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THE FINANCE ACT, 2025**No. 9 of 2025***Date of Assent: 27th June, 2025**Date of Commencement: See Section 1***AN ACT of Parliament to amend the laws relating to various taxes and duties; and for matters incidental thereto****ENACTED** by the Parliament of Kenya, as follows—**PART I—PRELIMINARY**

1. This Act may be cited as the Finance Act, 2025 and shall come into operation as follows—

Short title and commencement.

- (a) sections 14 and 62, on the 1st January, 2026; and
- (b) all other sections, on 1st July, 2025.

PART II—INCOME TAX

2. Section 2 of the Income Tax Act is amended—

Amendment of section 2 of Cap. 470.

- (a) in subsection (1)—
 - (i) in the definition of “debenture”, by deleting the expression “and, for the purposes of paragraphs (d) and (e) of section 7(1) of this Act, includes any loan or loan stock, whether secured or unsecured”;
 - (ii) in the definition of “individual retirement fund”, by deleting the words “subject to the Income Tax (Retirement Benefit) Rules”;
 - (iii) by deleting the definition of “compensating tax”;
 - (iv) by deleting the definition of “Tribunal”;
 - (v) by deleting the definition of “venture company”;
 - (vi) by deleting the definition of “winnings”;
 - (vii) by deleting the definition of “related person” and substituting therefor the following new definition—

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“related person” means, in the case of two persons, either of the persons who participates directly or indirectly in the management, control or capital of the business of the other person, and in the case of more than the two persons—

(a) any other person who participates directly or indirectly in the management, control or capital of the business of the two persons; or

(b) an individual who—

(i) participates directly or indirectly in the management, control or capital of the business of the two persons;

(ii) is associated with the two persons by marriage, consanguinity or affinity; and

(iii) the two persons participate in the management, control or capital of the business of the individual;

(viii) by inserting the following new definition in the proper alphabetical sequence—

“withdrawals” means the amount of money withdrawn by a customer from their betting or gaming wallet maintained by a person licensed under the Betting, Lotteries and Gaming Act”;

Cap.131.

(b) by deleting subsection (2).

3. Section 5 of the Income Tax Act is amended in item (iii) of the proviso to subsection (2)(a), by deleting the words “two thousand shillings” and substituting therefor the words “ten thousand shillings”.

Amendment of section 5 of Cap. 470.

4. Section 8 of the Income Tax Act is amended—

Amendment of section 8 of Cap. 470.

(a) in subsection (1), by deleting the word “husband” and substituting therefor the word “spouse”;

(b) by deleting subsection (4);

- (c) by deleting subsection (5);
- (d) by deleting subsection (6);
- (e) by deleting subsection (7);
- (f) by deleting subsection (9);
- (g) by deleting subsection (9A).

5. Section 10 of the Income Tax Act is amended in subsection (1)–

Amendment of section 10 of Cap. 470.

(a) by inserting the following new paragraphs immediately after paragraph (k)–

- (l) supply of goods to a public entity;
- (m) making or facilitating payment over a digital market place;

(b) by deleting paragraph (g) and substituting therefor the following new paragraph □

(g) withdrawals;

6. Section 12D of the Income Tax Act is repealed.

Repeal of section 12D of Cap.470.

7. Section 12E of the Income Tax Act is amended—

Amendment of section 12E of Cap. 470.

(a) in subsection (1), by inserting the words “the internet or an electronic network including through” immediately after the words “carried out over”;

(b) in subsection (3), by deleting paragraph (d);

(c) in sub-section (6) by inserting the words “within six months from the commencement of this provision.” at the end thereof.

8. Section 12F of the Income Tax Act is repealed

Repeal of section 12F of Cap.470.

9. Section 12G of the Income Tax Act is amended by inserting the following new subsection immediately after sub-section (3)—

Amendment of Section 12G of Cap. 470.

(3A) Minimum top-up tax shall be payable by the end of the fourth month after the end of the year of income.

10. Section 15 of the Income Tax Act is amended—

Amendment of section 15 of Cap. 470.

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(a) in subsection (2)—

(i) by deleting paragraph (g) and substituting therefor the following new paragraph—

(g) the amount considered as representing the diminution in value of any implement, utensil or similar article, employed in the production of gains or profits, not being machinery or plant in respect of which a deduction may be made under the Second Schedule, at a rate of one hundred per cent in that year of income;

(ii) by deleting paragraph (i);

(iii) by deleting paragraph (j);

(iv) by deleting paragraph (r);

(v) in paragraph (w), by inserting the words “expenditure incurred in the construction of a sports facility on public grounds” immediately after the word “Act”;

(b) in subsection (3)—

(i) in paragraph (b), by inserting the words “construction of,” immediately after the words “applied to the”;

(ii) by deleting paragraph (f);

(c) in subsection (4), by inserting the word “five” immediately after the word “succeeding”;

(d) in paragraph 5 by deleting the words “ten years” appearing immediately after the word “beyond” and substituting therefor the words “five years”.

(e) in subsection (7)(a), by deleting the word “seven”.

11. Section 16 of the Income Tax Act is amended—

Amendment of
section 16 of Cap.
470.

(a) in subsection (2)(c), by deleting the words “including compensating tax”;

(b) by deleting subsection (4).

