



# Business & Taxation in Kenya

**A Quick Tax Guide  
2022 / 2023**

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## TAX RATES

TAX HEADS	TAX RATES	PAYMENTS
Corporation Tax	10% to 37.5% (Refer to page 5)	<p>Payable in four equal installments by the 4<sup>th</sup>, 6<sup>th</sup>, 9<sup>th</sup>, and 12<sup>th</sup> months based on the lower of 110% of the previous year's tax liability or an estimate of the current year's tax liability. For Agricultural sector, Installments are due by the 9<sup>th</sup> and the 12<sup>th</sup> months.</p> <p>Final tax if any due by end of the 4<sup>th</sup> month after year end.</p> <p>Special rates/holidays of tax exist for affordable housing scheme developers, SEZs, EPZs, Special Operating Frameworks.</p>
Turnover Tax (For annual turnover from KES 1 million to KES 50 million)	1%	Monthly. Due by the 20 <sup>th</sup> of the following month.
Withholding Tax	Varying rates of 3%-30%(refer to page 18)	<p>Creditable against corporation income tax.</p> <p>It is final tax on payments to non-residents, qualifying interest, and qualifying dividends.</p>
Capital Gains Tax (CGT)	<p>15% effective 1<sup>st</sup> January 2023 as enacted by the Finance Act, 2022.</p> <p>5%, up to December 2022.</p>	CGT payment is due by the 20 <sup>th</sup> day after transfer of property of capital nature (i.e., land, buildings and privately held shares).

TAX HEADS	TAX RATES	PAYMENTS
Value Added Tax (VAT)	16%, 8% and 0%	Due by 20 <sup>th</sup> of the following month.
	Exempt on specific items listed under the First Schedule to the VAT Act.	N/A
Excise Duty	Varying rates	Due by 20 <sup>th</sup> of the following month.
Digital Service Tax(DST)	1.5%	Due by 20 <sup>th</sup> of the following month.

## INCOME TAX

### Withholding Tax (WHT)

#### WHT applies to several transactions including:

- Management, professional, contractual, and training services,
- Royalties or natural resource income,
- Interest including deemed interest,
- Appearing in or organizing sporting and entertainment events,
- Insurance and reinsurance premiums,
- Rent,
- Dividends,
- Commissions and agency fees, and
- Sales promotion, marketing, advertising services, and transportation of goods (excluding air and shipping transport services).

Special rates are applicable where Kenya has an effective Double Taxation Treaty ('DTA').

#### WHT Exempt Transactions Include:

- Dividends received by a company resident in Kenya from a local subsidiary or associate company in which it controls (directly or indirectly) 12.5% or more of the voting power,

- Commissions and residue audit fees paid to foreign agents in respect of export of flowers, fruits, and vegetables,
- Interest payments to banks and insurance companies,
- Payments made to tax exempt bodies,
- Local management and professional fees whose aggregate is below KES 24,000 in a month,
- Air travel commissions paid by local air operators to overseas agents, and
- Payment by a branch to its head office.

PAYE is deducted by the employers on employment incomes of their employees.

PAYE is paid on or before 9th of the following month. Penalty for late filing is KES 10,000 or 25% of the tax due whichever is higher. Late payment attracts a penalty of 5% and a monthly interest of 1%.

MONTHLY	ANNUALLY	RATE %
On the first KES 24,000	On the first KES 288,000	10
On the next KES 8,333	On the next KES 99,996	25
Above KES 32,333	Above KES 387,996	30
Personal Relief - KES 2,400	Personal Relief - KES 28,800	
Insurance Relief – 15% of the subject premiums paid to a maximum of KES 5,000 monthly.	15% of the amounts of premium paid to a maximum of KES 60,000 annually.	

Insurance reliefs applies to:

Life Insurance

Education Policies

Health Insurance including NHIF

### Benefits Chargeable to PAYE

- Non-cash benefits above KES 3,000 per month,
- Motor vehicles and telephone,
- Housing, utilities and school fees, and
- Employee stock ownership plan (ESOP) and club subscriptions.

