

# BDO East Africa Tax Alert - April 2025

Issued 24th April 2025



Excise Duty (Amendment) Act, 2025  
Effective 27th December 2024

## Executive Summary

The Excise Duty (Amendment) Act, 2025 has been enacted, with the changes deemed effective from 27th December 2024. The Act introduces key amendments with implications for importers of electrical equipment and building materials.

These updates present immediate opportunities for cost savings, but also require tactical changes in sourcing, customs documentation, and compliance strategy.

# Sector Snapshot

## 1. Excise Duty Removed on Imported Transformers

The 25% excise duty on imported fully assembled electric transformers and parts under HS Codes 8504.10.00 to 8504.34.00 has been repealed.

### Implication:

This move reduces capital expenditure for energy and infrastructure projects. Companies in utilities, real estate, manufacturing, and construction stand to benefit through lowered input costs.

## 2. Excise Clarified for Float Glass under Tariff 7005

Excise duty remains applicable on imported float glass and polished glass (Tariff Code 7005) except where sourced from East African Community (EAC) Partner States and in compliance with EAC Rules of Origin.

### 3. Implication:

Non-EAC sourced float glass becomes costlier. Companies can reduce costs by pivoting to EAC suppliers—provided they ensure proper documentation.



## Policy Context (BDO Expert View)

Steve Okoth, Regional Head of Tax, BDO East Africa

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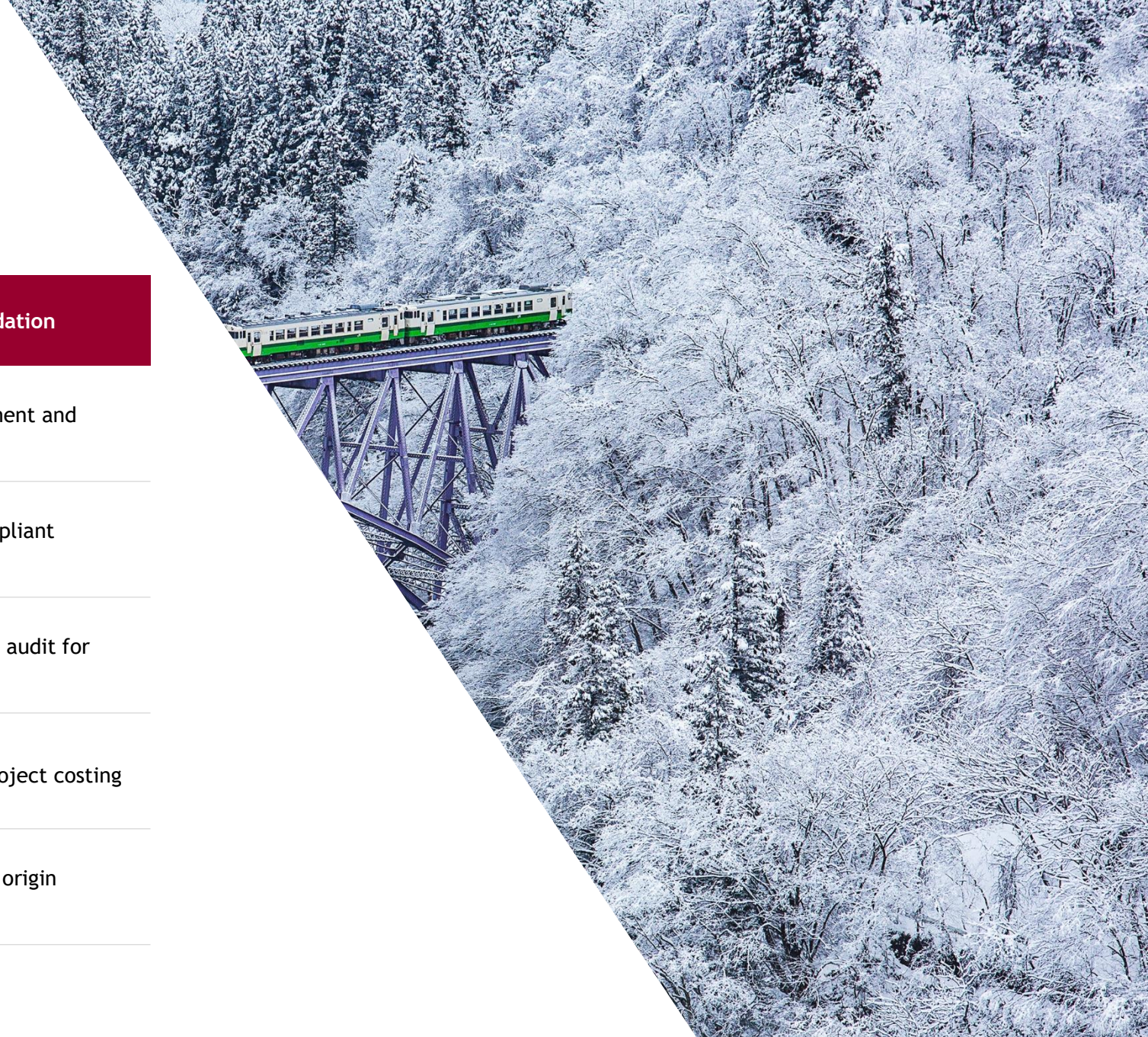
... the government is strategically aligning excise policy with industrial and regional trade objectives. The repeal on transformers incentivizes infrastructure rollout, while the float glass amendment rewards regional trade compliance. Businesses that act swiftly can enhance both tax efficiency and supply chain resilience... ”



