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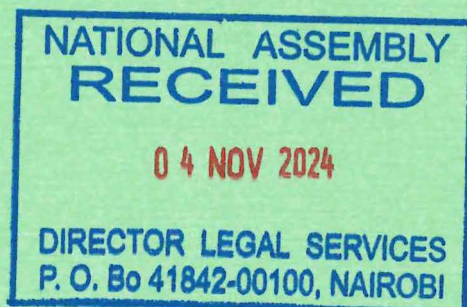
NAIROBI, 1st November, 2024

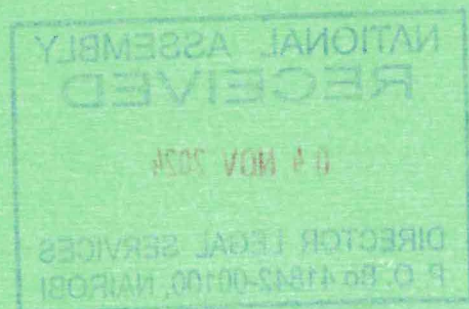
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THE TAX LAWS (AMENDMENT) BILL, 2024**A Bill for**

AN ACT of Parliament to make amendments to tax-related laws; and for connected purposes

ENACTED by the Parliament of Kenya as follows —

PART I—PRELIMINARY

1. This Act may be cited as the Tax Laws (Amendment) Act, 2024.

Short title and commencement.

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

Amendment of section 2 of Cap. 470.

- (a) in the definition of “individual retirement fund”, by deleting the words “and registered individual retirement fund means an individual retirement fund where the trust deed for such a fund has been registered with the Commissioner”;
- (b) in the definition of “pension fund”, by deleting the words “and registered pension fund means one which has been registered with the Commissioner in such manner as may be prescribed”;
- (c) in the definition of “provident fund”, by deleting the words “and registered provident fund means one which has been registered with the Commissioner in such manner as may be prescribed”;
- (d) by deleting the definition of “royalty” and substituting therefor the following new definition —

“royalty” means a payment made as a consideration for the use or the right to use —

- (a) any copyright of a literary, artistic or scientific work;
- (b) any software, proprietary or off-the-shelf, whether in the form of licence, development, training, maintenance or support fees;

- (c) any cinematograph film, including a film or tape for radio or television broadcasting;
 - (d) any patent, trademark, design or model, plan, formula or process;
 - (e) any industrial, commercial or scientific equipment; or
 - (f) information concerning industrial, commercial or scientific equipment or experience, and any gains derived from the sale or exchange of any right or property giving rise to that royalty;
- (e) by deleting the definition of “wife’s employment income”;
 - (f) by deleting the definition of “wife’s professional income”;
 - (g) by deleting the definition of “wife’s professional income rate”;
 - (h) by deleting the definition of “wife’s self-employment income”;
 - (i) by deleting the definition of “wife’s self-employment income rate”;
 - (j) by inserting the following new definitions in proper alphabetical sequence—

“donation” means a benefit in money in any form, promissory note or a benefit in kind conferred on a person without any consideration and includes grants;

“public entity” means a ministry, state department, state corporation, county department or agency of the national or county Government;

“registered individual retirement fund” means an individual retirement fund where the trust deed for such a fund has been registered with the Retirement Benefits Authority;

“registered pension fund” means a pension fund which has been registered with the Retirement Benefits Authority;

“registered provident fund” means a provident fund which has been registered with the Retirement Benefits Authority.

3. Section 5 of the Income Tax Act is amended—

Amendment of
section 5 of Cap.
470.

(a) in subsection (2) in paragraph (b), by deleting the words “thirty-six thousand shillings” and substituting therefor the words “sixty thousand shillings”;

(b) in subsection (4)—

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

(f) the first sixty thousand shillings on the value of meals served by the employer, whether the meals are supplied by the employer or not, within his premises to employees in a canteen or cafeteria operated or established by the employer or provided by a third party who is a registered taxpayer, whether the meals are supplied in the premises of the employer or the premises of the third party, shall be excluded in the calculation of his gains or profits subject to such conditions as the Commissioner may specify.

(ii) in paragraph (g), by deleting the words “two hundred and forty thousand shillings” appearing in paragraph (a) of the proviso and substituting therefor the words “three hundred and sixty thousand shillings”.

4. Section 10 of the Income Tax Act is amended by inserting the following new subsections immediately after subsection (3)—

Amendment of
section 10 of Cap.
470.

(4) Where a resident or a non-resident person, being the owner or operator of a digital marketplace or platform, makes or facilitates payment in respect of digital content monetisation, goods, property or services, the amount thereof shall be deemed to be income which accrued in or was derived from Kenya.

(5) In this section, “platform” means a digital platform or website that facilitates the exchange of a short-term engagement, freelance or provision of a service, between a service provider, who is an independent contractor or freelancer, and a client or customer.

5. The Income Tax Act is amended by repealing section 12E and replacing it with the following new section —

Repeal and replacement of section 12E of Cap. 470.

Significant economic presence tax.

12E. (1) Notwithstanding any other provision of this Act, a tax known as significant economic presence tax shall be payable by a non-resident person whose income from the provision of services is derived from or accrues in Kenya through a business carried out over a digital marketplace.

(2) For purposes of this section, a non-resident person shall be considered to have significant economic presence where the user of the service is located in Kenya.

(3) Subsection (1) shall not apply —

- (a) to a non-resident person who offers the services through a permanent establishment;
- (b) to an income chargeable under section 9(2) or section 10; or
- (c) a non-resident person providing digital services to an airline in which the government of Kenya has at least forty-five per cent shareholding.

(4) For the purposes of computing the tax under subsection (1), the taxable profit of a person liable to pay the tax shall be deemed to be ten per cent of the gross turnover.

(5) A person subject to tax under this section shall submit a return and pay the tax due to the Commissioner on or before the twentieth day of the month following the end of the month in which the service was offered.

(6) The Cabinet Secretary may make Regulations for the better implementation of this section.

6. The Income Tax Act is amended by inserting the following new section immediately after section 12F—

Minimum
top-up tax.

12G. (1) Notwithstanding any other provision of this Act, a tax known as minimum top-up tax shall be payable by a covered person where the combined effective tax rate in respect of that person for a year of income is less than fifteen per cent.