### Benefits not Chargeable to PAYE

- Meals provided by employer to employee not exceeding KES. 48,000 per annum or KES 4,000 per month,
- Per diems of KES. 2,000 per day earned while working out of usual station,
- Medical insurance and expenses subject to limits and conditions,
- Pension Contributions made by employer subject to conditions,
- Air tickets for expatriates subject to conditions,
- Non-cash benefits not exceeding KES 3,000 per month,
- Earnings from casual employment,
- The first KES 150,000 for the disabled,
- Monthly pensions not exceeding KES 25,000 per month, and
- Full pension to persons aged over 65 years.

## CORPORATE TAX

ENTITY	RATE %
Resident company	30% of taxable profits
Branch	37.5% of taxable profits
SEZ enterprises, developers, and operators	First 10 years - 10% of taxable profits Next 10 years - 15% of taxable profits Thereafter - 30% of taxable profits
EPZ enterprises	First 10 years - Nil Next 10 years - 25% of taxable Profits Thereafter - 30% of taxable profits

ENTITY	RATE %
Local motor vehicle assembling company	First 5 years - 15% of taxable profits Next 5 years - 15% of taxable profits (Subject to conditions).
Developers constructing at least one hundred residential units annually	15% of the taxable profits for that year of income (Subject to conditions).
Special operating frameworks	Companies operating under framework or those whose capital investment is KES 10 million to pay tax at the rate prescribed in the agreement with the Government.
Carbon exchange and shipping lines	15% corporation tax for the first 10 years. Thereafter 30%.
Human vaccines manufacturer	Exempted.

### Self-Assessment Returns ("SAR") Filing

The following are the due dates for filing of the SAR:

- SARs for body corporates (non-individuals) are due within six months after the end of the accounting year-end. The balance of tax due is payable by the last day of the 4<sup>th</sup> month after the accounting year-end, and
- SARs for all individuals due on or before 30<sup>th</sup> June of the succeeding calendar year.

### Instalment Taxes

The basis of instalment tax is the lower of the preceding year's tax multiplied by 110% and the current year's estimate. Instalment taxes are payable on or before the 20<sup>th</sup> of the month they fall due as indicated under the table below.

MONTH	AGRICULTURAL ENTERPRISES %	ALL OTHER TAX PAYERS %
4 <sup>th</sup> month	-	25
6 <sup>th</sup> month	-	25
9 <sup>th</sup> month	75	25
12 <sup>th</sup> month	25	25

In the event of increased profits, the balance of tax is payable on or before the last day of the 4<sup>th</sup> month after the accounting year-end.

### Capital Allowances

MACHINERY	RATE OF INVESTMENT ALLOWANCE
Furniture and fittings	10% p.a. in equal instalments
Telecommunication equipment	10% p.a. in equal instalments
Filming equipment by a licensed local film producer	25% p.a. in equal instalments
Machinery used to undertake operations under a prospecting right	50% in the first year of use; 25% p.a. thereafter in equal instalments.
Machinery used to undertake exploration operations under mining Act	50% in the first year of use; 25% p.a. thereafter in equal instalments.
Machinery used for manufacture	50% in the first year of use; 25% p.a. thereafter in equal instalments.
Hospital equipment	50% in the first year of use; 25% p.a. thereafter in equal instalments.



MACHINERY	RATE OF INVESTMENT ALLOWANCE
Ships	50% in the first year of use; 25% p.a. thereafter in equal instalments.
Aircrafts	50% in the first year of use; 25% p.a. thereafter in equal instalments.
Heavy earth-moving equipment	25% p.a. in equal instalments
Other motor vehicles	25% p.a. in equal instalments (Qualifying cost of non-commercial vehicle restricted to KES 3 million).
Computers and peripheral computer hardware, software, calculators, copiers, and duplicating machines	25% p.a. in equal instalments
Other machinery	10% p.a. on equal instalments

