

NEW NSSF CONTRIBUTION

RATES IN KENYA

March 2023



CHANGES PURSUANT TO NSSF ACT, 2013

INTRODUCTION

The National Social Security Fund (NSSF) ACT No. 45 of 2013 was assented to on 24 December 2014 with a commencement date of 10 January 2014. After protracted legal suits in courts, the Court of Appeal on 3 February 2023 delivered judgment upholding the legality of the Act. Consequently, employers are advised to submit their contributions in accordance with the provisions of the upheld Act as explained and demonstrated below. The effective contribution period is February 2023 which payment will be due latest 9 March 2023.

Lower and Higher Earning Limits

Contributions will be computed based on the lower and higher earning limits described below.

Lower earning limit (LEL) - is the amount gazetted by the Cabinet Secretary responsible for labour annually as the minimum monthly basic wage.

Higher earning limit (UEL) - is the average wage earnings per employee as published by the Kenya National Bureau of Statistics.

The above limits will therefore be changing every year based on minimum gazetted and national average wages.

Tier I and Tier II Contributions

Tier I contributions - are those in respect of earnings up to the LEL - i.e. below KES 6,000 and must be remitted to National Social Security Fund (NSSF).

Tier II Contributions - are those in respect of earnings between KES 6,000 (LEL) and KES 18,000 (UEL) and must be submitted to either NSSF or a Pension Fund of employers choice which has been authorized by the Retirement Benefits Authority (RBA).

COMPUTATION GUIDELINES

Based on the lower and higher earning limits pension contribution will be 12% of the pensionable wages made up of two equal portions of 6% from the employee and 6% from the employer subject to an upper limit of KES 2,160 for employees earning above KES 18,000.

The employee contribution shall be deducted from salary while the employers contribution shall come directly from the employer.


Please refer to the below table for sample contributions computations. The format of the returns file to be submitted to NSSF and the process of submission will remain the same until informed otherwise. The NSSF System will automatically separate the total amount into Tier I and II member contributions.

Scenarios	Earnings	Pensionable Earnings	TIER I				TIER II				Total Pension Contribution
			Tier I Earnings	Tier I Employee Deduction	Tier I Employer Contribution	Tier I Total	Tier II Earnings	Tier II Employee Deduction	Tier II Employer Contribution	Tier II Total	
1	3,000	3,000	3,000	180	180	360	-	-	-	-	360
2	4,500	4,500	4,500	270	270	540	-	-	-	-	540
2	6,000	6,000	6,000	360	360	720	-	-	-	-	720
3	10,000	10,000	6,000	360	360	720	4,000	240	240	480	1,200
4	14,000	14,000	6,000	360	360	720	8,000	480	480	960	1,680
5	18,000	18,000	6,000	360	60	720	12,000	720	720	1,440	2,160
6	20,000	18,000	6,000	360	360	720	12,000	720	720	1,440	2,160
7	100,000	18,000	6,000	360	360	720	12,000	720	720	1,440	2,160
8	500,000	18,000	6,000	360	360	720	12,000	720	720	1,440	2,160

All figures are in Kes

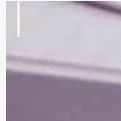


Our Contacts



HENRY SANG
TAX DIRECTOR
E: henry.sang@bdo-ea.com

STEVE OKOTH
TAX DIRECTOR
E: steve.okoth@bdo-ea.com



NZIOKA MUINDI
SENIOR TAX MANAGER
E: nzioka.muindi@bdo-ea.com

PETER MWANGI
SENIOR TAX MANAGER
E: peter.mwangi@bdo-ea.com

JOHN KOMU
TAX MANAGER
E: john.komu@bdo-ea.com

