relevant state departments</td> <td>Zero rated</td> <td>16%</td> </tr> <tr> <td>Milk and milk cream products</td> <td>Zero rated</td> <td>Exempt</td> </tr> <tr> <td>Inputs for manufacturing of pest control products</td> <td>Zero rated</td> <td>16%</td> </tr> <tr> <td>Pest control products</td> <td>Zero rated</td> <td>Exempt</td> </tr> </tbody> </table>	Particulars	New rate	Old rate	Supply of maize (corn) flour, cassava flour, wheat or meslin flour and ordinary bread	Zero rated	Exempt	Taxable goods supplied to marine fisheries and fish processors upon recommendation of relevant state departments	Zero rated	16%	Milk and milk cream products	Zero rated	Exempt	Inputs for manufacturing of pest control products	Zero rated	16%	Pest control products	Zero rated	Exempt	
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Section 10 of the Excise Duty Act Adjustment of duty rates for Inflation	The Finance Act has amended the Excise Duty Act to provide for bi-annual adjustments of the specific rates of duty. Previously the Act provided for annual adjustments.	1 January 2018 New									
Section 15 of the Excise Duty Act Activities requiring a license in Kenya	Finance Act amends Paragraph 15(1)(d) to the Excise Duty Act, 2015 (Excise Duty Act) to include illuminating kerosene for use in products manufactured in Kenya. Following the amendment, manufacturers who use illuminating kerosene to produce un-excisable goods will be expected to apply to the Commissioner for a licence.	3 April 2017									
Section 29 of the Excise Duty Act. Refund of excise duty	The Finance Act deletes Paragraph 29(b) of the Excise Duty Act and substitutes it with a provision permitting the refund of excise duty paid in respect of spirits or illuminating kerosene used by a licensed or registered manufacturer to manufacture un-excisable goods upon written application to the Commissioner. This is an incentive that aims to promote the competitiveness of locally manufactured paints and resins.	3 April 2017									
First Schedule of the Excise Duty Act Excise Duty Changes	The Finance Act implements the following changes to the First Schedule to the Excise Duty Act: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">New rate</th> <th style="text-align: center;">Old rate</th> </tr> </thead> <tbody> <tr> <td>Spirits of un-denatured ethyl alcohol; spirit liqueurs and other spirituous beverages of alcoholic strength exceeding 10%</td> <td style="text-align: center;">KES 200 per Litre</td> <td style="text-align: center;">KES 175 per Litre</td> </tr> <tr> <td>Cigarettes without filters</td> <td style="text-align: center;">KES 1,800 per mille</td> <td style="text-align: center;">KES 2,500 per Mille</td> </tr> </tbody> </table> <p style="margin-top: 10px;">In addition, Part III has been amended to expand the definition of powdered beer to include any powder, crystals or any other dry substance which, after being mixed with water or any other non-alcoholic beverages, ferments to, or otherwise becomes an alcoholic beverage.</p>	Particulars	New rate	Old rate	Spirits of un-denatured ethyl alcohol; spirit liqueurs and other spirituous beverages of alcoholic strength exceeding 10%	KES 200 per Litre	KES 175 per Litre	Cigarettes without filters	KES 1,800 per mille	KES 2,500 per Mille	3 April 2017
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Second Schedule of the Excise Duty Act Excise Duty Changes	Amending paragraph 5 of part A by inserting the wording 'or St John's Ambulance' immediately after the words Kenya Red Cross. Paragraph 5 provides that excisable goods imported or purchased by Kenya Red Cross for official use in the provision of relief services in Kenya will be exempt from Excise Duty. This amendment is intended to recognize and facilitate the St John Ambulance plays in responding to emergencies.	3 April 2017									
Paragraph 10 of the Excise Duty Act	Amending paragraph 10 of the Second Schedule to the Excise Duty Act which provides exemptions on excise duty for excisable goods imported for direct use in the manufacture of sanitary towels to include 'or purchased locally' immediately after the word imported. This now provides that goods purchased locally and used in the manufacture of sanitary towels are exempt from Excise Duty, and is aimed at lowering the cost of the sanitary products.	3 April 2017									

Focus area	Change in the Law and KPMG comments	Effective date