(2) The combined effective tax rate for a covered person shall be the sum of all the adjusted covered taxes, divided by the sum of all net income or loss for the year of income, multiplied by a hundred.

(3) The amount of tax payable shall be the difference between fifteen per cent of the net income or loss for the year of income of a covered person, and the combined effective tax rate for the year of income, multiplied by the excess profit of the covered persons.

(4) This section shall not apply—

- (a) to a public entity that is not engaged in business;
- (b) to a person whose income is exempt from tax under paragraph 10 of the First Schedule;
- (c) to a pension fund and the assets of that pension fund;
- (d) to a real estate investment vehicle that is an ultimate parent entity;
- (e) to a non-operating investment holding company;
- (f) to an investment fund that is an ultimate parent entity;

Insertion of
new sections
12G and 12H
of Cap. 470.

- (g) to a sovereign wealth fund; or
- (h) to an intergovernmental or supranational organisation including a wholly owned agency or organ of the intergovernmental or supranational organisation.

(5) In this section —

“adjusted covered taxes” means taxes recorded in the financial accounts of a covered person for the income, profits, or share of the income or profits of a covered person where the covered person owns an interest, and includes taxes on distributed profits, deemed profit distributions under this Act subject to such adjustments as may be prescribed;

“covered person” means a resident person or a person with a permanent establishment in Kenya who is a member of a multinational group and the group has a consolidated annual turnover of seven hundred and fifty million Euros or more in the consolidated financial statements of the ultimate parent entity in at least two of the four years of income immediately preceding the tested year of income;

“net income or loss” means the sum net income or loss for the year of income after deducting the sum of the losses of a covered person as determined under a recognised accounting standards in Kenya; and

“excess profit” means the net income or loss of a covered person for the year of income less —

- (a) ten per cent for the employee costs; and
- (b) eight per cent for the net book value of tangible assets.

Provided that the employee cost and book value of tangible assets may be adjusted as prescribed in regulations.

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

Amendment of section 15 of Cap. 470.

(a) in subsection (2) by inserting the following new paragraphs immediately after paragraph (ab) —

(ac) in the case of an employee, the amount deducted in accordance with section 5(1)(a) of the Affordable Housing Act, 2024;

(ad) a contribution to a post-retirement medical fund subject to a limit of fifteen thousand shillings per month;

(ae) contributions made to the Social Health Insurance Fund in accordance with section 27(a) and (b) of the Social Health Insurance Act, 2023;

(b) in subsection (3)(b), by deleting the words “three hundred thousand shillings” and substituting therefor the words “three hundred and sixty thousand shillings”;

8. Section 22A of the Income Tax Act is amended —

Amendment of section 22A of Cap 470.

(a) in subsection (1)(c) —

(i) by deleting the words “two hundred and forty thousand shillings” and substituting therefor the words “three hundred and sixty thousand shillings”;

(ii) by deleting the words “twenty thousand shillings” and substituting therefor the words “thirty thousand shillings”;

(b) in subsection (2)(c) —

(i) by deleting the words “two hundred and forty thousand shillings” and substituting therefor the words “three hundred and sixty thousand shillings”;

(ii) by deleting the words “twenty thousand shillings” and substituting therefor the words “thirty thousand shillings”;

- (c) in subsection (3)(c), by deleting the words “two hundred and forty thousand shillings” and substituting therefor the words “three hundred and sixty thousand shillings”.

9. Section 22B of the Income Tax Act is amended in subsection (2)(c)—

Amendment of section 22B of Cap. 470.

- (a) by deleting the words “two hundred and forty thousand shillings” and substituting therefor the words “three hundred and sixty thousand shillings”;

- (b) by deleting the words “twenty thousand shillings” and substituting therefor the words “thirty thousand shillings”.

10. The Income Tax Act is amended by repealing section 30A.

Repeal of section 30A of Cap. 470.

11. Section 31 of the Income Tax Act is amended in subsection (1), by deleting the words “or a contribution made to the National Hospital Insurance Fund” appearing in paragraph (v) of the proviso.

Amendment of section 31 of Cap. 470.

12. The Income Tax Act is amended by repealing section 34 and replacing it with the following new section—

Repeal and replacement of section 34 of Cap. 470.

Rates of tax.

34. (1) The tax chargeable on any income specified in this Act shall be at the rate specified in the Third Schedule.

(2) Subject to subsection (1), the transfer of interest in a person shall be charged in accordance with the Ninth Schedule.

(3) In this section “person” does not include a partnership.

13. Section 35 of the Income Tax Act is amended—

Amendment of section 35 of Cap. 470.

- (a) in subsection (1), by inserting the following new paragraphs immediately after paragraph (q)—

(r) supply of goods to a public entity;

(s) making or facilitating payment on a digital

marketplace; and

(b) in subsection (3), by inserting the following paragraphs immediately after paragraph (l) —

(m) supply of goods to a public entity;

(n) making or facilitating payment on a digital marketplace.

14. Part I of the First Schedule to the Income Tax Act is amended —

Amendment of
the First
Schedule to
Cap. 470.

(a) by deleting paragraph 53 and substituting therefor the following new paragraph —

53. Payment of pension benefits from a registered pension fund, registered provident fund, registered individual retirement fund, public pension scheme or National Social Security Fund, upon attainment of the retirement age determined in accordance with the rules of the fund or the scheme:

Provided that this exemption shall also apply to —

(a) payment of gratuity or other allowances paid under a public pension scheme;

(b) payment of a retirement annuity; or

(c) withdrawals from the fund prior to attaining the retirement age due to ill health; or withdraws from the fund after the twenty years from the date of registration as a member of the fund.