# Sector Snapshot

## Who Is Affected and How

Sector	Impact	BDO Recommendation
Energy	Transformer import costs reduced	Review procurement and CAPEX forecasts
Construction	Float glass costs rise (non-EAC)	Shift to EAC-compliant sourcing
Manufacturing	Savings on electrical components	Conduct HS Code audit for product inputs
Real Estate	Duty savings on electrical infrastructure	Reassess total project costing
Import-Distribution	Compliance checks for duty exemptions	Ensure valid EAC origin certificates



A photograph of the Golden Gate Bridge in San Francisco, California, viewed from a low angle looking across the water. The bridge's iconic orange-red towers and suspension cables are prominent against a clear blue sky. The water is a deep blue-green, and the city skyline is visible in the distance.

# What You Need to Do

Verify HS Codes for transformers and glass in your product portfolio.

Evaluate EAC supplier options for glass and other affected products.

Document proof of origin rigorously to claim exemptions.

Update internal pricing models and project costings.

Request a product-by-product excise impact review from our team.

# Frequently Asked Questions (FAQs)

1

**Can I claim a refund if I paid excise duty after 27th December 2024?**

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- ▶ Yes. You may be eligible for a refund, subject to proof and a formal claim.

2

**Is a certificate of origin from an EAC country enough to claim exemption?**

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- ▶ Only if it satisfies the EAC Rules of Origin. BDO can assist in verifying compliance.

3

**What's the penalty for misdeclaring the origin?**

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- ▶ KRA may deny the exemption and impose penalties, including backdated duty and fines.