### Capital Allowances on Buildings

BUILDINGS	INVESTMENT ALLOWANCE
Hotel building	50% in the first year of use; 25% p.a. thereafter in equal instalments
Buildings used for manufacture	50% in the first year of use; 25% p.a. thereafter in equal instalments
Hospital building	50% in the first year of use; 25% p.a. thereafter in equal instalment
Petroleum or gas storage facilities	50% in the first year of use; 25% p.a. thereafter in equal instalments
Educational buildings including students' hostels	10% p.a. in equal instalments
Commercial buildings	10% p.a. in equal instalments

BUILDINGS	INVESTMENT ALLOWANCE
Farm-works	50% in the first year of use 25% p.a. thereafter in equal instalments.

OTHER CAPITAL ALLOWANCES	RATE %
Investments whose cumulative value in the preceding three years is at least KES 2 billion outside Nairobi and Mombasa Counties.	Investment deduction allowance rate of 100%
Investment value in that year of income is KES 250 million outside Nairobi City County and Mombasa County.	Investment deduction allowance rate of 100%
For investments undertaken in a special economic zone (SEZ).	Investment deduction allowance rate of 100%
For investment made on or before 25th April 2020 and the cumulative value of the investment for the preceding three years of income was KES 2 billion.	Investment deduction allowance rate of 150%

### Turnover Tax

*(An elective tax regime)*

Applicable to resident persons with Annual Turnover between KES 1 Million – KES 50 Million at 1% of the Annual Turnover.

### Monthly Residential Rental Income

*(An elective tax regime)*

Applicable at the rate of 10% on the Gross Monthly Rental Income earned by a Resident person provided that the income earned from the residential rental income does not exceed KES 15 million p.a.

### Transfer Pricing (TP)

The Transfer Pricing Rules under the Income Tax Act requires that transactions between a resident enterprise and its related non-resident parties be at arm's length. Transactions between a resident person and a person operating in a preferential tax regime also need to be at arm's length.

The transfer pricing rules largely reflect the OECD Transfer Pricing Guidelines.

A "related person" is a party that shares direct or indirect management, control or capital with the resident enterprise.

A preferential tax regime has been defined as:

- Any Kenyan legislation, regulation or administrative practice which provides a preferential rate of tax to income or profit, including reductions in the tax rate or the tax base; or
- A foreign jurisdiction which does not tax income, taxes income at a rate that is less than 20%, does not have a framework for the exchange of information or lacks transparency on corporate structure, ownership of legal entities located therein, beneficial owners of income or capital, financial disclosure, or regulatory supervision.

The transfer pricing methods applicable include:

- The Comparable Uncontrolled Price,
- The Resale Price Method,
- The Cost Plus Method,
- The Transactional Net Margin Method,
- Cost Plus Method.
- Any other method may be applied with the permission of the Commissioner.

### Country by Country Reporting (CbCR) Notification

The CbCR filing requirements will apply to members of a multinational group whose gross turnover is KES 95 billion and above and have either parent company or constituent companies in Kenya.

The notification requirement is effective from the year of income commencing in 2022 and it should be filed not later than 12 months after the accounting year-end.

CbCR will contain:

1. Names, tax residence, main business activity of each constituent entity.
2. The group's aggregate information including:
  - Revenues,
  - Earnings Before Income Tax,
  - Income taxes paid on both cash and accrued basis, in all the countries of operations, including withholding tax,
  - Stated capital and accumulated earnings,
  - The number of local employees, and
  - Tangible assets (but not cash or cash equivalents).
3. Other information that may be required by KRA.

## Master File and Local File

From 2022 year of income, the ultimate parent companies and their constituent entities will file Master File and Local Files with KRA, within 6 months from the accounting year end.

A Master File contains:

- A detailed overview of the group,
- The group's growth engines,
- The group's supply chain and key products,
- The research and development policy,
- A description of each constituent entity's contribution to value creation,
- Information on intangible assets and related intercompany agreements,
- The group's financing activities,
- The consolidated financial statements,
- Tax rulings, if any, made in respect of the group, and
- Other information required by KRA.