(b) by deleting paragraph 57 that reads as follows —

57. The income or principal sum of a registered family trust.

(c) by deleting paragraph 58 that reads —

58. Any capital gains relating to the transfer of title of immovable property to a family trust.

(d) in paragraph 60, by deleting the proviso and

substituting therefor the following new proviso —

Provided that —

- (a) the bond, note or security shall have a maturity of at least three years; and
 - (b) this exemption shall only apply to interest income accruing from a bond, note or other similar security used to raise funds for infrastructure and any other social service, project and asset defined under Green Bonds Standards and Guidelines, and any other social service listed before the commencement of this proviso.
- (e) by deleting paragraph 71 and substituting therefor the following paragraph —

71. Income earned by a non-resident contractor, sub-contractor, consultant or an employee involved in the implementation of a project financed through a one hundred per cent grant under an agreement between the Government and a development partner, to the extent provided for in the Agreement:

Provided that —

- (a) the non-resident contractor, subcontractor, contractor or employee shall maintain this status for the tenure of the agreement.
- (b) any other income not directly related to the project earned by that non-resident contractor, sub-contractor, consultant or employee shall be subject to tax.

15. The Third Schedule to the Income Tax Act is amended in —

Amendment of
the Third
Schedule to
Cap. 470.

(a) in Head A by —

- (i) by deleting paragraph 3;
- (ii) by deleting paragraph 4;

(b) in Head B by —

- (i) in paragraph 3 by inserting the following new

subparagraphs immediately after
subparagraph (t) —

- (u) in respect of a payment made by a public entity for supply of goods to the public entity, five per cent;
- (v) in respect of income deemed to have accrued in or been derived from a digital marketplace, twenty per cent.
- (w) in respect of interest arising from a bond, note or other similar security that has a maturity of at least three years and used to raise funds for infrastructure and other social services, five per cent;

(ii) in paragraph 5 —

(A) in subparagraph (b), by inserting the following new item immediately after item (iii) —

- (iv) in respect of interest arising from a bond, note or other similar security that has a maturity of at least three years and used to raise funds for infrastructure and other social services, five per cent.

(B) in subparagraph (d) —

- (I) by deleting item (i);
- (II) by deleting the words “fifteen years” and substituting therefor the words “twenty years” appearing in item (ii);
- (III) by inserting the following new subparagraphs immediately after subparagraph (m) —
 - (n) in respect of a payment made by a public entity for supply of goods to the public entity, zero point five per cent;
 - (o) in respect of income deemed to have accrued in or been derived from a digital marketplace, five

per cent.

- (iii) by deleting paragraph 12 and substituting therefor the following new paragraph—

12. The rate of tax in respect of significant economic presence tax charged under section 12E shall be thirty per cent of the deemed taxable profit.

- (iv) by inserting the following new paragraphs immediately after paragraph 13—

14. The rate of tax in respect of capital gains charged under section 3(2)(f) shall be fifteen per cent which shall be a final tax:

Provided that where the Nairobi International Financial Centre Authority certifies that—

- (a) a firm has invested at least three billion shillings in at least one entity incorporated or registered in Kenya within a period of two years; and
(b) the transfer of the investment is to be made after five years of the date of the investment,

the applicable rate shall be five per cent.

16. The Eleventh Schedule to the Income Tax Act is amended in paragraph 4, by deleting the words “and in the event of failure to submit a return or late submission of a return, the enterprise will be liable to a penalty of two thousand shillings per day for each day that the failure continues”.

Amendment of
the Eleventh
Schedule to
Cap. 470.

17. Section 12 of the Value Added Tax Act is amended by inserting the following new subsection immediately after subsection (4)—

Amendment of
section 12 of
Cap.

(5) The time supply for exported goods shall be the time when the certificate of export or such other equivalent export document has been issued by Customs.

18. Section 17 of the Value Added Tax Act is amended—

Amendment of
section 17 of
Cap. 476.

(a) by deleting subsection (7);

(b) by deleting subsection (8).

19. Section 65 of the Value Added Tax Act is amended by inserting the words “and exported goods” immediately after the words “imported taxable goods”.

Amendment of
section 65 of
Cap. 476.

20. The First Schedule to the Value Added Tax Act is amended —

Amendment of
the First
Schedule to
Cap. 476.

(a) in Section A of Part I — —

(i) in the table by —

(A) deleting tariff number 8802.30.00 and the corresponding tariff description;

(B) deleting tariff number 8802.40.00 and the corresponding tariff description;

(C) deleting tariff number 8802.60.00 and the corresponding tariff description;

(ii) by deleting paragraph 49 and substituting therefor the following new paragraph —

49. All goods of Chapter 88 excluding helicopters;

(iii) by deleting paragraph 58;

(iv) by deleting paragraph 69 and substituting therefor the following new paragraph —

69. Goods of tariff number 4703.21.00 for use in the manufacture of baby diapers, sanitary towels (pads) and tampons.

(v) by deleting paragraph 70;

(vi) by deleting paragraph 89;

(vii) by deleting paragraph 91;

(viii) by deleting paragraph 114;

(ix) by deleting paragraph 146;

(x) by inserting the following new paragraphs immediately after paragraph 148 —

149. All imported inputs and raw materials supplied to manufacturers of

agricultural pest control products upon recommendation by the Cabinet Secretary for the time being responsible for agriculture;

150. Agricultural pest control products;

151. Fertilizers of Chapter 31;

152. Inputs or raw materials locally purchased or imported by manufacturers of fertilizer as approved from time to time by the Cabinet Secretary responsible for Agriculture.

(b) in Part II —

(i) by deleting paragraph 17;

(ii) by deleting paragraph 18;

(iii) by deleting paragraph 19;

(iv) by deleting paragraph 24;

(v) by deleting paragraph 25.

(vi) by inserting the following new paragraph immediately after paragraph 34 —

35. Transfer of a business as a going concern.

21. The Second Schedule to the Value Added Tax Act is amended in Part A —

(a) by deleting paragraph 16;

(b) by deleting paragraph 19;

(c) by deleting paragraph 24; and

(d) by deleting paragraph 25.

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

(a) in subsection (1), by inserting the following new paragraph immediately after paragraph(c) —

(d) excisable services offered in Kenya by a non-resident through a digital platform;

(b) in subsection (3), by inserting the following new paragraph immediately after paragraph (c) —

Amendment of
the Second
Schedule to
Cap. 476.

Amendment of
section 5 of
Cap. 472.

(d) under subsection (1)(d), shall be payable by the non-resident person offering the service.

23. Section 7 of the Excise Duty Act is amended in subsection (2), by inserting the expression “spirit,” immediately after the word “beer”.

Amendment of section 7 of Cap. 472.