12. Section 18 of the Income Tax Act is amended by deleting subsection (6).

Amendment of
section 18 of Cap.
470.

13. Section 18D of the Income Tax Act is amended—

Amendment of
section 18D of
Cap. 470.

(a) in subsection (8), by deleting the words “as a surrogate parent entity” and substituting therefor the words “to file a country-by-country report and notify the Commissioner in such form as the Commissioner may specify”;

(b) by deleting subsection (9).

14. The Income Tax Act is amended by inserting the following new section immediately after section 18F—

Insertion of a new
section 18G to
Cap. 470.

Advance pricing
agreement.

18G. (1) The Commissioner may enter into an advance pricing agreement with a person who undertakes a transaction contemplated under section 18(3) or section 18A.

(2) The amount which would have been expected to accrue if that business had been conducted by an independent person dealing at arm’s length contemplated under section 18(3) or section 18A, shall be determined in accordance with the advance pricing agreement entered into under subsection (1).

(3) The advance pricing agreement entered into under subsection (1) shall be valid for a period not exceeding five consecutive years.

(4) Where the Commissioner determines that the person referred to in subsection (1) entered into the advance pricing agreement through misrepresentation of facts, the agreement shall be void and the Commissioner shall issue a written notice to the person.

(5) The Cabinet Secretary may make regulations for the better implementation of this section, within six months from the commencement of this provision.

15. Section 19 of the Income Tax Act is amended—

Amendment of
section 19 of Cap.
470.

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- (a) in subsection (5)—
 - (i) in paragraph (a), by deleting the words “life fund” and substituting therefor the words “life insurance fund”;
 - (ii) in paragraph (b), by deleting the words “life fund” and substituting therefor the words “life insurance fund”;
- (b) in subsection (5A), by deleting the words “life fund” and substituting therefor the words “life insurance fund” wherever it occurs;
- (c) in the proviso to subsection (5A), by deleting the words “life fund” and substituting therefor the words “life insurance fund”;
- (d) in subsection (6), by deleting the words “life fund” appearing in paragraph (b) and substituting therefor the words “life insurance fund”;
- (e) in subsection (6A), by deleting the words “life fund” and substituting therefor the words “life insurance fund” wherever they occur;
- (f) in the proviso to subsection (6A), by deleting the words “life fund” and substituting therefor the words “life insurance fund”.

16. Section 21 of the Income Tax Act is amended in subsection (3), by deleting the definition of “gross investment receipts”.

Amendment of section 21 of Cap. 470.

17. Section 27 of the Income Tax Act is amended –

Amendment of section 27 of Cap. 470.

- (a) in subsection (1C) by deleting the words “six months” and substituting therefor the words “three months”;
- (b) by inserting the following new subsection immediately after subsection (1C)—
 - (1D) Where the Commissioner does not comply with subsection (1C), the application shall be deemed allowed.

18. Section 35 of the Income Tax is amended—

Amendment of section 35 of Cap. 470.

- (a) in subsection (1) –

- (i) in paragraph (a) by inserting the following new subparagraph immediately after subparagraph (ii) -
 - (iii) payments made by the national carrier to a non-resident for specialized technical, maintenance, compliance, training, or digital systems support services, where such services are not available in Kenya or the service provider is certified or accredited by an international regulatory, standard-setting, or licensing body.
- (ii) by deleting paragraph (i) and substituting therefor the following new paragraph –
 - (i) withdrawals;
 - (iii) by deleting paragraph (t);
 - (iv) by inserting the following new paragraph immediately after paragraph (t)—
 - (u) gains or profits which are chargeable to tax under section 9(1) derived from the business of a ship owner or charterer;
- (b) in subsection (3) by –
 - (i) deleting paragraph (o);
 - (ii) deleting paragraph (h) and substituting therefor the following new paragraph-
 - (h) withdrawals;
- (c) in subsection (5A) by deleting the word “winnings” appearing immediately after the words “the tax deducted from” and substituting therefor the word “withdrawals”;
- (d) by deleting subsection (6A);
- (e) by deleting subsection (6C);
- (f) by deleting subsection (6E).

19. Section 37 of the Income Tax Act is amended—

Amendment of
section 37 of Cap.
470.

- (a) by inserting the following new subsection immediately after subsection (1)—
 - (1A) An employer shall, in computing the allowable deductions under subsection (1), grant

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an employee all applicable deductions, reliefs and exemptions provided under this Act.

(b) in subsection (2), by deleting paragraph (c);

(c) by deleting subsection (5B).

20. Section 39 of the Income Tax Act is amended in subsection (1)(a), by deleting the expression “section 17A (in respect of a person other than an individual)”.

Amendment of section 39 of Cap. 470.

21. Section 52B of the Income Tax Act is amended—

Amendment of section 52B of Cap. 470.

(a) by deleting subsection (4) and substituting therefor the following new subsection—

(4) Every company liable to tax under this Act shall also include with the self-assessment and return of income, an assessment and return of any dividend distributed out of untaxed gains or profits due with respect to such tax year and the tax so calculated shall be payable at the due date for the self-assessment.

(b) by deleting subsection (5).

22. The Income Tax Act is amended by repealing section 54B.

Repeal of section 54B of Cap. 470.

23. The Income Tax Act is amended by repealing section 72B.

Repeal of section 72B of Cap. 470.

