

President Kenyatta Assents to The Tax Laws (Amendment) Bill, 2020

On April 25, 2020



Nairobi 25th April 2020, (PSCU)—President Uhuru Kenyatta today at State House, Nairobi signed into law the Tax Laws (Amendment) Bill, 2020.

The new tax law amends several statutes to cushion the economy and Kenyans against the effects of the Covid-19 pandemic as announced by the Head of State.

The Amendment Bill, which was published on 30th March 2020, has amended tax-related laws in Kenya including the Income Tax Act (CAP 470), the Value Added Tax Act of 2013, the Excise Duty Act (2015), the Tax Procedures Act (2015), Miscellaneous Levies and Fees Act (2016) and the Retirement Benefits Act (1997).

The amendments include the raise in the threshold for turnover tax to between one million and fifty million shillings so as to exclude small-scale traders from the presumptive tax. The new law further lowers turnover tax rate from 3 to 1 percent.

The amended law, which mainly targets low-income earners, includes a 100 percent Pay as You Earn (PAYE) tax relief for employees earning less than Kshs 28,000 per month. Those earning above the new threshold will benefit from a PAYE tax reduction of between 30 and 25 percent.

Similarly, the new Act has revised Corporation Tax to 25 percent while Non-Resident Tax on Dividends has been adjusted from 10 to 15 percent.

The amended law lowers the Value Added Tax rate from 16 to 14 percent, a move that is expected to lower the shelf prices of basic commodities.

The new Act, has amended Section 38 of the Retirement Benefits Act (1997) to allow access of retirement benefits for purposes of purchase of a residential house. This is aimed at increasing home ownership in the country as envisaged in the housing pillar under Big 4 Agenda.

The Bill, which was presented to the President for signature by National Assembly Speaker Justin Muturi was passed by Parliament on Wednesday this week.

Present during the brief signing ceremony were National Assembly Majority Leader Aden Duale, National Treasury Cabinet Secretary Ukur Yatani, Solicitor General Ken Ogeto, State House Chief of Staff Nzioka Waita, National Assembly Clerk Michael Sialai and State House Deputy Chief of Staff Njee Muturi.