4

**Will there be more excise changes this year?**

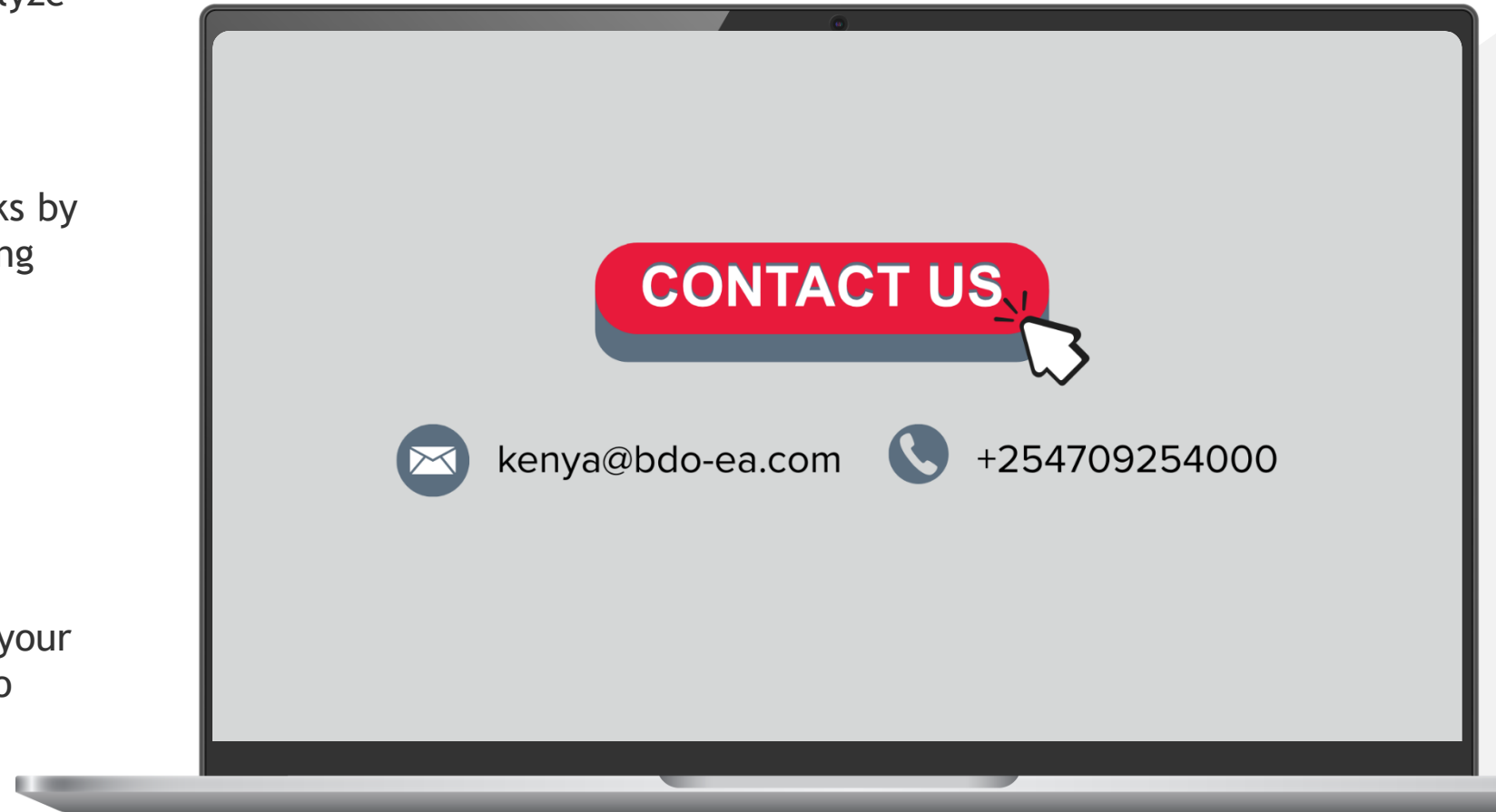
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- ▶ Possibly—Finance Bill 2025 is likely to introduce further reforms. Stay updated.

# How BDO Can Help

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- ▶ **Custom Excise Reviews:** We'll analyze your imported items to ensure compliance and cost efficiency.
- ▶ **Rules of Origin Advisory:** Avoid risks by getting clear guidance on qualifying goods.
- ▶ **Strategic Sourcing Advice:** Align sourcing to regional tax and trade advantages.
- ▶ **Training & Documentation:** Equip your teams with practical knowledge to manage excise risks.



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