24. The Income Tax Act is amended by repealing section 72C.

Repeal of section 72C of Cap. 470.

25. Section 104 of the Income Tax Act is amended by deleting the words “in the manner provided by section 101 of this Act”.

Amendment of section 104 of Cap. 470.

26. Section 109 of the Income Tax Act is amended in subsection (1)—

Amendment of section 109 of Cap. 470.

(a) in paragraph (b), by deleting the words “fails to furnish a full and true return in accordance with the requirements of any notice served on him under this Act or”;

(b) by deleting paragraph (c);

(c) by deleting paragraph (f);

- (d) by deleting paragraph (h);
- (e) by deleting paragraph (j) and substituting therefor the following new paragraph—
 - (j) fails to supply prescribed certificates as required by section 37.

27. The Income Tax Act is amended by repealing section 131.

Repeal of section 131 of Cap. 470.

28. The First Schedule to the Income Tax Act is amended in Part I—

Amendment of the First Schedule to Cap. 470.

- (a) in subparagraph (B) of the first further proviso to paragraph 10, by deleting the word “sixty” and substituting therefor the word “ninety”;
- (b) by deleting paragraph 45A and substituting therefor the following new paragraph—

45A. All contributions and other payments into and out of the Social Health Insurance Fund established under section 25 of the Social Health Insurance Act, 2023.

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- (c) in the proviso to paragraph 53—
 - (i) by deleting subparagraph (a) and substituting therefor the following new subparagraph—
 - (a) payment of gratuity;
 - (ii) by inserting the following new subparagraph immediately after subparagraph (a)—
 - (aa) other allowances paid under a pension scheme;
- (d) by deleting paragraph 63;
- (e) by deleting paragraph 72 and substituting therefor the following new paragraph—

72. Gains on transfer of property within a special economic zone by a licensed special economic zone developer, enterprise or operator.
- (f) by inserting the following new paragraphs immediately after paragraph 73—

74. Gains on transfer of securities traded on any securities exchange licensed by the Capital

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Markets Authority is not chargeable to tax under section 3(2)(f).

75. Dividends paid by a company certified by the Nairobi International Financial Centre Authority where the company reinvests at least two hundred and fifty million shillings in Kenya, in that year of income.

29. The Second Schedule to the Income Tax Act is amended in paragraph 1 in subparagraph (1) (c) by deleting the words “Purchase or an acquisition of an indefeasible right to use fibre optic cable by a telecommunication operator” and substituting therefor the words –

Amendment of the
Second Schedule
to Cap. 470.

Purchase or acquisition of an indefeasible right to use fibre optic cable or spectrum license by a telecommunication operator:

Provided that, in the case of the spectrum license purchased or acquired before the 1st July 2025, the deduction shall be restricted to the unamortized portion over the remaining useful life of the spectrum license.

30. The Third Schedule to the Income Tax Act is amended in Head B—

Amendment of the
Third Schedule to
Cap. 470

(a) in paragraph 1, by inserting the words “other than that of the total income comprising fringe benefits and the qualifying interest” immediately after the word “tax”;

(b) in paragraph 2—

(i) by deleting subparagraph (g)(ii);

(ii) by inserting the following new subparagraphs immediately after subparagraph (n)—

(na) in respect of a company certified by the Nairobi International Financial Centre Authority, fifteen per cent for the first ten years from the year of commencement of its operations and twenty per cent for the subsequent ten years of its operation where—

(i) the company invests at least three billion shillings in Kenya in the first three years of operation;

(ii) the company is a holding company, at least seventy per cent of its employees in senior management are citizens of Kenya; and

(iii) the regional headquarters of the company is in Kenya, at least sixty per cent of its employees in senior management are citizens of Kenya;

(nb) in the case of a start-up certified by the Nairobi International Financial Centre Authority, fifteen per cent for the first three years and twenty per cent for the succeeding four years;

(c) in paragraph 3—

(i) by deleting subparagraph (i) and substituting therefor the following new subparagraph—

(i) in respect of withdrawals made by punters, five percent;

(ii) by deleting paragraph (w);

(d) in paragraph 5—

(i) in subparagraph (e), by inserting the words “which is a final tax” after the word “payable”;

(ii) in subparagraph (h), by inserting the following proviso immediately after item (iii)—

Provided that the tax paid under this paragraph is a final tax.

(iii) by deleting paragraph (i) and substituting therefor the following new paragraph—

(i) in respect of withdrawals made by punters, five percent;

(iv) by deleting paragraph (p);

(e) by deleting paragraph 13;

(f) by inserting the following new paragraph immediately after paragraph 14—

15. The rate of tax on fringe benefits provided by an employer shall be the resident corporate rate of tax for that year of income.

31. Part I of the Eighth Schedule to the Income Tax Act is amended—

Amendment of the Eighth Schedule to Cap. 470.

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(a) in paragraph 1 —

- (i) in subparagraph (1), by deleting the definition of “company” and substituting therefor the following new definition—

“company” includes a body of persons which carries on the activities of a members’ club and a trade association that is deemed to be carrying on business under section 21;

(ii) by deleting subparagraph (3);

- (b) in paragraph 6(2)(h)(v), by inserting the words “an individual,” immediately after the word “where”.

