CORPLITE CONSULTING
TAX|AUDIT|ADVISORY|COMPLIANCE

Finance Bill 2025

(Analysis)

A Member of: SNDBX The Village Formula

Introduction

Each financial year, the Government of Kenya publishes a national budget outlining its projected expenditures and revenue streams. However, this budget often results in a deficit, necessitating the sourcing of additional revenue to bridge the gap between income and spending. To address this shortfall, the government introduces a Finance Bill, which proposes measures to enhance revenue collection. Any remaining deficit is typically financed through both domestic and external borrowing.

Since the Kenya Kwanza administration assumed office, the drafting of Finance Bills has taken a markedly different approach compared to previous governments. There has been a strong public expectation that this administration would reduce the tax burden or at least maintain the status quo. Contrary to these expectations, however, the government has consistently introduced new taxes annually. The most notable case was the Finance Bill 2024, which sparked widespread protests led by Gen Z activists. The public outcry was so significant that the Bill failed to pass into law. Subsequently, a few tax measures were enacted through the Tax Laws (Amendment) Act, 2024, which came into effect on 27th December 2024.

Finance Bill 2025

The green copy of the Finance Bill 2025 was published on 6th May 2025. It outlines a series of proposed tax changes for the 2025/26 financial year. Corplite Consulting has conducted a thorough analysis of the Bill. Unlike conventional tax reviews that primarily serve compliance or legal teams, this analysis offers a broader, policy-oriented perspective.

The Finance Bill 2025 introduces sweeping reforms to Kenya's tax framework. Its key objectives are to broaden the tax base and drive targeted industrial development.

Summary of Key Tax Proposals

1	**Expiry of Tax Losses** Unutilized tax losses will expire after five years.
2	**Advance Pricing Agreements (APA)** Introduction of APAs to provide certainty on transfer pricing arrangements.
3	**Reclassification under VAT** Several items previously zero-rated will be reclassified as VAT exempt. These include: • *Inputs and raw materials for animal feed production* • *Solar and lithium-ion batteries* • *Electric buses* • *Locally assembled mobile phones.*
4	**VAT Refund Timelines Aligned** The VAT Act and Tax Procedures Act will be harmonized, requiring VAT refund applications to be submitted within 12 months of when they become due.
5	**Refund Processing Period Extended** The period within which the Commissioner must process refunds will be extended.
6	**Waiver of Interest and Penalties** Interest and penalties arising from system malfunctions in eTIMS or iTax will be waived.
7	**Access to Trade Secrets and Client Data** The Commissioner will be empowered to request sensitive taxpayer information, including trade secrets and client data.
8	**Calendar Days for Objections and Appeals** The calculation of time for lodging objections and appeals will revert from working days to calendar days.
9	**Minimum Top-Up Tax Payment Timeline** Taxpayers must pay minimum top-up tax by the end of the fourth month following the close of the income year.
10	**Per Diem Threshold Increased** The tax-free per diem limit will increase from KES 2,000 to KES 10,000.
11	**Repeal of Investment Deductions** The 100% and 150% investment deductions for projects exceeding KES 1 billion outside Nairobi and Mombasa will be repealed.
12	**Digital Asset Tax Reduced** The Digital Asset Tax rate will be reduced from 3% to 1.5%.
13	**Repeal of Overpaid Tax Offset Against Input VAT** The ability to offset overpaid tax against input VAT will be repealed.
14	**Exclusion of Weekends and Holidays in Appeal Timelines** The computation of timelines for filing appeals will now exclude weekends and public holidays.

Sector Analysis

PROPOSED CHANGE

The Bill proposes to reduce Export & Investment Promotion Levy from 17.5% to 5% on key steel inputs.

IMPACT

This aims to make the importation of semi-finished steel products more affordable hence encouraging domestic production.

PROPOSED CHANGE

The Bill proposes to withdraw the 100% & 150% tax deduction for large capital investments outside Nairobi/Mombasa.