A Local File contains:

- Information on the resident constituent entity's activities within the group,
- The management structure of the resident constituent entity,
- The business strategies including structuring, description of the material controlled transactions, the business and competitive environment,
- The international transactions and amounts paid to the resident constituent entity's business or received by it,
- Other information requested by KRA.

## Interest Restriction

Effective 1<sup>st</sup> January 2022, deductible interest is capped at 30% of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). The interest restriction applies to interest on all loans, payments that are economically equivalent to interest and expenses incurred in relation to raising finance but will exclude income exempt from income tax and the following entities:

- Banks or financial institutions licensed under the Banking Act,
- Micro and small enterprises registered under the Micro and Small Enterprises Act, 2012,
- Microfinance institutions licensed and non-deposit taking microfinance businesses under the Microfinance Act, 2006,
- Entities licensed under the Hire Purchase Act,
- Non-deposit taking institutions involved in lending and leasing business,

- A company undertaking the manufacture of human vaccines,
- Cumulative investment in the preceding five years from the commencement of this provision is at least five billion shillings,
- Companies engaged in manufacturing whose cumulative investment is at least five billion shillings provided that the investment shall have been made outside Nairobi and Mombasa Counties,
- Holding companies that are regulated under the Capital Markets Act.

### Motor Vehicle Advance Tax

Advance Tax is payable on the following motor vehicles on or before the 20th of the first month of the year.

- For vans, pick-ups, trucks, prime movers, trailers, and lorries - KES. 1,500 per ton of load capacity subject to a minimum of KES. 2,400 per year of income.
- For saloons, station-wagons, mini-buses, buses, and coaches - KES. 60 per passenger capacity per month subject to a minimum of KES. 2,400 per year of income.

## VALUE ADDED TAX (VAT)

Any person expected to make or makes taxable supplies valued at a minimum of KES 5 million in any period of 12 Months is required to register for VAT.

Rates of tax are:

- Standard rate of 16% for local taxable supplies,
- 8% on local supply of fuel and LPG, and
- 0% for zero-rated supplies and export of goods.

The tax point for accounting for VAT in a tax period shall be earlier of:

- The date the supplies are delivered,
- The date on which the invoice is issued,
- The date a certificate is issued for by an architect, surveyor or any other person acting as a consultant in a supervision capacity; and
- The day on which payment for the supply is received.

All incidental costs, any taxes, duties levies, fees, and charges other than VAT paid or payable for the supply are subject to VAT.

Taxable value excludes, reimbursements, interest for late payment and hire purchase agreements financial charges.

## VAT Payable

Output VAT is due on taxable supplies while input VAT is due on taxable purchases. Input VAT is claimable provided:

- One is in possession of a valid tax invoice,
- Is claimed within 6 months from the date of invoice,
- Input tax is business related i.e. the supply has been incurred to make a taxable supply,
- Input tax incurred on passenger cars and mini-buses as well as spare parts and repairs is not deductible unless it is for the business of selling or hiring of these cars,
- Input tax on restaurant, entertainment and accommodation services are not deductible unless incurred in the ordinary course of business or where the recipient is away from home on official business.

## VAT Payable / Credit

Where input tax exceeds output VAT in a month, the excess input VAT is carried forward to be offset against output VAT in future months without time limitation.

Input VAT relating to exempt supplies should be expensed. Where a person deals in mixed supplies, input VAT is determined as follows:

- The amount that relates to taxable supplies is deducted in full,
- The shared input tax is apportioned and the amount that relates to exempt supplies is disallowed,
- Where a person's exempt supplies are less than 10% all input VAT is deductible regardless, and or
- Where it is 90% and above, all input VAT is disallowed.

Formula used for apportioning input VAT for a mixed supply is:

$$\text{Deductible VAT} = \frac{\text{Taxable supplies} \times \text{input VAT}}{\text{Total supplies}}$$

Input VAT is refundable in the following scenarios.

- The excess is arising from the making of zero-rated supplies,
- VAT relating to bad debts, and
- VAT paid in error.