PART III—VALUE ADDED TAX

32. Section 2 of the Value Added Tax Act is amended in subsection (1), by inserting the following new definition in proper alphabetical sequence—

Amendment of section of Cap. 476.

“tax invoice” includes an electronic tax invoice issued in accordance with section 23A of the Tax Procedures Act.

Cap. 469B.

33. Section 8 of the Value Added Tax Act is amended—

Amendment of section 8 of Cap. 476.

(a) in subsection (2)—

- (i) by inserting the word “and” after the words “unregistered person”;

(ii) by deleting paragraph (c);

- (b) in subsection (3), by deleting the words “broadcast television” appearing in paragraph (g) and substituting therefor the words “internet, radio or television broadcasting services”.

34. Section 17 of the Value Added Tax Act is amended in subsection (5)—

Amendment of section 17 of Cap. 476.

(a) by deleting paragraph (d) and substituting therefor with the following new paragraph—

- (d) the registered person lodges the claim for refund of the excess tax within twelve months from the date the tax becomes due and payable;

(b) by deleting paragraph (e).

(c) by deleting paragraph (ea) and substituting therefor the following new paragraph—

(ea) such excess credit in respect of a taxable supply that became zero rated on 1st July, 2023:

Provided that a registered person who incurred excess credit shall apply to the Commissioner for a refund within six months from the date of commencement of this provision.

35. Section 31 of the Value Added Tax Act is amended in subsection (1)—

Amendment of section 31 of Cap. 476.

(a) in paragraph (a), by deleting the words “three years” and substituting therefor the words “two years”;

(b) in the proviso—

(i) by inserting the following new paragraph immediately after paragraph (c)—

(ca) the amount may be used to offset any other value added tax liability, upon approval by the Commissioner;

(ii) by deleting paragraph (d);

(iii) by deleting paragraph (e).

36. Section 42 of the Value Added Tax Act is amended in subsection (1), by deleting the word “taxable”.

Amendment of section 42 of Cap. 476.

37. The Value Added Tax Act is amended by inserting the following new section immediately after section 66—

Insertion of a new section 66A in Cap. 476.

Liability to pay tax for exempt and zero-rated supplies.

66A. Where a person imports or purchases goods or services which are exempt or zero-rated and the person subsequently disposes of, or uses, the goods or services supplied in a manner inconsistent with the purpose for which the goods or services were exempted or zero rated, the person shall be liable to pay tax on the goods or services at the applicable rate at the time of disposal or inconsistent use.

38. The First Schedule to the Value Added Tax Act is amended in section A —

Amendment of First Schedule to Cap. 476.

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(a) in Part I –

- (i) in the table by inserting the following new tariff number and tariff description immediately after tariff number “3006.92.00”–

3006.93.00 Placebos and blinded (or double blinded) clinical trial kits for recognised clinical trial, put up measured doses

- (ii) in paragraph 51, by inserting the words “excluding fuels, lubricants and tyres for vehicles” immediately after the words “funded project”;

- (iii) by deleting paragraph 101 and substituting therefor the following new paragraph–

101. All goods imported or purchased locally by the Defence Forces Welfare Services.

- (iv) by deleting paragraph 112:

Provided that an exemption that had been approved pursuant to paragraph 112 before the deletion of paragraph 112 came into effect shall continue to apply until the 30th June, 2026;

- (v) by deleting paragraph 128:

Provided that an exemption that had been approved pursuant to paragraph 128 before the deletion of paragraph 128 came into effect shall continue to apply until the 30th June, 2026;

- (vi) in the proviso to paragraph 146 by deleting the words “and the exemption was granted before 1st January 2024 and shall continue to apply for twelve months after this date” and substituting therefor the words “the exemption was granted before 27th December 2024 and the exemption shall only continue to apply until 27th December, 2025.”

- (vii) by deleting paragraph 154;

- (viii) by inserting the following new paragraphs

immediately after paragraph 154—

155. Mosquito repellent.

156. Inputs, machinery and raw materials used in the manufacture of mosquito repellent on recommendation by the Cabinet Secretary responsible for matters relating to health.

157. The supply of locally consumed teas.

(b) in Part II by inserting the following new item immediately after item 35-

36. Taxable services supplied to manufacturers of mosquito repellents upon recommendation by the Cabinet Secretary responsible for matters relating to health.

37. Accommodation, restaurant, beauty salon and laundry services provided by the Defence Forces Welfare Services.

38. Taxable services for direct and exclusive use of the Defence Forces Welfare Services.

39. The Second Schedule to the Value Added Tax Act is amended in Part A by inserting the following new paragraph immediately after paragraph 35—

Amendment of
First Schedule to
Cap. 476.

36. Packaging materials for tea and coffee upon recommendation by the Cabinet Secretary for matters relating to agriculture.

PART IV—EXCISE DUTY

40. Section 2 of the Excise Duty Act is amended—

Amendment of the
section 2 of Cap.
472.

(a) in subsection (1)—

(i) by deleting the definition of “digital lender” and substituting therefor the following new definition—

“digital lender” means a person extending credit through an electronic medium but does not include a bank licenced under the Banking Act, a Sacco society registered under the Co-operative Societies Act or a microfinance institution licensed under the Microfinance

Cap. 488.
Cap. 490.
Cap. 493C.