24. Section 36 of the Excise Duty Act is amended in subsection (1A), by deleting the words “twenty-four hours” and substituting therefor the words “by the fifth day of the following month”.

Amendment of section 36 of Cap. 472.

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

Amendment of the First Schedule to Cap. 472.

(a) in Part I—

(i) in the second table of paragraph 1—

(A) by deleting the description “Imported sugar excluding imported sugar purchased by a registered pharmaceutical manufacturer” and the corresponding rate of excise duty and substituting therefor the following new description and corresponding rate of excise duty—

Description

*Rate of
Excise Duty*

Imported sugar excluding sugar imported by a registered manufacturer and raw sugar imported for processing by a licensed sugar refinery

Shs. 7.50 per kg

(B) in the item of description “Motor vehicles of tariff heading 87.02, 87.03 and 87.04”, by inserting the following new item immediately after item (i)—

(ia) locally assembled electric vehicles.

(C) in the description of “Cigarette with filters (hinge lid and soft cap)”, by deleting the corresponding rate of Excise Duty and substituting therefor the rate of Excise Duty “Shs. 4,100 per mille”;

- (D) in the description “Cigarettes without filters (plain cigarettes)”, by deleting the corresponding rate of excise duty and substituting therefor the rate of excise duty “shs. 4,100 per mille”;
- (E) in the description of “Products containing nicotine or nicotine substitutes intended for inhalation without combustion or oral application but excluding medicinal products approved by the Cabinet Secretary responsible for matters relating to health and other manufactured tobacco and manufactured tobacco substitutes that have been homogenized and reconstituted tobacco, tobacco extracts and essences”, by deleting the corresponding rate of excise duty and substituting therefor the rate of excise duty “shs. 2,000 per kg”;
- (F) in the description of “Liquid nicotine for electronic cigarettes”, by deleting the corresponding rate of excise duty and substituting therefor the rate of excise duty “shs. 100 per millilitre”
- (G) by inserting the following items of description and the corresponding rate of excise duty—

<i>Description</i>	<i>Rate of Excise Duty</i>
Imported Electric transformers and parts of tariff codes 8504.10.00, 8504.21.00, 8504.22.00, 8504.23.00, 8504.31.00, 8504.32.00, 8504.34.00, 8504.90.00	25%
Imported printing ink of tariff 3215.11.00 and 3215.19.00 but excluding those originating from East African Community Partner States that meet the East African Community Rules of Origin	15%
Imported Ceramic sinks, wash basins, wash basin pedestals, baths, bidets, water closet pans, flushing cisterns, urinals and similar sanitary fixtures of tariff heading 6910	35% of customs value or Shs.100 per kg

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	35% of custom value or Shs.200 per kg
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	35% of custom value or Shs.300 per kg
Coal	5% of the value or shs. 27,000 per metric tone

(H) in the description “Imported sugar confectionary of tariff heading 17.04”, by deleting the corresponding rate of excise duty and substituting therefor the rate of excise duty “Shs. 85.82 per kg;

(I) by inserting following new descriptions and the corresponding rates immediately after the item of tariff description “3906.90.00 imported emulsion B.A.M.”—

<i>Description</i>	<i>Rate of Excise Duty</i>
3907.99.00 Imported Saturated polyester	20%
3905.21.00 Imported polymers of vinyl acetate/vinyl esters	20%
3903.90.00 Imported emulsion-styrene acrylic	20%

(J) in the description of “Wines including fortified wines, and other alcoholic beverages obtained by fermentation of fruits”, by deleting the corresponding rate of excise duty and substituting therefor the rate of excise duty “shs. 22.50 per centilitre of pure alcohol”;

(K) in the description of “Beer, Cider, Perry, Mead, Opaque beer and mixtures of fermented beverages with non-alcoholic

beverages and spirituous beverages of alcoholic strength not exceeding 6%", by deleting the corresponding rate of excise duty and substituting therefor the rate of excise duty "shs. 22.50 per centilitre of pure alcohol":

Provided that, Beer, cider, perry, mead, opaque beer and mixtures of fermented beverages with non-alcoholic beverages and spirituous beverages manufactured by licensed small independent brewers shall be subject to the rate of "shs 10 per centilitre of pure alcohol;

(L) in the description of "Spirits of undenatured ethyl alcohol; spirits liqueurs and other spirituous beverages of alcoholic strength exceeding 6%", by deleting the corresponding rate of excise duty and substituting therefor the rate of excise duty "shs. 10 per centilitre of pure alcohol";

(M) by deleting the item of description "Imported plates of plastic of tariff heading 3919.90.90, 3920.10.90, 3920.43.90, 3920.62.90 and 3921.19.90" and the corresponding rate and substituting therefor the following new item —

Description

*Rate of
Excise Duty*

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

25% or sh.
75 per
kilogramm
e,
whichever
is higher.

(b) in Part II —

(i) in paragraph 1, by deleting the words "fifteen percent" and substituting therefor the words

“twenty percent”;

- (ii) in paragraph 4A, by deleting the words “twelve-point five percent” and substituting therefor the words “fifteen percent”;
- (iii) in paragraph 4B, by deleting the words “twelve-point five percent” and substituting therefor the words “fifteen percent”;
- (iv) in paragraph 4C, by deleting the words “twelve-point five percent” and substituting therefor the words “fifteen percent”;
- (v) in paragraph 4D, by deleting the words “twelve-point five percent” and substituting therefor the words “fifteen percent”;
- (vi) in paragraph 8, by inserting the words “the internet, social media” immediately after the words “advertisement on”.

26. Section 8 of the Miscellaneous Fees and Levies Act is amended in subsection (2), by deleting the words “one point five” and substituting therefor the words “two point five”.

Amendment of
section 8 of Cap.
469C.

MEMORANDUM OF OBJECTS AND REASONS

The principal object of the Tax Laws (Amendment) Bill, 2024, is to amend the Income Tax Act, Value Added Tax Act, and Excise Duty Act.

Clause 1 of the Bill sets out the short title of the Act.

Clause 2 of the Bill proposes to amend section 2 of the Income Tax Act to review the definitions of the terms royalty, donation, public entity, registered individual retirement fund, registered pension fund, and registered provident fund. Further, the Clause proposes to delete reference to “wife’s employment” as a clean-up.