Enhancing powers of an Authorised Officer	<p>The Finance Act, 2017 enhances the powers of an Authorised Officer as contained in Section 7 of the Tax Procedures Act, 2015 (TPA) by introducing Subsection 2 which gives KRA officers power to enter and search any premises or vessels and seize, collect and detain evidence and produce the evidence in any proceedings before a Court of Law or Tax Appeals Tribunal.</p> <p>Previously, the TPA offered Authorised Officers all the powers, rights, privileges and protection of a Police Officer in the performance of their duties but did not expressly authorize the use of the evidence gathered by the Authorised Officers in a judicial or quasi-judicial process.</p>	<p>3 April 2017</p>
Registration of a Tax Representative	<p>The Finance Act provides that a tax representative shall be registered in the name of the non-resident person being represented and the Commissioner shall issue a PIN to the tax representative.</p> <p>Further, the amendment provides that a person may be a tax representative of more than one persons.</p> <p>The above provisions serve to formalize the process of appointment of a tax representative by providing for the form of registration and the issuing of a PIN. Previously, the appointment of a tax representative was not clearly provided for as the Act only provided that a tax representative may be appointed without giving the specifics of the appointment.</p> <p>This provision provides clarity on the use of the tax representatives allowing one person to represent more than one non-resident person.</p>	<p>1 January 2018</p> <p style="text-align: right; background-color: red; color: white; padding: 2px;">New</p>
Tax amnesty on voluntary declaration of offshore income	<p>The Act extends the amnesty deadline for voluntary declaration of taxable offshore income by 6 months from 31 December 2017 to 30 June 2018.</p> <p>Self-Assessment Returns for the year of income 2016 and prior should be filed by 30 June 2018 to qualify for the amnesty. The Act introduces a new condition that the voluntarily income should be repatriated to Kenya as part of the amnesty application.</p> <p>Further, the Act provides that where no funds have been transferred within the period of the amnesty, there shall be allowed a five year period for repatriation of the funds but a penalty of 10% will apply.</p>	<p>3 April 2017</p> <p style="text-align: right; background-color: red; color: white; padding: 2px;">New</p>
Withholding VAT (WHVAT)	<p>The Finance Act introduced the following changes to WHVAT:</p> <ul style="list-style-type: none"> • Exemption from WHVAT requirements where a supplier proves to the Commissioner that they are likely to be in a credit position for more than 24 months due to the nature of their business and imposition WHVAT obligation. • WHVAT is to be remitted to the KRA on or before the 20th day of the month following the month of the deduction. This brings the law in line with practice where taxpayers have been remitting WHVAT by the 20th of the month following the month of deduction together with the VAT return • Failure to withhold and/or remit WHVAT deducted by the 20th of the following month is now an offence which attracts a penalty equivalent to 10% of the amount involved. <p>Previously there was a contention as to when WHVAT was due and the penalty for non-compliance as these were not clearly stated.</p>	<p>3 April 2017</p> <p style="text-align: right; background-color: red; color: white; padding: 2px;">New</p>
Clarification of the meaning of 'tax liability'	<p>The TPA defines tax liability to include any late payment interest payable in respect of a tax liability. This definition excludes penalties relating to the tax liability.</p> <p>The Act amends this by expanding the definitions as follows: a tax liability of a taxpayer includes any penalty or late payment interest payable in respect of the liability.'</p>	<p>3 April 2017</p>

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Taxation of the Gambling Industry Sections 29A(1), 44A(1), 55A(1) and 59B(1) of the Betting, Lotteries and Gaming Act	<p>The amendment raises the taxes for betting, lottery, gaming and competition companies from the current rates of 7.5%, 5%, 12% and 15% to a uniform tax rate of 35%. This tax is in addition to the normal corporation tax of 30%.</p> <p>The move is an attempt by the Cabinet Secretary to the Treasury to cash in on the phenomenal growth that the industry has experienced in the recent past. The tax is to be put into a special fund to finance sports activities in the country.</p>	1 January 2018
Marine Insurance	<p>The Marine Insurance Act has been amended to bring it in line with the provisions of Section 20 of the Insurance Act which requires all insurance covers to be placed under insurance companies registered in Kenya. The Amendment requires all persons with insurable interest in marine cargo to place marine insurance with an insurer registered in Kenya unless an exemption is sought.</p> <p>This serves to boost the measures in place to promote local insurance business by ensuring Kenyans take marine insurance covers with local companies.</p>	1 January 2017 New