Act;

- (ii) by inserting the following new definitions in proper alphabetical sequence—

“digital marketplace” means an online or electronic platform which enables users to sell or provide services, goods or other property to other users;

“micro distiller” means a manufacturer of a spirituous beverage through two fundamental processes of fermentation and distillation using a still (boiler) not exceeding 1,800 litres and whose annual production volume does not exceed 100,000 litres per Year;

- (b) by inserting the following new subsection immediately after subsection (2)—

- (3) In this Act, goods shall be classified by reference to the tariff codes set out in Annex 1 to the Protocol on the Establishment of the East African Community Customs Union and in interpreting that Annex, the general rules of interpretation set out in the Annex shall apply.

41. Section 5 of the Excise Duty Act is amended—

Amendment of the section 5 of Cap. 472.

- (a) in subsection (1), by deleting the words “through a digital platform” and substituting therefor the words “over the internet, an electronic network or through a digital marketplace” appearing in paragraph (d);

- (b) by inserting the following new subsection—

- (4) For the purposes of this section—

“non-resident person” means a person outside Kenya.

42. Section 13 of the Excise Duty Act is amended—

Amendment of the section 13 of Cap. 472.

- (a) by renumbering the existing provision as subsection (1);

- (b) by inserting the following new subsection—

(2) If the place of business of the supplier is outside Kenya, the supply of services shall be deemed to be made in Kenya if the services are consumed by a person in Kenya through the internet, an electronic network or a digital marketplace.

43. Section 15 of the Excise Duty Act is amended in subsection (1) by inserting the following new paragraphs immediately after paragraph (d)–

Amendment of section 15 of Cap.472.

- (da) the importation, distribution, or handling of methanol in Kenya;
- (db) the importation, distribution, or handling of ethanol in Kenya;

44. Section 17 of the Excise Duty Act is amended in subsection (1), by inserting the following words “within fourteen days of receipt of the required documents” immediately after the words “the Commissioner shall”.

Amendment of the section 17 of Cap. 472.

45. Section 25 of the Excise Duty Act is amended by inserting the following new subsections immediately after subsection (2) –

Amendment of section 25 of Cap.472.

(2A) Notwithstanding subsection (1)(a), a licensed microdistiller shall be exempt from the requirement for automation, continuous piping, and the use of mass flow meters.

(2B) The production volume of such a licensed microdistiller shall be ascertained and monitored through the use of excise stamps or such other mechanism as the Commissioner may prescribe by notice in the Gazette.

46. The First Schedule to the Excise Duty Act is amended—

Amendment of the First Schedule to Cap. 472.

(a) in Part 1 in the second table—

- (i) by deleting the following tariff descriptions and their corresponding rates of excise duty appearing immediately after the tariff description “Articles of plastic of tariff heading 3923.30.00 and 3923.90.90”—

A. Imported eggs of tariff heading 04.07;

B. Imported onions of tariff heading 07.03;

C. Imported potatoes, potato crisps and potato chips of tariff heading 07.01;

- (ii) by deleting the description “coal” and the corresponding rate of excise duty;
- (iii) by deleting the description “Imported Self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls of tariff number 3919.90.90, 3920.10.90, 3920.43.90, 3920.62.90 and 3921.19.90 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin” and the corresponding rate of Excise Duty;
- (iv) by deleting the item of description “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 East African Community Partner States that meet the East African Community Rules of Origin” and the corresponding rate of excise duty and substituting therefor the following new item—

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 imported by a registered processor upon the recommendation by the Cabinet Secretary responsible for matter relating to industry and those originating from East African Community Partner States that meet the East African Community Rules of Origin 35% of excisable value or Ksh 500 per square meter whichever is higher.

- (v) by deleting the description “Printed paper or paperboard of tariff heading 4811.41.90 or 4811.49.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin” and the corresponding rates of Excise Duty, appearing immediately after the description “Imported cartons, boxes and cases of corrugated paper or paper board and imported folding cartons, boxes and case of non-corrugated paper or paper board and imported skillets, free-hinge lid packets of tariff heading 4819.10.00, 4819.20.10 and 4819.20.90”;
- (vi) by deleting the description “Printed paper or paperboard of tariff heading 4811.41.90 or 4811.49.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin” and the corresponding rates of Excise Duty, appearing immediately after the description “Imported paper or paper board, labels of all kinds whether or not printed of tariff heading 4821.10.00 and 4821.90.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin”;
- (vii) in the description “Imported paper or paper board, labels of all kinds whether or not printed of tariff heading 4821.10.00 and 4821.90.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin”, by deleting the corresponding rate of Excise Duty and substituting therefor the new rate of Excise Duty “25% or Ksh 200 per kilogramme, whichever is higher”
- (viii) in the description “Imported cartons, boxes and cases of corrugated paper or paper board and imported folding cartons, boxes and case of non-corrugated paper or paper board and

imported skillets, free-hinge lid packets of tariff heading 4819.10.00, 4819.20.10 and 4819.20.90”, by deleting the rate of excise and substituting therefore the following new rate of excise “25% or Ksh 200 per kilogramme whichever is higher”