## Withholding Value Added Tax (WHVAT)

Withholding VAT – this is a tax deducted at source by a customer on every invoice that has VAT at 16% and 8%. The rate for WHVAT is 2% currently. The withheld VAT amount is tax paid in advance and is utilised to reduce the VAT payable in a month.

### VAT Eligibility Criteria

A registered person who makes taxable supplies is liable to pay and account for VAT monthly before the 20<sup>th</sup> day of the following month.

A non-resident person who makes taxable supplies in Kenya, is required to appoint a tax representative in Kenya, who will be responsible for administration and accounting for VAT.

An importer of taxable services in Kenya shall be deemed to have made a taxable supply to himself and VAT shall be charged on such supplies.

A registered person shall be deemed to have made a taxable supply if taxable supplies are applied for use outside of the business.

## MISCELLANEOUS LEVIES

### Railway Development Levy (RDL)

The railway development levy is payable on all imports into the country at 2% of the customs value of the goods. However, the rate is 1.5% for raw materials and intermediate products imported by approved manufacturers and inputs for the construction of houses under the affordable housing scheme approved by the government.

### Anti-Adulteration Levy

Anti-adulteration levy is charged on all illuminating kerosene imported into the country for home use.

The levy shall be at the rate of KES 18 per liter of the customs value of the illuminating kerosene and shall be paid by the importer at the time of entering the illuminating kerosene into the country.

### Import Declaration Fee (IDF)

The IDF is payable on all imports into the country at 3.5% of the customs value of the goods.

The rate on raw materials and intermediate goods imported by manufacturers approved by the government and input for the construction of houses under an affordable housing scheme is 1.5%.

### Tourism Levy

Tourism levy is chargeable at the rate of 2% of the monthly gross receipts on the sale of food, drinks, accommodation and all other services. Persons engaged in tourism activities and services are required to obtain a license from the Tourism Regulatory Authority pursuant to Section 98 of the Tourism Act.

Businesses engaged in tourism activities or services are required to maintain a monthly levy return reflecting gross receipts during the month. The monthly tourism levy return together with the tourism levy payable should be submitted to the Tourism Fund on or before the 10<sup>th</sup> of the succeeding month from which the sale was made.

## EXCISE DUTY

Excise duty is chargeable on the locally manufactured or the imported excisable commodities and services.

Excisable commodities include bottled water, soft drinks, cigarettes, alcohol, fuel, and motor vehicles.

Excisable services include telephone and internet data services, fees charged for money transfer services, and other fees charged by financial institutions. Different commodities attract different duty rate. The excisable duty rate is between 0-35%.

## IMPORT DUTY

Imported goods are generally classified under the special HS Codes and are subject to import duty at varied rates between 0-25%.

An enterprise established in an EPZ is exempt from customs duty on machinery and inputs for products manufactured for export.

Licensed oil and gas contractors with a Production Sharing Contract (PSC) with the Government of Kenya are exempt from customs duty on importation of machinery, spares, and inputs used in exploration activities, excluding motor vehicles.

Where raw materials that are not subject to 0% import duty are used to manufacture goods for use locally within the EAC and for export outside the EAC, one may apply for remission under the EAC duty remission scheme. This is subject to a requirement for proof of export, and one may be required to execute a bond/bank guarantee.

## DIGITAL SERVICE TAX

A 1.5% digital service tax shall be levied on all foreign income earned through a digital marketplace.

A "digital marketplace" means an online or electronic platform which enables users to sell or provide services, goods, or other property to other users.

This means non-resident payers will have the tax as an additional cost to their business. Non resident persons with permanent establishments (branches) in Kenya are exempted.



## EPZ/SEZ TAX INCENTIVES

### Special economic zones (SEZ)

A carefully master-planned integrated modern industrial city to attract foreign and domestic direct investments where goods introduced and services provided are generally regarded, in so far as import duties and taxes are concerned, as being outside the customs territory.