IMPACT

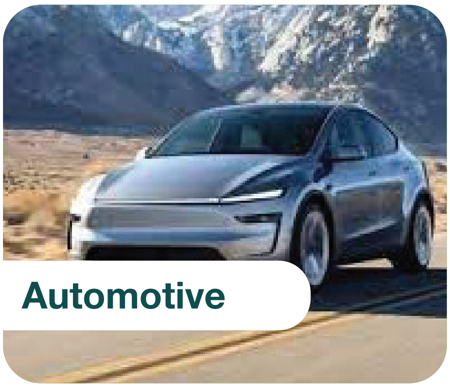
This may discourage long-term investment in underserved regions and SEZs unless alternative support mechanisms are introduced.

PROPOSED CHANGE

The Bill proposes to reclassify inputs from Zero-Rated to VAT-Exempt.

IMPACT

This will reduce incentives for local manufacturing.



PROPOSED CHANGE

The bill proposes to reclassify components of electric vehicles from Zero rated to VAT-Exempt.

IMPACT

This discourages domestic assembly.

Sector Analysis

Digital Economy & Technology

PROPOSED CHANGE

- Proposed Scope widening of SEP tax to include services offered via internet/electronic networks
- Removal of Kshs.5M threshold for non-residents
- Digital Asset Tax Reduced from 3% to 1.5%.

IMPACT

This will widen the tax collection of these sector by incorporating non residents earling below 5M per annum.

Energy, Mining & Environment

PROPOSED CHANGE

Removal of VAT Exemptions for Energy Sector Projects.

IMPACT

This will raise the cost of power production, as energy developers are likely to pass on the additional costs to Kenya Power, which in turn would increase electricity prices for consumers.

Mobile Phone Assembly

PROPOSED CHANGE

Locally assembled phones reclassified from Zero rated to exempt

IMPACT

This will raise the cost of local assembly of Mobile phones.

Nairobi International Financial Centre (NIFC)

PROPOSED CHANGE

Reduced corporate income tax for NIFC-certified entities

IMPACT

This proposal encourages investors to setup within NIFC.

Detailed Analysis per Act

1. INCOME TAX

ISSUE	Minimum top-up tax due date
PROPOSAL The Bill proposes that taxpayers eligible for minimum top-up tax will be required to make payment by the end of the fourth month after the end of the year of income.	**IMPLICATION** This amendment sets a clear timeline for compliance, which was previously absent from the previous provision.

ISSUE	Repeal of 100% & 150% investment allowance
PROPOSAL The Bill proposes removing the tax incentive that provided for 100% investment deductions on hotel buildings, manufacturing sites and equipment for companies that: • Invested KES 250 million or more in a year, outside Nairobi or Mombasa counties; • Made cumulative investments of at least KES 1 billion in the preceding three years; or • Invested in SEZs	**IMPLICATION** Investors will no longer be economically motivated to absorb the higher costs of investing outside Nairobi and Mombasa counties if this proposal is enacted, leading to a significant negative impact on investment in those regions

ISSUE	Taxation of fringe benefits
PROPOSAL The Bill proposes to charge to tax, fringe benefit at the prevailing resident corporate income tax rate.	**IMPLICATION** This simplifies tax compliance on computation of fringe benefit tax which eases the administrative burden on such obligation.

ISSUE	Increase of per diem threshold
PROPOSAL The Bill proposes to increase the allowable cash benefit limit from KES 2,000 to KES 10,000 on amount received by an employee as reimbursement in respect of a period spent outside his usual place of work while on official duties.	**IMPLICATION** The KES 2,000 cap has long been outdated, especially in light of inflation and rising travel/ accommodation costs, and increasing the limit to KES 10,000 aligns the law with economic reality.

ISSUE	Significant Economic Presence Tax Threshold
PROPOSAL The Bill proposes to delete the provision exempting non-resident persons with an annual turnover of less than KES 5 million from Significant Economic Presence Tax.	**IMPLICATION** The proposed amendment seeks to widen this scope to also include income of a non-resident person generated in Kenya.