- (ix) by deleting the description “Printed paper or paperboard of tariff heading 4811.41.90 or 4811.49.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin” and substituting therefor the following new description “Imported Printed paper or paperboard of tariff heading 4811.41.90 or 4811.49.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin”;
- (x) in the description “Imported Glass bottles (excluding imported glass bottles for packaging of pharmaceutical products) Provided that it shall not apply to glass bottles imported from any of the countries within the East African Community” by deleting the corresponding rate of excise duty and substituting therefor the following rate “35% or Ksh.40 per kg whichever is higher”
- (xi) in the description “Articles of plastic of tariff heading 3923.30.00” by inserting the word “Imported” immediately before the word “Articles”;
- (xii) in the description “Imported ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing; finishing ceramics of tariff 6907” by deleting the corresponding rate of Excise Duty and substituting therefor the new rate of Excise Duty “5% or Ksh 300 per square metre, whichever is higher”;
- (xiii) by deleting the description “Cosmetics and Beauty products of tariff heading No. 3303, 3304, 3305 and 3307” and the corresponding

rate of excise duty;

(xiv) by inserting the following new descriptions and corresponding rates of excise duty—

<i>Tariff Description</i>	<i>Rate of excise duty</i>
Imported other self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls of tariff number 3919.90.90, but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin.	25% of excisable value or Kshs. 200 per Kilogramme, whichever is higher.
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 East African Community Partner States that meet the East African Community Rules of Origin.	25% of excisable value or Kshs. 200 per Kilogramme, 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 East African Community Partner States that meet the East African Community Rules of Origin.	25% of excisable value or Kshs. 200 per Kilogramme, 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 East African Community Partner States that meet the East African Community Rules of Origin.	25% of excisable value or Ksh. 200 per Kilogramme, 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	25% of excisable value or Kshs. 200 per Kilogramme, whichever

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originating from East African Community Partner States that meet the East African Community Rules of Origin.	is higher.
Printed self-adhesive paper of tariff number 4811.41.90, but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin.	25% of excisable value or Ksh. 200 per Kilogramme, whichever is higher.
Gummed paper and paperboard of tariff number 4811.49.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin.	25% of excisable value or Ksh. 200 per Kilogramme, whichever is higher.
Imported tea whether or not flavored.	25% of excisable value
Imported Uncoated kraft paper and paperboard, in rolls or sheets; kraftliner; unbleached of tariff number 4804.11.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin	25% of excisable value or kshs.50 per kilogramme, whichever is higher.
Imported other kraft paper or paperboard weighing 150g/m ² or less, in rolls or sheets; unbleached of tariff number 4804.31.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin	25% of excisable value or kshs.50 per Kilogram, whichever is higher.
Imported other kraft paper or paperboard weighing more than 150g/m ² but less than 225 g/m ² , in rolls or sheets; unbleached of tariff number 4804.41.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin	25% of excisable value or kshs.50 per Kilogram, whichever is higher.
Imported other kraft paper or paperboard weighing 225 g/m ² or more others in rolls or sheets; unbleached of tariff number 4804.51.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin	25% of excisable value or kshs.50 per Kilogram, whichever is higher.

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Imported Glass of heading 70.03, 70.04 or 70.05, bent, edge-worked, engraved, drilled, enamelled or otherwise worked, but not framed or fitted with other materials, of Tariff Heading 70.06, but excluding those from East Africa Community Partner States that meet the East Africa Community Rules of Origin. 35% of excisable value or Kshs. 500 per square metre, whichever is higher

Imported safety glass of tariff numbers 7007.19.00 and 7007.29.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin. 35% of excisable value or Kshs. 500 per square metre, whichever is higher

Imported Multiple-walled insulating units of glass of Tariff Heading 70.08, but excluding those from East Africa Community Partner States that meet the East Africa Community Rules of Origin 35% of excisable value or Kshs. 500 per square metre, whichever is higher

Imported fully built and semi-built direct air capture machines 25% of excisable value

Imported aluminium profiles, fabricated doors and fabricated windows of tariff numbers 76.04, 7608.20 and 7610.10 25% of excisable value or Ksh.400 per kilogramme, whichever is higher.

Non-refillable lighters of tariff number 9613.10.00 25% of excisable value or Ksh 500 per kilogramme

Spirits of undenatured extra neutral alcohol of alcoholic strength exceeding 90% purchased by licensed manufacturers of spirituous beverages. Ksh. 500 per litre

(b) in Part II –

(i) by deleting paragraph 4A and substituting therefor the following new paragraph—

4A. Excise duty on betting shall be five per cent on the amount deposited into a customer's betting wallet:

Provided that this paragraph shall not apply to horse racing.

(ii) by deleting paragraph 4B and substituting therefor the following new paragraph –

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4B. Excise duty on gaming shall be five per cent on the amount deposited into a customer's gaming wallet.

- (iii) in paragraph 4C by deleting the words "fifteen per cent" and substituting therefor the words "five per cent";
- (iv) in paragraph 4D by deleting the words "fifteen per cent" and substituting therefor the word "five per cent";
- (v) by inserting the following new paragraph immediately after paragraph 8—

9. Excise duty on fees charged on virtual assets transactions by virtual asset providers shall be ten percent of the excisable value.

(c) in Part III —

- (i) by deleting the definition of "amount wagered or staked";
- (ii) by inserting the following new definition in proper alphabetical sequence—
 "amount deposited into a customer's betting wallet" means the amount of money transferred by a customer into the customer wallet maintained by a licensed betting and gaming operator for betting and gaming purposes.