### Export Processing Zones

The Export Processing Zones Authority (EPZA) is a State Corporation, under the Ministry of trade and industry established in 1990, by the EPZ Act CAP 517, Laws of Kenya. EPZA's mandate is to promote and facilitate export-oriented investments and to develop an enabling environment for such investments.

### Incentives to Businesses in EPZ/SEZ

A 10-year corporate income tax holiday and a 25% tax rate for the next 10 years (except for EPZ commercial enterprises).

Residents Withholding tax exemptions on dividends and foreign services to non-resident parties (except for EPZ commercial license enterprises).

A perpetual exemption from VAT and customs import duty on inputs; raw materials, machinery, office equipment, certain petroleum fuel for boilers and generators, building materials, and other supplies. VAT exemption also applies on local purchases of goods and services supplied by companies in the Kenyan customs territory or domestic market. Motor vehicles which do not remain within the zone are not eligible for tax exemption.

A 100% investment deduction on new investment in EPZ buildings and machinery. Income tax rate for SEZ is 10% for the first 10 years and thereafter 15% in subsequent years.

## STATUTORY DEDUCTIONS

### NSSF

Employers and employees are obligated to contribute monthly to the NSSF either using the old rates (KES 200) or the new rates (tier 1 and tier 2). Payments should be made by 15<sup>th</sup> of the following month.

## NHIF

NHIF is payable by the employee at graduated bands, up to a maximum of KES 1,700 per month. The maximum contribution is reached at a salary level of KES 100,000 per month and there is no corresponding employer contribution. Payments should be remitted by 9<sup>th</sup> of the following month.

GROSS INCOME (KES)	NHIF CONTRIBUTION (KES)
5,999	150
6,000 - 7,999	300
8,000 - 11,999	400
12,000 - 14,999	500
15,000 - 19,999	600
20,000 - 24,999	750
25,000 - 29,999	850
30,000 - 34,999	900
35,000 - 39,999	950
40,000 - 44,999	1,000
45,000 - 49,999	1,100
50,000 - 59,999	1,200
60,000 - 69,999	1,300
70,000 - 79,999	1,400
80,000 - 89,999	1,500
90,000 - 99,999	1,600
100,000 and over	1,700
Self-employed (Special)	500

## NITA

All employers are required to pay to the Directorate of Industrial Training a monthly levy of KES 50 per employee. Nowadays, this is done under the unified payroll of the last month of the financial year end. Companies in their first year of operation with less than 100 employees are exempted from NITA contributions.

## TAX RATES

### WHT - Qualifying Transactions

QUALIFYING PAYMENTS	WHT RATE FOR LOCAL PAYMENTS %	WHT RATE FOR PAYMENTS MADE ABROAD WHERE THERE IS NO DTA %
Agency fees	5	20
Building, civil engineering, and contractual fees	3% (N/A for fees < KES 24,000p.m.)	20
Entertainment & sports fees	N/A	20
Equipment leasing	N/A	15
Insurance agency commissions	10	20
Insurance brokerage commissions	5	20
Interest from banks	15	15% (5% for SEZs when paying a non-resident)
Interest and original issue discounts	15	15% (10% for oil exploration company's)

QUALIFYING PAYMENTS	WHT RATE FOR LOCAL PAYMENTS %	WHT RATE FOR PAYMENTS MADE ABROAD WHERE THERE IS NO DTA %
Interest on housing bonds	10	10
Interest on two year government bearer bonds	15	15
Interest on long term bonds over ten years	10	10
Interest on other bearer bonds	25	25
Management, consultancy, training and professional fees	5% (N/A for fees <KES 24,000 p.m.)	20% (15% for East African residents and 12.5% for oil exploration companies). (If it is paid by an SEZ the rate is 5%).
Pension withdrawals	10%-30% (graduated scales)	5
Qualifying dividends	5% (applicable to EAC citizens)	10% (Exempt if paid by SEZ enterprise, developer or operator)
Rent	N/A	30%
Royalties	5	20% (if paid by an SEZ the rate is 5%)