ISSUE	Definition of Significant Economic Presence Tax
PROPOSAL The Bill proposes to expand the scope of significant economic presence tax to include business carried out over the internet or an electronic network including through a digital marketplace.	**IMPLICATION** This definition bring clarity to taxpayers subject to SEP Tax with respect to income earned through digital platforms.

ISSUE	Digital Asset Tax
PROPOSAL The Bill proposes to reduce the DAT rate from 3% to 1.5%.	**IMPLICATION** This proposal is aimed at encouraging compliance on digital asset transactions as well as incentivize investments in the digital and financial technology sectors.

ISSUE	Introduction of Advance pricing agreements
PROPOSAL The Bill proposes to introduce Advanced Pricing Agreement (APA) provisions between the Commissioner and persons involved with related party transactions with non-residents for the determination of an arm's length price. The APAs will be valid for a period of five years.	**IMPLICATION** This proposal reduces the administrative tax burdens for taxpayers on transfer pricing between related parties by minimizing costly and time-consuming litigation.

ISSUE	Amendments relating to change of accounting year end.
PROPOSAL The Bill proposes that a taxpayers application for change of accounting period shall be deemed to have been approved if the commissioner does not revert within a period of six (6) months.	**IMPLICATION** The above proposal seeks to provide certainty to taxpayers and protect them from delays by the Commissioner in making a determination.

ISSUE	Country by Country Filing Changes
PROPOSAL The Bill proposes to provide clarity on CbCR filing where there are more than one constituent entities of an MNE who are resident in Kenya, by stating that the MNE Group may designate one of the entities to file a CbCR in Kenya.	**IMPLICATION** There is more clarity on the obligations of filing of CbCR in Kenya for resident entities.

ISSUE	Limitation to carry over tax losses
PROPOSAL The Bill proposes an amendment to limit the number of years the tax losses can be carried forward to five years from the time the losses were incurred. The Bill also proposes to repeal the provisions that grant the Cabinet Secretary authority to extend the period for carrying forward of tax losses beyond the stipulated period.	**IMPLICATION** This proposal will negatively affect capital-intensive projects that take more than 5 years to be commercially viable and therefore could potentially discourage both foreign and local investment.

ISSUE	100% Capital allowance on non-machinery items
PROPOSAL The Bill proposes to amend the ITA to provide for diminution allowance at the rate of 100% costs incurred on any implement, utensil or similar articles excluding machinery or plant employed in the production of gains or profits.	**IMPLICATION** This proposal is a welcome move as it will allow businesses to claim full costs of such items thereby simplifying tax compliance and ensuring certainty.

ISSUE	Taxation of expenditure incurred towards sports initiatives
PROPOSAL The Bill proposes to include any donations made towards expenditure incurred in the construction of public sports facilities as an allowable deduction.	**IMPLICATION** This will lead to increased investment in public sports amenities and promoting community development and youth engagement.

ISSUE	Capital loss on disposal of property
PROPOSAL The Bill proposes to delete the provision that allows taxpayers to deduct any capital loss realized in accordance with the provisions of the Eighth Schedule against any future capital gains realized.	**IMPLICATION** Adoption of this proposal would unfairly burden taxpayers with capital gains tax on the sale of a particular property despite recent significant capital losses upon transfer or sale of a prior property.

ISSUE	Taxation of a non-resident ship owner
PROPOSAL The Bill proposes to subject gains or profits derived from the business of nonresident ship owner or charterer other than transshipment, to withholding tax at the rate of 2.5% of the gross amount payable.	**IMPLICATION** This proposal widens the tax base.

ISSUE	Tax exemption of dividends paid by company certified by NIFCA
PROPOSAL The Bill proposes to introduce an exemption from tax on dividends paid by companies certified by the Nairobi International Financial Centre Authority (NIFCA) where that the company reinvests at least KShs 250 million of the profits after tax in Kenya in that year of income.	**IMPLICATION** This proposal will incentivize companies to reinvest more than KES 250 million to qualify for such exemptions. This will balance tax incentives with economic development.