47. The Second Schedule to the Excise Duty Act is amended—

Amendment of the
Second Schedule
to Cap.472.

(a) in Part A by—

- (i) inserting the words "the Defence Forces Welfare Services" immediately after the words "Kenya Defence Forces" appearing in paragraph 11;
- (iii) deleting paragraph 12 and substituting therefor the following new paragraph—
 12. All goods imported or purchased locally by the Defence Forces Welfare Services.

- (b) in item 1 of Part B by inserting the following new paragraph immediately after paragraph (b)-
- (c) Excisable services supplied to or by the Kenya Defence Forces Welfare Services;

PART VII—TAX PROCEDURES

48. Section 2 of the Tax Procedures Act is amended by inserting the following new definition in the proper alphabetical sequence-

Amendment of section 2 of Cap. 469B

“certificate of origin” means an official document issued by a competent authority of the government of the source country which certifies that the goods being imported into Kenya were manufactured in that particular source country.

49. Section 23A of the Tax Procedures Act is amended by deleting subsection (4) and substituting therefor the following new subsection—

Amendment of section 23A of Cap. 469B.

(4) The electronic tax invoice referred to in subsection (3) may exclude payments of emoluments, payments for imports, payments of interest, transactions for accounting for investment allowances, airline passenger ticketing, and payments subject to withholding tax that is a final tax.

50. Section 31 of the Tax Procedures Act is amended by inserting the following new subsection immediately after subsection (8)—

Amendment of section 31 of Cap. 469B.

(8A) Where the Commissioner has made an amended assessment, the Commissioner shall include in the notification under subsection (8) the reasons for the amended assessment.

51. Section 39A of the Tax Procedures Act is amended by—

Amendment of section 39A of Cap. 469B.

- (a) renumbering the existing provision as subsection (1);
- (b) inserting the following new subsection immediately after subsection (1)—
 - (2) Despite subsection (1), a person who does not deduct, withhold or remit tax on a payment

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shall not be required to pay the principal tax not deducted, withheld or remitted where the recipient of the payment has paid and accounted for the full principal tax and the tax not deducted, withheld or remitted.

52. Section 40 of the Tax Procedures Act is amended—

Amendment of section 40 of Cap. 469B.

- (a) in subsection (2), by inserting the words “or stamp duty” immediately after the word “fee”;
- (b) by deleting the proviso to subsection (5) and substituting therefor the following new proviso—

Provided that—

- (a) where a plan has been agreed between the taxpayer and the Commissioner, the liability shall be settled within the agreed payment plan before the notification by the Commissioner is lifted; and
- (b) the transfer of the property shall be exempt from stamp duty.

53. Section 42 of the Tax Procedures Act is amended—

Amendment of section 42 of Cap. 469B.

- (a) in subsection (1), by inserting the words “or a non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
- (b) in subsection (2)—
 - (i) in the opening statement, by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
 - (ii) in paragraph (a), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
 - (iii) in paragraph (b), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
 - (iv) in paragraph (c), by inserting the words “or the non-resident person who is subject to tax

in Kenya” immediately after the word “taxpayer”;

- (v) in paragraph (d), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer” wherever it occurs;
- (c) in subsection (3), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
- (d) in subsection (4)(b), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
- (e) in subsection (5), by deleting the words “taxpayer becomes due to the taxpayer or held on the taxpayer’s behalf” and substituting therefor the words “taxpayer or non-resident person who is subject to tax in Kenya, becomes due to the taxpayer or non-resident person who is subject to tax in Kenya, or held on behalf of the taxpayer or non-resident person who is subject to tax in Kenya”;
- (f) in subsection (6), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
- (g) in subsection (8), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
- (h) in subsection (9), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
- (i) in subsection (10), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer” wherever it occurs;
- (j) in subsection (11), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
- (k) in subsection (12), by inserting the words “or the non-resident person who is subject to tax in

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Kenya” immediately after the word “taxpayer” wherever it occurs;

- (l) in subsection (13), by deleting the word “taxpayer” and substituting therefor the expression “agent under subsection (2) or the non-resident person who is subject to tax in Kenya”;

(m) in subsection (14)—

- (i) in paragraph (a), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
- (ii) in paragraph (b), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
- (iii) in paragraph (c), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”;
- (iv) in paragraph (d), by inserting the words “or the non-resident person who is subject to tax in Kenya” immediately after the word “taxpayer”.

54. Section 42A of the Tax Procedures Act is amended by deleting subsection (4D).

Amendment of section 42A of Cap. 469B.

55. The Tax Procedures Act is amended by repealing section 42B.

Repeal of section 42B of Cap. 469B.

56. The Tax Procedures Act is amended by inserting the following new section immediately after section 44□□□

Insertion of new section 44A in Cap. 469B.

Certificate of Origin.

44A. (1) This section applies to all goods imported into Kenya.

(2) No person shall import any goods into Kenya without presenting a valid Certificate of Origin to the Commissioner or an authorised officer.

(3) The Commissioner or an authorized officer shall not process any import entry

documentation without a valid Certificate of Origin being presented.

(4) The Commissioner or an authorised officer shall require production of a Certificate of Origin and other supporting documents as proof of origin on goods imported into Kenya prior to their clearance for entry into Kenya.