QUALIFYING PAYMENTS	WHT RATE FOR LOCAL PAYMENTS %	WHT RATE FOR PAYMENTS MADE ABROAD WHERE THERE IS NO DTA %
Shipping & airline business income	N/A	2.5
Subsidiary and associated company dividends	N/A	10
Deemed interest on interest free loans	N/A	15
Message transmission	N/A	5
Mining and Petroleum companies' subcontractors' services	3	5.625
Mining and Petroleum companies, management, training and professional fees	5	12.5

## Withholding Tax Rates Under DTAs

COUNTRY	DIVIDENDS	INTEREST	MANAGEMENT, PROFESSIONAL OR TECHNICAL FEES	ROYALTIES
	%	%	%	%
United Kingdom	10	15	12.5	15
Germany	15	15	15	15
Canada	15	15	15	15
Denmark	20	20	20	20
Norway	15	20	20	20
Sweden	15	15	20	20
Zambia	0	15	20	20
India	10	10	10	10
France	10	12	20	10
South Africa	10	10	20	10
Iran	5	10	20	10

COUNTRY	DIVIDENDS	INTEREST	MANAGEMENT, PROFESSIONAL OR TECHNICAL FEES	ROYALTIES
	%	%	%	%
United Arab Emirates	5	10	20	10
South Korea	10 or 8 (a)	12	20	10
Qatar	5 (b)	10	20	10
Seychelles	5	10	10	10
Other Jurisdictions	10	15	20(c)	20

### Conditions

- (a) With at least 25% interest of the Company distributing the dividend.  
 (b) A rate of 10% is applicable where the holding company owns less than 10% of the Kenyan entity distributing the dividend.  
 (c) The withholding tax rate is 15% for consultancy fees paid to residents of other East African Community Member States.

## PENALTIES AND OFFENCES

OFFENCES	PENALTY
Late payment of tax	5% of the unpaid amount.
Late payment interest	1% per month – simple interest.
Late return filing in case of employment income	25% of the tax due subject to a minimum of KES 10,000.
Late return filing in case of turnover tax (TOT)	KES 5,000
Late return filing in all other cases	5% of the tax due subject to a minimum of KES 20,000.
Failure to register with the tax authority	KES 100,000 for every month the default continues.
Failure to apply for deregistration	KES 100,000 for every month the default continues.
Failure to keep records	10% of the tax payable or KES 100,000 when no tax is due.
Failure to submit documents other than return on due date	KES 1,000 for each day the default continues subject to a maximum of KES 50,000.
Tax shortfall resulting from false or misleading statements	75% of the tax shortfall in case of deliberate falsification and 20% in any other case. Penalty increases by 10% on second offence and by 25% on third and subsequent offences.
Tax avoidance schemes	Double the tax avoided.
Failure to comply with electronic tax system	KES 100,000
Failure to appear before the Commissioner upon being served with notice to do so.	KES 10,000 in case of individual and KES 100,000 for any other case.
Fraudulent claim of refund	Double the amount claimed.



## OUR SERVICES

### AUDIT & ASSURANCE

- External Audit
- Financial Reporting Advisory
- Special Purpose Audits & Reviews

### TAX

- Corporate Tax Compliance
- International Tax
- Employment & Expatriate Tax
- Mergers, Acquisitions & Restructuring

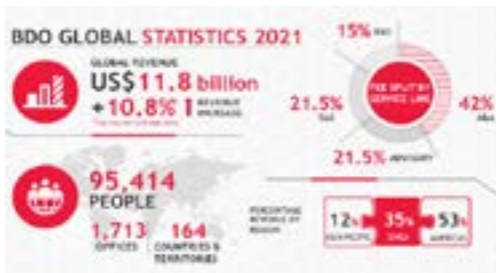
### ADVISORY

- Corporate Finance
- Information Technology Consultancy
- Risk Advisory
- HRM Consultancy

### BUSINESS SERVICES AND OUT-SOURCING

- Payroll Services
- Client Accounting
- Financial Management - Donor Agencies
- Company Secretarial Services

## BDO GLOBAL STATISTICS







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