ISSUE	Tax incentives for companies certified By Nairobi International Financial Centre Authority(NIFCA)
PROPOSAL The Bill proposes to reduce corporate income tax rate for companies certified by the Nairobi International Financial Centre Authority to 15% for the first 10 years and 20% for the subsequent 10 years.	**IMPLICATION** The above incentives aim to incentivize start-ups and multinational companies to set up their operations under NIFCA positioning Nairobi as a hub for start-ups, multinational companies and financial enterprises.

ISSUE	Clean-up on withholding tax on payment to pubic entities & scrap
PROPOSAL The Bill proposes to include payments for the sale of scrap and supply of goods to a public entity under the ambit of withholding tax.	**IMPLICATION** This alignment with section 35 of the Income Tax Act provides clarity that income from such supplies and sale of scrap is subject to tax.

2. VALUE ADDED TAX (VAT)

<table>
<tr><th>1</th><th colspan="2">Definition of tax Invoice</th></tr>
<tr><td colspan="2">PROPOSAL
The Bill seeks to clarify the tax invoice by defining a tax invoice to include an electronic tax invoice issued in accordance with section 23A of the Tax Procedures Act, 2015 (TPA). This is an alignment to the TPA which stipulates that a person carrying out a business is required to issue an electronic tax invoice whose features include the following:

a. the words “TAX INVOICE”;
b. name, address and PIN of both the supplier and purchaser;
c. serial number of the tax invoice;
d. date and time of the tax invoice issued
e. date and time the supply was made if different from the date the tax invoice was issued;
f. description of the supply in terms of quantity of goods or type of services;
g. details of any discount allowed at the time of supply;
h. consideration of the supply;
i. tax rate charged and the total amount of tax charged; and
j. any other prescribed information.</td><td>IMPLICATION
The proposal is meant to ensure that all tax invoices are e-TIMS compliant, especially for a VAT registered persons entitled to claim input VAT where applicable.</td></tr>
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2	Removal of VAT Exemptions for Energy Sector Projects
PROPOSAL The Bill proposes to eliminate VAT exemptions on:: a. Taxable goods excluding motor vehicles imported or purchased for the direct and exclusive use in geothermal, oil, or mining prospecting or exploration by licensed companies under the Energy Act, 2019; the Petroleum Act, 2019; or the Mining Act, 2016, subject to recommendations from the relevant Cabinet Secretary; and b. Specialized equipment used in the development and generation of solar and wind energy such as photovoltaic modules, DC charge controllers, inverters, and solar batteries approved by the Cabinet Secretary responsible for energy. However, any exemptions granted prior to the enactment of the Bill will remain valid until 30 June 2026.	**IMPLICATION** Imposing VAT on such inputs would raise the cost of power production, as energy developers are likely to pass on the additional costs to Kenya Power, which in turn would increase electricity prices for consumers.

3	VAT charged on locally assembled and manufactured mobile phones
PROPOSAL The Bill proposes to shift the VAT status for locally assembled manufactured mobile phones from zero-rated to exempt.	**IMPLICATION** This will likely increase retail prices, reduce affordability, and undermine local manufacturing competitiveness due to the inability to recover input VAT.

4	Change in VAT status for electric and solar products
PROPOSAL The Bill proposes to change the VAT status for the following products from zero-rated to exempt: a. the supply of motorcycles with electric motor of tariff heading 8711.60.00; b. the supply of electric bicycles; c. the supply of solar and lithium ion batteries; and d. the supply of electric buses of tariff heading 87.02.	**IMPLICATION** The reclassification of the goods from zero-rated to exempt means that local assemblers and manufacturers will lose the ability to claim input VAT on costs incurred in producing these goods. Consequently, they will also be unable to seek refunds for input VAT related to such supplies. To compensate for the unrecoverable VAT, manufacturers are likely to raise their prices, effectively shifting the tax burden to consumers.