(5) A Certificate of Origin shall be valid if it discloses the following information –

- (a) name and address of the exporter;
- (b) name and address of the importer;
- (c) port of origin;
- (d) accurate description of the goods;
- (e) quantity of the goods;
- (f) country of origin; and
- (g) country of destination.

(6) Any person who contravenes the provisions of this section commits an offence and shall have their goods seized or forfeited to the Commissioner or an authorised officer in accordance with section 44 of this Act.

57. Section 47 of the Tax Procedures Act is amended—

Amendment of
section 47 of Cap.
469B.

- (a) in subsection (1) (a) by deleting the words “and input value added tax” and substituting therefor the words “and value added tax payable on imports”
- (b) in subsection (2), by deleting the words “ninety days” and substituting therefor the words “one hundred and twenty days”;
- (c) in subsection (3) by deleting the words “ninety days” and substituting therefor the words “one

hundred and twenty days”;

- (d) in subsection (4A), by deleting the words “one hundred and twenty days” and substituting therefor the words “one hundred and eighty days”.

58. Section 51 of the Tax Procedures Act is amended by inserting the following new subsection immediately after subsection (7A)—

Amendment of section 51 of Cap. 469B.

(7B) Where the Commissioner has allowed the application for late objection and the objection has been validly lodged, the period within which the Commissioner may make an objection decision shall be computed from the day the objection is lodged.

59. Section 66 of the Tax Procedures Act is amended in subsection (1), by deleting paragraph (a)(iii).

Amendment of section 66 of Cap. 469B.

60. Section 83 of the Tax Procedures Act is amended in subsection (1), by inserting the words “fails to submit a tax return or” immediately after the words “person who”.

Amendment of section 83 of Cap. 469B.

61. Section 89 of the Tax Procedures Act is amended by inserting the following new subsection immediately after subsection (5)—

Amendment of section 89 of Cap. 469B.

(5A) The Cabinet Secretary may, on the recommendation of the Commissioner, waive the whole or part of any penalty or interest imposed under this Act where the liability to pay the penalty or interest was due to—

- (a) an error generated by an electronic tax system;
- (b) a delay in the updating of an electronic tax system;
- (c) a duplication of a penalty or interest due to a malfunction of an electronic tax system; or
- (d) the incorrect registration of the tax obligations of a taxpayer.

PART VI—MISCELLANEOUS FEES AND LEVIES

62. Section 7 of the Miscellaneous Fees and Levies Act is amended by—

Amendment of section 7 of Cap. 469C

- (a) deleting subsection (6) and substituting therefor the following new subsection—

(6) Out of the fee collected under subsection (2),

twenty per cent shall be paid into a Fund established and managed in accordance with the Public Finance Management Act.

- (b) deleting subsection (7) and substituting therefor the following new subsection—

(7) Ten percent of monies in the Fund under subsection (6) shall be used for the payment of Kenya's contributions to the African Union and any other international organisation to which Kenya has a financial obligation, while ten percent shall be used for revenue enforcement initiatives.

63. Section 9B of the Miscellaneous Fees and Levies Act is amended—

Amendment of section 9B of Cap 469C.

- (a) in the marginal note, by deleting the words “to excess tax refunds”;
- (b) by deleting the expression “provisions of section 47 of the”.

64. The Second Schedule to the Miscellaneous Fees and Levies Act is amended—

Amendment of the Second Schedule of Cap. 469C.

- (a) in Part A—

- (i) by deleting paragraph (xxxi);
- (ii) by inserting the following paragraph immediately after paragraph (xxxi)-
- (xxxii) Inputs, raw materials and machinery used in the manufacture of mosquito repellents upon recommendation by the Cabinet Secretary responsible for matters relating to health;

- (b) in Part B—

- (i) by deleting paragraph (xvii);
- (ii) by inserting the following paragraph immediately after paragraph (xxxi)-
- (xviii) inputs, raw materials and machinery used in the manufacture of mosquito repellents upon recommendation by the Cabinet Secretary responsible for

matters relating to health;

65. The Third Schedule to the Miscellaneous Fees and Levies Act is amended by inserting the following new items in the table, immediately after the last row—

Amendment of the Third Schedule of Cap. 469C.

Tariff Heading	Tariff Description	Export and Promotion Levy Rate
69.07	Ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing; finishing ceramics.	3%
69.10	Ceramic sinks, wash basins, wash basin pedestals, baths, bidets, water closet pans, flushing cisterns, urinals and similar sanitary fixtures.	3%
72.06	Iron and non-alloy steel in ingots or other primary forms (excluding iron of heading 72.03).	17.5%
72.07	Semi-finished products of iron or non-alloy steel	17.5%
72.13.	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel;	17.5%
72.14	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling.	17.5%
72.24	Other alloy steel in ingots or other primary forms; semi-finished products of other alloy steel.	17.5%

PART VII- MISCELLANEOUS

66. Section 117 of the Stamp Duty Act is amended in subsection (1) by inserting the following new paragraph

Amendment of section 117 of Cap.480.

immediately after paragraph (q)-

(r) the transfer of property by a company to its shareholders as part of an internal reorganisation:

Provided that—

- (a) the property is transferred to the shareholders in proportion to their shareholding in the company immediately before the transfer; and
- (b) where the property consists of shares, such shares should be in a subsidiary of the company undertaking the transfer.