Clause 3 of the Bill proposes to amend section 5 of the Income Tax Act to enhance benefits to employees not subject to tax. This proposal is intended to enhance the benefits of meals, non-cash and gratuity and similar payments that are exempt from tax.

Clause 4 of the Bill is intended to amend section 10 of the Income Tax Act on taxation of income derived from services offered by the owner or operator of a digital marketplace or platform who makes or facilitates payment in respect of digital content monetisation, goods, property or services.

Clause 5 of the Bill proposes to repeal section 12E of the Income Tax Act and replace it with a new section 12E which provides for a new significant economic presence tax. The proposed amendment is intended to replace Digital Service Tax with Significant Economic Presence to provide for taxation at the effective rate of 6% as opposed to 1.5% under Digital Service Tax. This will align the taxation of digital services with international best practice.

Clause 6 of the Bill is intended to amend the Income Tax Act by inserting a new section 12G immediately after section 12F to provide for the Minimum Top-Up Tax to align the Kenya taxation of multinationals with the global practise that prevent tax base erosion by providing that these companies pay a minimum effective tax rate of 15%. This is an additional tax that will be payable in Kenya by a Multi-National Enterprise which has an effective tax rate less than 15%. The Multi-National Enterprise must have a consolidated annual turnover of 100 billion shillings.

Clause 7 of the Bill is intended to amend section 15 of the Income Tax Act to provide for the deductibility of the:

- (a) Affordable Housing Levy. This is intended to make the Affordable Housing Levy as an allowable deduction when

computing the taxable income of individuals. This will address the issue of double taxation.

- (b) Contributions to post-retirement medical funds of up to Ksh 15,000 per month made to a post-retirement medical fund and also exempt from tax the withdrawal from the fund for medical purposes from tax.

Clause 8 of the Bill is intended to amend section 22A of the Income Tax Act to increase the amount deductible in respect of contributions to registered pension or provident funds from taxable income of an individual and also contribution by the employer from Ksh 240,000 to Ksh 360,000 per year and Ksh 20,000 to Ksh 30,000 per month.

Clause 9 of the Bill is intended to amend section 22B of the Income Tax Act to increase the amount deductible in respect of contributions to registered individual retirement funds or public pension schemes from taxable income of an individual and also contribution by the employer from Ksh 240,000 to Ksh 360,000 per year and Ksh 20,000 to Ksh 30,000 per month.

Clause 10 of the Bill is intended to amend the Income Tax Act by deleting section 30A which dealt with the Affordable Housing Relief. The amendment is consistent with the proposal contained in clause 8 of the Bill that provides for the deduction of the Affordable Housing Levy when computing the income of an individual.

Clause 11 of the Bill proposes to amend section 31 of the Income Tax Act to harmonise the Act with the enactment of the Social Health Insurance Act, 2023, by deleting any reference to the National Hospital Insurance Fund.

Clause 12 of the Bill proposes to repeal and replace section 34 of the Income Tax Act to provide that the rates of tax shall be as specified in the Third Schedule to the Act; that the transfer of interest in a person shall be charged in accordance with the Ninth Schedule; and for the purposes of section 30, person does not include a partnership.

Clause 13 of the Bill proposes to amend section 35 of the Income Tax Act to provide those payments in respect of supply of goods to a public entity or facilitating payment on a digital marketplace is subject to withholding tax.

Clause 14 of the Bill proposes to amend the First Schedule to the Income Tax Act by deleting paragraph 53 and replacing it with a new paragraph 53 to exempt pension payments including gratuity and other payments from a registered pension fund, registered provident fund, public

pension scheme or National Social Security Fund from income tax and further remove the exemption of the income of the National Housing Development Fund. In addition, the exemption from tax is intended to also apply to withdrawals from the funds prior to attaining retirement age due to ill health or after attaining twenty years from the date of registration as a member of the fund.

It also proposes to delete paragraph 60 and replace it with a new paragraph 60 to introduce taxation of interest income from infrastructure bonds at the rate of 10%. This will apply to the bonds that will be issued from the date this provision become operational.

Additionally, by deleting paragraph 71 and replacing it with a new paragraph 71 to exempt non-resident contractors, sub-contractors, consultants or employees involved in the implementation of a project financed through a one hundred per cent grant from income tax.

Clause 15 of the Bill is intended to amend the Third Schedule to the Income Tax Act to provide for the applicable rates of tax on payment to public entities and on income derived from Kenya by an owner of a digital marketplace. The rate on withholding tax on supplies to public entities by residents be reduced to zero-point five percent. Further, the clause clarifies that the capital gains tax is final and also reduces the capital gains tax payable by firms certified by the Nairobi International Financial Centre Authority.

Clause 16 of the Bill is intended to amend the Eleventh Schedule to the Income Tax Act to remove the penalty for failure by EPZ enterprises to submit a return since the penalty is being provided for under the Tax Procedures Act.

Clause 17 of the Bill is intended to amend section 12 of the Value Added Tax Act to clarify that the time of supply of exported goods to be the time when the certificate of export and such other equivalent exports document has been issued by Customs.

Clause 18 of the Bill is intended to amend section 17 of the Value Added Tax Act to remove the threshold for applying VAT apportionment formula which allows tax payers who make 90% of zero-rated supply to claim 100% input VAT. The formula is subject to abuse leading to revenue leakage.

Clause 19 of the Bill is intended to amend section 65 of the Value Added Tax Act to expand the application of East African Community Customs Management Act for VAT purpose to exported goods. This is a consequential amendment to Clause 29 that is meant to reduce claim of

VAT refund if a taxpayer does not have necessary documents to confirm exports.

Clause 20 of the Bill is intended to amend the First Schedule to the Value Added Tax Act to review the exemption status of various items. The review is meant to rationalize the tax expenditure.

Clause 21 of the Bill is intended to amend the Second Schedule to the Value Added Tax Act to review the zero-rated status of various items. The review is meant to rationalize the tax expenditure.

Clause 22 of the Bill is intended to amend section 5 of the Excise Duty Act to provide those excisable services offered in Kenya by a non-resident through a digital platform is subject to excise duty. Further, the amendment to section 5 clarify that the excise duty offered through the digital platform shall be payable by the non-resident person offering the services.