5	Clarity on the timeline for making VAT refund applications
PROPOSAL The Bill proposes to reduce the timeline for application for refund of excess input tax resulting from zero rated supplies and VAT withheld by appointed VAT withholding agents from 24 months to 12 months.	**IMPLICATION** The proposal intends to align with Section 47 of the TPA, which provides that an application for refund of overpaid VAT should be made to the Commissioner within 12 months after the date on which the tax was overpaid.

6	Reduction of Minimum time for VAT refund applications on bad debts
PROPOSAL The Bill proposes to reduce the minimum time within which a VAT registered person may apply for a VAT refund on bad debts from 3 years to 2 years from the date of supply.	**IMPLICATION** This is a welcome move because it will allow taxpayers to recover VAT amounts on bad debts within a reasonable timeline and improve cash inflows

7	Reduction of timeframe for refund of VAT paid
PROPOSAL The Bill proposes to reduce the timeframe to allow taxpayers to apply for a refund of VAT paid from 24 months to 12 months from the date the tax becomes due and payable.	**IMPLICATION** The proposal intends to align with Section 47 of the TPA, which provides that an application for refund of overpaid VAT should be made to the Commissioner within 12 months after the date on which the tax was overpaid.

8	Reduction of the VAT Refund Period for Bad Debts
PROPOSAL The Bill seeks to shorten the period within which taxpayers can claim a refund of VAT on unpaid invoices from the current three years to two years from the date of supply.	**IMPLICATION** This is a welcome move because it will allow taxpayers to recover VAT amounts on bad debts within a reasonable timeline and improve cash inflows.

9	Mandatory requirement for issuance of a tax invoice
PROPOSAL The Bill proposes to have a VAT registered person making any supply, whether taxable or exempt to issue a proper tax invoice.	**IMPLICATION** Currently, a VAT registered person is only required to issue a tax invoice for a taxable supply. This proposal emphasizes the need for all supplies to be supported by Electronic Tax Invoice Management System (e-TIMS) invoices so that they can be transmitted to the auto populated VAT return. This will enhance transparency, avoid revenue leakage

10	Imposing VAT on the misuse of exempt or zero-rated supplies
PROPOSAL The Bill has provided that if a person imports or purchase goods and services that are exempt or zero-rated and later uses or disposes of them in a way that goes against the original purpose for the exemption or zero-rating, they will be liable to pay tax on the goods or services at the applicable rate at the time of disposal or inconsistent use.	**IMPLICATION** This is a welcome move as this will encourage and enhance VAT compliance but begs the question of the criteria the Commissioner will use to determine if the goods or services have been inconsistently used.

11	Applicability of VAT to official aid funded projects on certain supplies
PROPOSAL The Bill proposes to impose VAT at a rate of 16% on fuels, lubricants and tyres supplied to official aided funded projects. Currently, these products are VAT exempt if supplied to official aid funded projects.	**IMPLICATION** This is aimed at broadening tax base and might result to increase in project costs.

12	VAT relief on tea and coffee packaging materials
PROPOSAL The Bill proposes to exempt from VAT packaging materials for tea and coffee upon recommendation by the Cabinet Secretary for matters relating to agriculture.	**IMPLICATION** This will reduce incidental costs in the form of VAT on purchases of these packaging materials.

13	Imposition of VAT on locally produced passenger vehicles, as well as the inputs and raw materials used in their manufacturing.
PROPOSAL The Bill proposes to subject to VAT the following items: (a) Inputs and raw materials used in the manufacture of passenger motor vehicles; and (b) locally manufactured passenger motor vehicles.	**IMPLICATION** This will increase the const of manufacturing passenger vehicles.