Recognition of Islamic financial products Sections 2, 5, 27, 68A, 96B and Paragraph 4 of the Schedule to the Stamp Duty Act; Section 2, 205 (3A) & (3B) of the Public Finance Management Act; Section 4 of the Co-operative Societies Act and 2, 23 & 68 of the SACCO Societies Act	<p>The amendment relates to the inclusion of various definitions and Sharia compliant products in the substantive laws to facilitate the operationalization of Islamic financial products in Kenya, these include amendments to:</p> <ul style="list-style-type: none"> a) The Stamp Duty, Act – amendment intended to create tax neutrality for Islamic financial products to enable them favourably compete with other conventional financial products in the Kenyan market; b) The Public Finance Management Act - amendment intended to create tax neutrality for Islamic financial bonds to enable them favourably compete with other conventional bonds in the Kenyan market; c) The Co-operative Societies Act - amendment seeks to address the lack of recognition of Islamic financing in the cooperative sub-sector of the Kenyan market; and d) The SACCO Societies Act - amendment intended to define “deposits” and “deposit taking SACCO business” to include the principles of Islamic law for recognition of Islamic SACCOs in Kenya. 	1 January 2018 1 July 2017 1 January 2018 1 January 2018
Increased Powers of the RBA and additional compliance requirements Section 5, 26 and 34 of the Retirement Benefit Act	<p>The objects and functions of the Retirement Benefit Authority now include the approval of the remuneration of the trustees as approved by the members during the annual general meeting to be held every three years.</p> <p>In addition, the Retirement Benefit Act now requires a person who fails to submit any statutory return by the due date to the Authority to pay a penalty of KES 100,000 and a further fine of KES 1,000 for each day or part thereof during which the offence continues and where the return remains un-submitted.</p> <p>This additional functions and penalties are intended to ensure that the RBA has a clear indication as to how the operations of a retirement scheme are being carried out.</p>	1 January 2018
Appeals under the Tax Tribunal Proviso to Section 13(7) of the Tax Appeals Tribunal Act, 2013	<p>The Tax Appeals Tribunal Act provides that the Tribunal can hear and determine an appeal within ninety days from the date the appeal is filed with the Tribunal, provided that during the period of one year from the date of its first sitting, the Tribunal may extend the period for the hearing an appeal for a period of up to sixty days if there are sufficient grounds to do so.</p> <p>Since the Tribunal has been in existence for over a year, this proviso is no longer relevant hence its deletion.</p>	1 January 2018

<p>Strengthening of the Public Procurement and Asset Disposal Act, 2015</p> <p>Sections 10, 29 and 114 of the Public Procurement and Asset Disposal Act, 2015</p>	<p>The Public Procurement and Asset Disposal Act, 2015 is amended to address the three main issues that are critical to the successful implementation of the Act:</p> <ol style="list-style-type: none"> 1) The composition of the Public Procurement Regulatory Review Board; 2) The composition of the Public Procurement Review Board; and 3) The introduction of specially permitted procurement method as an alternative procurement method. <p>While the reconstitution of the two Boards is aimed at addressing the Constitutional challenges with regards to gender balance and public participation, the specially permitted procurement may be seen as a way of enabling public entities to procure outside the Act and this will definitely have its own challenges.</p> <p>The procedures for the special procurement will be prescribed by the Cabinet Secretary to the National Treasury.</p>	<p>1 July 2017</p>
<p>Power to extend term of receivership</p>	<p>The Act amends the Kenya Deposit Insurance Act to give the Cabinet Secretary power to extend the receivership term for a period not exceeding 12 months.</p> <p>This is based on the experiences of the recent receiverships of Kenyan banks with the KDIC acting as receiver manger.</p>	<p>1 January 2018</p> <p style="text-align: right; background-color: red; color: white; padding: 2px;">New</p>
<p>Amendment to the Miscellaneous Fees and Levies Act, 2016</p>	<p>There is an amendment is aimed at exempting Special Economic Zone Enterprises from export duty and Import Declaration Fees.</p> <p>There is also an amendment to exempt from Import Declaration Fees and Railway Development Levy the goods imported for the construction of LPG storage facilities as approved by the CS</p>	<p>1 January 2018</p> <p style="text-align: right; background-color: red; color: white; padding: 2px;">New</p>