Clause 23 of the Bill is intended to amend section 7 of the Excise Duty Act to provide for remission of excise duty on spirits made from sorghum, millet or cassava or any other agricultural products (excluding barley) grown in Kenya to support our farmers that grow this produce.

Clause 24 of the Bill is intended to amend section 36 of the Excise Duty Act to change the due date for payment of excise duty on alcoholic beverages from 24 hours to the 5th day of the following month.

Clause 25 of the Bill is intended to amend the First Schedule to the Excise Duty Act to review the excise duty rates of various products so as to enhance the protection of the local industries producing similar products. Further, the Clause proposes to enhance taxation of tobacco products to discourage consumption of these products due to their negative externalities such as effect on health caused by cigarette smoking. The harmonization of the rate of filter and non-filtered cigarettes is meant to protect revenue leakage as a result of misdeclaration and misreporting. The uniform rate of taxation will ease the administration of taxation of these products.

Clause 26 of the Bill proposes to amend section 8 of the Miscellaneous Fees and Levies Act to increase the rate of the Railway Development Levy from 1.5% to 2.5%.

Dated the 23rd October, 2024.

KIMANI ICHUNG'WAH,
Leader of Majority.

Section 2 of Cap. 470 which it is intended to amend—

(1) In this Act, unless the context otherwise requires —

“individual retirement fund” means a fund held in trust by a qualified institution for a resident individual for the purpose of receiving and investing funds in qualifying assets in order to provide pension benefits for such an individual or the surviving dependants of such an individual subject to the Income Tax (Retirement Benefit) Rules and “registered individual retirement fund” means an individual retirement fund where the trust deed for such a fund has been registered with the Commissioner;

“pension fund” means any fund for the payment of pensions or other similar benefits to employees on retirement, or to the dependants of employees on the death of such employees and “registered pension fund” means one which has been registered with the Commissioner in such manner as may be prescribed;

“provident fund” includes any fund or scheme for the payment of lump sums and other similar benefits, to employees when they leave employment or to the dependants of employees on the death of those employees but does not include any national provident fund or national social security fund established by the Government and “registered provident fund” means one which has been registered with the Commissioner in such manner as may be prescribed;

“royalty” means a payment made as a consideration for the use of or the right to use —

- (a) any copyright of a literary, artistic or scientific work; or
- (b) any cinematograph film, including film or tape for radio or television broadcasting; or
- (c) any patent, trade mark, design or model, plan, formula or process; or
- (d) any industrial, commercial or scientific equipment,

“wife’s employment income” means gains or profits from employment arising from a contract of service which is chargeable to tax under section 3(2)(a)(ii) and pensions, lump sums and withdrawals from a registered fund, public pension scheme or registered individual retirement fund which are chargeable to tax under section 3(2)(c), of a woman living with her husband, excepting income derived by her as a trustee or manager of a settlement created by her husband the income of which is deemed under section 25 or 26 to be the income of the settler or income derived by her as an employee of —

- (a) a partnership in which her husband is a partner;
- (b) her husband; or
- (c) a company, the voting power of which is held to the extent of twelve and one-half per cent or more at any time during the year of income by her or by her husband or by both jointly, either directly or through nominees;

“wife’s professional income” means the gains or profits of a married woman living with her husband derived from the exercise by her (but not as a partner of a partnership in which her husband is a partner) of one of the professions specified in the Fifth Schedule being also a person who has the qualifications specified in that Schedule relevant to that profession;

“wife’s professional income rate” means the wife’s professional income rate specified in paragraph 1A of Head B of the Third Schedule;

“wife’s self-employment income” means gains or profits arising from a business of a married woman living with her husband which are chargeable to tax under section 3(2)(a)(i) and any income chargeable under section 3(2)(a)(iii) or section 3(2)(b), but does not include any income derived from the provision of goods or services by her to a business, partnership or a company owned by or the voting power of which is held to the extent of twelve and one-half per cent, or more at any one time during the year of income by her or her husband either directly or through nominee;

“wife’s self-employment income rate” means the wife’s self-employment income rate specified in paragraph 1A of Head B of the Third Schedule;

Section 3 of Cap. 470 which it is intended to amend—

- (3) For the purposes of this section—

...

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

Section 5 of Cap. 470 which it is intended to amend—

- (2) For the purposes of section 3(2)(a)(ii) “gains or profits” includes—

...

- (c) save as otherwise expressly provided in this section, the value of a benefit, advantage, or facility of whatsoever nature the aggregate

value whereof is not less than thirty six thousand shillings granted in respect of employment or services rendered;

...

(4) Notwithstanding anything to the contrary in subsection (2) “gains or profits” do not include —

...

- (f) the value of meals served to employees in a canteen or cafeteria operated or established by the employer or provided by a third party who is a registered taxpayer (whether the meals are supplied in the premises of the employer or the premises of the third party) where the value of the meal does not exceed the sum of forty-eight thousand shillings per year per employee subject to such conditions as the Commissioner may specify;
- (g) an amount paid by an employer as a gratuity or similar payment in respect of employment or services rendered, which is paid into a registered pension scheme:

Provided that —

- (a) this paragraph shall only apply in respect of amounts not exceeding two hundred and forty thousand shillings for each year of service;
- (b) this paragraph shall not apply to any person who is eligible for deductions under section 22A.

Section 15 of Cap. 470 which it is intended to amend —

(3) Without prejudice to subsection (1), in ascertaining the total income of a person for a year of income the following amounts shall be deducted:

...

- (b) the amount of interest not exceeding three hundred thousand shillings paid by him in respect of that year of income upon money borrowed by him from one of the first five financial institutions specified in the Fourth Schedule and applied to the purchase or improvement of premises occupied by him during that year of income for residential purposes:

Provided that —

- (i) if any person occupies any premises for residential purposes for part only of a year of income the deduction under this paragraph shall be reduced accordingly; and

- (ii) no person may claim a deduction under this paragraph in respect of more than one residence;

Section 22A of Cap. 470 which it is intended to amend—

- (1) Notwithstanding section 16 (2) (d) and (e), the deduction in respect of contributions of an employee in a year shall be limited to the lesser of—

...