14 Reclassification of Zero-rated and Standard rated products to Exempt

Item	Current VAT status	Proposed changes
Bioethanol vapour (BEV) Stoves (cooking appliances and plate warmers for liquid fuel).	Zero Rated	Exempt
Transportation of sugarcane from farms to milling factories.	Zero Rated	Exempt
The supply of electric buses	Zero Rated	Exempt
The supply of motorcycles	Zero Rated	Exempt
Inputs or raw materials locally purchased or imported for the manufacture of animal feeds upon recommendation by the Cabinet Secretary for time being responsible for Agriculture	Zero Rated	Exempt
The supply of solar and lithium on batteries	Zero Rated	Exempt
The supply of electric bicycles	Zero Rated	Exempt
The supply of locally assembled and manufactured mobile phones	Zero Rated	Exempt

3. EXCISE DUTY

1	Exclusion of Excise Duty
PROPOSAL The Bill proposes to scrap the following items from the list of goods subject to excise duty. As such, excise duty would no longer be applicable on the following goods: a. Imported onions of tariff heading 07.03; b. Imported potatoes, potato crisps and potato chips of tariff heading 07.01. c. Imported eggs of tariff heading 04.07 d. On printed paper or paperboard.	

2	Introduction of a timelines on an application for a license
PROPOSAL The Bill proposes to introduce a fourteen (14)-day timeline for KRA to grant or refuse an application for the issuance of a license for importation or manufacture of excisable goods and supply of excisable services.	**IMPLICATION** This proposal introduces a clear deadline and timelines for the Commissioner to make a decision on the issuance or denial of the application. This provides predictability and potentially improves efficiency for applicants.

3	Enhancement of applicability of excise duty on excisable services provided by non-residents
PROPOSAL Currently, supply of excisable services is deemed to be made in Kenya if the services are provided by a supplier whose place of business is in Kenya. The Bill proposes to expand the applicability of excise duty to include non-residents where such services are consumed in Kenya.	**IMPLICATION** The proposal also aims to address the current imbalance by extending excise duty to non-resident companies offering digital services in Kenya.

4	Definition of Digital Lender
PROPOSAL The Bill proposes to amend the definition of a digital lender to exclude a Bank licensed under the Banking Act, Savings and Credit Cooperative Organization (Sacco) registered under the Co-operative Societies Act or a Microfinance Institution (MFI) licensed under the Microfinance Act.	**IMPLICATION** This provision aims to separate the provisions on applicability of excise duty on the above listed licensed financial institutions vis-à-vis digital lenders.

5 Changes in Excise Duty Rates

Item	Previous rates	New rates
Imported Float glass and surface ground or polished glass, in sheets, whether or not having an absorbent, reflecting or non-reflecting layer, but not otherwise worked of tariff 7005 but excluding those originating from EAC Partner States that meet the EAC Rules of Origin.	35% of custom value or KShs 200 per kg	35% of excisable value or KShs 200 per Kg, whichever is higher
Coal	2.5% of the custom value	2.5% of the excisable value
Printed self-adhesive paper, gummed paper or paper board of tariff 4811.41.90 and 4811.49.00 but excluding those originating from EAC Partners States that meet the EAC rules of origin.	25% or KShs 150 per Kg, whichever is higher	25% of excisable value or KShs 200 per Kg , whichever is higher
Imported other self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls of tariff 3919.90.90, but excluding those originating from EAC Partner States that meet the EAC Rules of Origin	25% or KShs 75 per Kg, whichever is higher.	25% of excisable value or KShs 200 per Kg , whichever is higher

5	Changes in Excise Duty Rates	
Item	**Previous rates**	**New rates**
Imported printed polymers of ethylene of other plates, sheets, film, foil and strip, of plastics, noncellular and not reinforced, laminated, supported or similarly combined with other materials of tariff number 3920.10.90, but excluding those originating from EAC Partner States that meet the EAC Rules of Origin.	None	25% of excisable value or KShs 200 per Kg, whichever is higher
Imported printed polymers of vinyl chloride containing by weight not less than 6% of other plates, sheets, film, foil and strip, of plastics, noncellular and not reinforced, laminated, supported or similarly combined with other materials of tariff number 3920.43.90, but excluding those originating from EAC Partner States that meet the EAC Rules of Origin.	None	25% of excisable value or KShs 200 per Kg, whichever is higher
Imported printed poly (ethylene terephthalate) of polycarbonates, alkyd resins, polyallyl esters or other polyesters of other plates, sheets, film, foil and strip, of plastics, noncellular and not reinforced, laminated, supported or similarly of tariff number 3920.62.90, but excluding those originating from EAC Partner States that meet the EAC Rules of Origin.	None	25% of excisable value or KShs 200 per Kg, whichever is higher
Imported printed cellular of other plastics of other plates, sheets, film, foil and strip of tariff number 3921.19 .90, but excluding those originating from EAC Partner States that meet the EAC Rules of Origin	None	25% of excisable value or KShs 200 per Kg, whichever is higher
Spirits of undenatured extra neutral alcohol of alcoholic strength exceeding 90% purchased by licensed manufacturers of spirituous beverages	None	KShs 500 per litre