Focus area	Change in the Law and KPMG comments	Effective date												
Legal Notice EAC/69/2017: Measures on Custom Duty Rates	<p>Measures introduced on custom duty rates include:</p> <ul style="list-style-type: none"> Kenya to apply a lower rate for worn clothing and other worn articles (<i>mitumba</i>) of HS Code 6309.00.10 compared to the EAC CET. The applicable rate by Kenya is the higher of 35% or USD 0.20/Kg instead of the higher rate of 35% or USD 0.40/Kg under the CET for one year. The lower rate is a response to threats by the United States to bar Kenya from accessing the US market under the AGOA framework if the duty on second hand clothes is increased. Kenya to apply a higher rate of 25% instead of 10% on the importation of paper and paperboard products. This should be seen in light of recent moves to revive the local paper industry. Kenya to stay application of the CET rate of 0% on cylinders and apply a rate of 25% for one year. Kenya to stay application of CET rate of 35% or USD 200/MT instead of 75% or USD 375/MT on rice whichever is higher for a period of one year. 	1 July 2017												
East Africa Community Customs Management (Duty Remission) Regulations	<p>Legal Notice EAC/70/2017</p> <p>Kenya to give a remission of duty as follows:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>New rate</th> <th>Old rate</th> <th>Period</th> </tr> </thead> <tbody> <tr> <td>Wheat (wheat grain)</td> <td>10%</td> <td>35%</td> <td>One year</td> </tr> <tr> <td>Raw sugar for manufacture of industrial sugar</td> <td>0%</td> <td></td> <td>One year</td> </tr> </tbody> </table> <p>Specific importers have been Gazetted and allocated quotas to import the wheat under remission to meet the deficit in Kenya</p> <p>The raw sugar shall be used for the manufacture of industrial sugar which is mainly used in manufacturing of confectionery and beverages although none of the EAC countries produces industrial sugar. The remission is in line with Government's plans to start the manufacturing of industrial sugar in Kenya. Currently the refined sugar used in Kenya is imported from Brazil, India and Thailand.</p>	Particulars	New rate	Old rate	Period	Wheat (wheat grain)	10%	35%	One year	Raw sugar for manufacture of industrial sugar	0%		One year	1 July 2017
	Particulars	New rate	Old rate	Period										
	Wheat (wheat grain)	10%	35%	One year										
Raw sugar for manufacture of industrial sugar	0%		One year											
<p>Legal Notice EAC/71/2017</p> <p>The Legal Notice suspends the conditions imposed in 2013 specifying the motorcycle parts that can be imported under remission as well as those that must be manufactured in Kenya.</p> <p>This will serve to spur growth in manufacturing and especially the motor cycle assembly industry. Specific importers have been Gazetted together with the quantities each can import under remission. The remission will last for one year after which the specific conditions set out under Legal Notice EAC/39/2013 will revert</p>	1 July 2017													
<p>Legal Notice EAC/72/2017</p> <p>The progressive phasing out of remissions on importation of sugar for industrial use introduced in 2016 has been suspended for one year and the duty rate has been set at 10%. This is because specific sectors such as manufacturing of confectionery as well as beverages rely on industrial sugar which is imported.</p>	1 July 2017													
East Africa Community Customs Management Act	<p>Legal Notice EAC/83/2017</p> <p>It amends the general exemptions under customs duty to include equipment and inputs for the exclusive use in the distribution of oil, gas or geothermal to the existing exemption on equipment for use in exploration and development. This is in line with plans by EAC states to build oil pipelines in preparation for the exportation of oil from Kenya and Uganda.</p>	1 July 2017												
Protocol on the Establishment of the EAC Customs Union	<p>Legal Notice EAC/84/2017</p> <p>The amendment allows a one year duty exemption on the sale of up to 20% of the annual production of garments and leather footwear manufactured in the Export Processing Zones (EPZ) within Kenya. Ordinarily EPZ products sold to the local market are treated as imports and subjected to duty. The CET will continue to apply to the products when sold in the other EAC countries.</p> <p>The exemption is in line with the GOK's plan to promote growth of the textiles industry by allowing the local sales of EPZ manufactured clothing. It also enables Kenyans to enjoy high quality products manufactured in Kenya.</p>	1 July 2017												

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