- (c) two hundred and forty thousand shillings (or, where contributions are made to registered funds of the employer in respect of a part year of service of the member, twenty thousand shillings per month of service).

(2) Notwithstanding section 16 (2) (d) and (e), the deduction in respect of the contributions made by an employer in a year under defined contribution provisions of registered funds shall be limited to the sum of deductible contributions of the employer in the year under defined contribution provisions of registered funds on behalf of members of the funds:

Provided that, in respect of each member, the sum of the deductible contributions of an employer in a year under the defined contribution provisions of registered funds on behalf of a member of a registered fund means the amount by which the lesser of—

...

- (c) two hundred and forty thousand shillings (or, where contributions are made to registered funds of the employer in respect of a part year of service of the member, twenty thousand shillings per month of service),

exceeds the deductible contributions made by the member in the year to registered funds of the employer under subsection (1).

(3) Notwithstanding section 16 (2) (d) and (e) the deduction in respect of the contributions made by an employer in a year under defined benefit provisions of registered funds shall be limited to the amount by which the lesser of—

...

- (c) two hundred and forty thousand shillings times the number of full-year members of defined benefit registered funds of the employer, exceeds the sum of—

- (i) the deductible contributions made in the year to registered funds of the employer by members of registered funds of the employer under subsection (1); and
- (ii) the amounts deducted by the employer for the year for contributions made under defined contribution provisions of registered funds under subsection (2) in respect of the members of the defined benefit registered funds.

Section 22B of Cap. 470 which it is intended to amend—

(2) Notwithstanding the provisions of section 16 (2) (d) and (e), the deduction in respect of contributions of an individual to a registered individual retirement fund in a year shall be limited to the lesser of—

...

(c) two hundred and forty thousand shillings (or, where the contributions are made on behalf of the individual by his employer in respect of a part year of service of the individual, twenty thousand shillings per month of service) reduced by the amount of the contributions made by the individual or by an employer on behalf of the individual to the National Social Security Fund in that year.

Section 30A of Cap. 470 which it is intended to repeal—

30A. Affordable housing relief

(1) A resident individual who satisfies the Commissioner that in a year of income that the person—

- (a) is eligible to make an application under an affordable housing scheme;
- (b) has applied and is awaiting the allocation of a house under an affordable housing scheme; and
- (c) is saving for a purchase under an affordable housing scheme approved by the Cabinet Secretary in charge of housing,

shall for that year of income be entitled to a personal relief in this Act referred to as the affordable housing relief.

(2) A person who has been allocated a house under the affordable housing scheme and has been subject to an affordable housing relief under subsection (1) shall not be re-eligible for a subsequent relief.

Section 31 of Cap. 470 which it is intended to amend—

31. Insurance relief

(1) A resident individual who proves that in a year of income—

(a) the individual has paid a premium for an insurance made by the individual on the individual's life or the life of the individual's spouse or child and that the insurance secures a capital sum whether or not in conjunction with another benefit, and that the insurance is made with an insurance company lawfully carrying on in Kenya the business of life insurance, and that sums payable under the insurance are payable in Kenya in the lawful currency of Kenya; or

(b) his employer has paid a premium for that insurance on the life, and for the benefit, of that individual which is charged with tax under this Act on that individual; or

(c) he, as well as his employer, has paid a premium for the insurance referred to in paragraph (b),

shall, for that year of income, be entitled to a personal relief in this Act referred to as the insurance relief:

Provided that—

...

(v) a health policy whose term commences on or after 1st January, 2007 or a contribution made to the National Hospital Insurance Fund, shall qualify for relief;

The First Schedule to Cap. 470 which it is intended to amend—

53. Monthly pension granted to a person who is sixty-five years of age or more.

57. The income of the National Housing Development Fund.

58. Income earned by an individual who is registered under the Ajira Digital Program for three years beginning 1st January, 2020;

Provided that—

(a) the individual shall qualify for the exemption upon payment of registration fee of ten thousand shillings per annum; and

(b) the Cabinet Secretary shall, in consultation with the Cabinet Secretary for the ministry responsible for information communication technology, issue regulations for the better carrying out of this provision.

60. Interest income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure, projects and assets defined under Green Bonds Standards and Guidelines, and other social services:

Provided that such bonds, notes or securities shall have a maturity of at least three years.

71. Income earned by a non-resident contractor, sub-contractor, consultant or employee involved in the implementation of a project financed through a one hundred percent grant under an agreement between the Government and the development partner, to the extent provided for in the Agreement:

Provided that the non-resident is in Kenya solely for the implementation of the project financed by the one hundred percent grant.

The Third Schedule to Cap. 470 which it is intended to amend—

HEAD A – RESIDENT PERSONAL RELIEF

3. Affordable housing relief

The amount of affordable housing relief shall be 15% of the employee's contribution but shall not exceed KSh. 108,000 per annum

4. Post-retirement medical fund relief

The amount of post-retirement medical fund relief shall be fifteen per cent of the amount of contribution paid or sixty thousand shillings per annum, whichever is lower.

HEAD B – RATES OF TAX

5. The resident withholding tax rates shall be—

...

- (d) (i) in respect of a payment of a pension or any withdrawal made after the expiry of fifteen years from the date of joining the fund, or on the attainment of the age of fifty years, or upon earlier retirement on the grounds of ill-health or infirmity of body and mind, from a registered pension fund, registered provident fund, the National Social Security Fund or a registered individual retirement fund, in excess of the tax free amounts specified under section 8(4) and 8(5) in any one year and, provided that tax has not been deducted under section 37—

Rate in each shilling

On the first Sh. 400,000	10%
On the next Sh. 400,000	15%
On the next Sh. 400,000	20%
On the next Sh. 400,000	25%

On all income above KSh. 1,600,000 of the
amounts in excess of the tax-free amount. 30%

Provided that the tax so deducted shall be final;

(ii) in respect of a withdrawal before the expiry of fifteen years from the date of joining the fund made from a registered pension fund, registered provident fund, the National Social Security Fund or a registered individual retirement fund in excess of the tax free amounts specified under [section 8(4) and 8(5)]

Rate in each shilling

On the first KSh. 288,000 10%

On the next KSh.100,000 25%

On all income over KSh. 388,000 30%

12. The rate of tax in respect of digital service tax under section 12E shall be one point five per cent of the gross transaction value.