4. TAX PROCEDURES ACT

DESCRIPTION	Electronic Tax Invoice Exemptions
PROPOSAL The Bill proposes to provide a clearer definition of transactions excluded from electronic tax invoice requirements. The exclusions include emoluments, payments for imports, payments of interest, transactions for accounting for investment allowances, airline passenger ticketing and payments subject to WHT that is a final tax.	**IMPLICATION** This clarifies what transactions are expressly excluded from e-tims requirement. An attempt to remove any ambiguity in interpretation.

DESCRIPTION	Commissioner's Amended Assessments
PROPOSAL The Bill proposes to mandate the Commissioner to provide a reason for the amended assessment.	**IMPLICATION** This is a welcome move that will enhance transparency and accountability in the tax assessment as taxpayers will now have clearer insight into the reasons behind any amendments to their assessments, promoting fairness. .

DESCRIPTION	Penalty for failure to deduct WHT
PROPOSAL The Bill proposes to provide a relief from penalties for failure to deduct WHT, where the recipient of the payment has already paid and accounted for the full principal tax.	**IMPLICATION** This proposal is welcome as it prevents double taxation and shifts the focus from penalizing the WHT agent, where such tax has already been accounted for and paid by the principal.

DESCRIPTION	Security on property for unpaid tax
PROPOSAL The Commissioner is empowered to attach a taxpayer's property as security where such a taxpayer fails to pay taxes by the due date. The Bill proposes to exempt the Commissioner from payment of stamp duty in such transactions	**IMPLICATION** This proposal is aimed at easing the administrative burden for the Commissioner in transactions or transfers, where stamp duty is applicable e.g. land and shares transactions.

DESCRIPTION	Late objection to tax decisions
PROPOSAL The Bill proposes to amend the TPA such that when the Commissioner allows a late objection and the objection is validly lodged, the period within which the Commissioner may make a decision on the objection shall start from the date the late objection is lodged.	**IMPLICATION** This amendment provides clarity on the timeline for objection decisions in cases where late objections are allowed.

DESCRIPTION	Timelines on objections and appeals
PROPOSAL The Bill seeks to delete the provision that excludes Saturdays, Sundays and public holidays when computing the timeframes for lodging a tax objection or appeals to the TAT, High Court, or the Court of Appeal.	**IMPLICATION** The proposed change will effectively reduce the time available to taxpayers to prepare and submit objections or appeals.

DESCRIPTION	Waiver of penalties on errors generated by electronic tax system
PROPOSAL The Bill proposes to empower the Cabinet Secretary, on the recommendation of the Commissioner, to waive penalties or interest on errors generated by an electronic tax system, delays in updating an electronic tax system, duplication of penalty or interest due to a system malfunction or incorrect registration of tax obligations.	**IMPLICATION** This amendment is welcome and provides a mechanism for waiving penalties and interest when the fault lies with the electronic tax system or administrative errors, rather than with the taxpayer.

DESCRIPTION	Production of records
PROPOSAL The bill proposes to delete Section 59A(1B) in its entirety where the bill now gives power to the Commissioner to integrate its systems with that of a taxpayer without the protections afforded to trade secrets and private or personal data held on behalf of customers or collected in the course of business.	**IMPLICATION** The provision opens the door for KRA to have far reaching access to businesses information and removes the basic privacy guidelines accorded to citizens through the data protection act.

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