The Eleventh Schedule to Cap. 470 which it is intended to amend—

TAXATION OF EXPORT PROCESSING ZONE ENTERPRISES

4. Notwithstanding that an export processing zone enterprise will be exempted from paying any corporation tax for the period specified in subparagraph 2(f) of the Third Schedule, the enterprise will nonetheless be required to comply with Part VIII of the Act and will submit an annual return of income under section 52 or a return of income, together with a self-assessment of tax under section 52B and business accounts under section 54 as is the case with all liable enterprises, and in the event of failure to submit a return or late submission of a return, the enterprise will be liable to a penalty of two thousand shillings per day for as long as the failure continues.

Section 17 of Cap. 476 which it is intended to amend—

17. Credit for input tax against output tax

(7) If the fraction of the formula in subsection (6) for a tax period—

- (a) is more than 0.90, the registered person shall be allowed an input tax credit for all of the input tax comprising component A of the formula; or
- (b) is less than 0.10, the registered person shall not be allowed any input tax credit for the input tax comprising component A of the formula.

(8) Notwithstanding the provisions of this section, a registered person who is a manufacturer may make a deduction for input tax with respect to taxable supplies made to an official aid funded project as may be approved by the Cabinet Secretary in accordance with the First Schedule.

Section 65 of Cap. 476 which it is intended to amend—

65. Application of East African Community Customs Management Act, 2004

Subject to this Act, the East African Community Customs Management Act, 2004 and any rules made thereunder relating to customs generally, whether made before or after the commencement of this Act, shall have effect, with such exceptions and adaptations as may be prescribed, in relation to imported taxable goods, whether liable to any duty of customs or not, as if all such goods were liable to duties of customs and as if those duties included tax.

The First Schedule to Cap. 476 which it is intended to amend—

EXEMPT SUPPLIES

PART I - GOODS

SECTION A

8802.30.00 Aeroplanes and other Aircrafts on unladen weight exceeding 2,000 kgs but not exceeding 15,000 kg.

8802.40.00 Aeroplanes and other Aircraft of unladen weight exceeding 15,000 kgs.

8802.60.00 Spacecraft (including satellites) and suborbital and spacecraft launch vehicles.

49. Aircraft parts of heading 8803, excluding parts of goods of heading 8801.

58. Direction-finding compasses, instruments and appliances for aircraft.

69. Carrier tissue white, 1 ply 14.5 GSM of tariff number 4703.21.00.

70. IP super soft fluff pulp — for-fluff 310 treated pulp 488*125mm (cellose) of tariff number 4703.21.00.

89. Any other aircraft spare parts imported by aircraft operators or persons engaged in the business of aircraft maintenance upon recommendation by the competent authority responsible for civil aviation.

91. Specially designed locally assembled motor vehicles for transportation of tourists, purchased before clearance through Customs by tour operators upon recommendation by the competent authority responsible for tourism promotion, provided the vehicles meet the following conditions—

- (i) the vehicles shall at all times be registered and operated by a company that is licenced under the Tourism Vehicle Regime;
- (ii) the vehicles shall be used exclusively for the transportation of tourists;
- (iii) the vehicles shall have provisions for camping, rescue and first aid equipment, luggage compartments and communication fittings; and
- (iv) any other condition the Commissioner may impose:

Provided that tax shall become payable upon change of use or disposal of the vehicle for other use.

114. Taxable goods supplied to persons that had an agreement or contract with the Government prior to 25th April 2020 and the agreement or contract provided for exemption from value added tax:

Provided that this exemption shall apply to the unexpired period of the contract or agreement and upon recommendation by the Cabinet Secretary responsible for matters relating to energy.

146. Such capital goods the exemption of which the Cabinet Secretary may determine to promote investment in the manufacturing sector:

Provided that the value of such investment is not less than two billion shillings.

147. Taxable supplies made to or by a school feeding programme recognized by the Cabinet Secretary responsible for matters relating to education.

PART II – SERVICES

17. Betting, gaming and lotteries services.

18. Hiring, leasing and chartering of aircrafts, excluding helicopters of tariff numbers 8802.11.00 and 8802.12.00.

19. Air ticketing services supplied by travel agents.

24. Entry fees into the national parks and national reserves.

25. The services of tour operators, excluding in-house supplies.

The Second Schedule to Cap. 476 which it is intended to amend—

PART A — ZERO RATED SUPPLIES

16. All inputs and raw materials whether produced locally or imported, supplied to manufacturers of agricultural pest control products upon recommendation by the Cabinet Secretary for the time being responsible for agriculture.

19. Agricultural pest control products.

24. Fertilizers of chapter 31.

25. Inputs or raw materials locally purchased or imported by manufacturers of fertilizer as approved from time to time by the Cabinet Secretary responsible for Agriculture.

Section 7 of Cap. 472 which it is intended to amend—

(2) The Cabinet Secretary may by notice in the Gazette, grant remission of excise duty, wholly or partially, in respect of beer or wine made from sorghum, millet or cassava or any other agricultural products (excluding barley), grown in Kenya.

Section 36 of Cap. 472 which it is intended to amend—

(1A) Despite subsection (1), in the case of a licensed manufacturer of alcoholic beverages, excise duty shall be payable to the Commissioner within twenty-four hours upon removal of the goods from the stockroom.

The First Schedule to Cap. 472 which it is intended to amend—

Part I — EXCISABLE GOODS

<i>Description</i>	<i>Rate of Excise Duty</i>
Imported sugar excluding imported sugar purchased by a registered pharmaceutical manufacturer	Sh. 5 per kg
Motor vehicles of tariff heading 87.02, 87.03 and 87.04 excluding—	20%
(i) locally assembled motor vehicles;	
(ii) (ii) school buses for use by public schools;	
(iii) (iii) motor vehicles of tariff no. 8703.24.90 and 8703.33.90; and	
(iv)(iv) imported motor vehicles of cylinder	

<i>Description</i>	<i>Rate of Excise Duty</i>
capacity exceeding 1500cc	
Cigarette with filters (hinge lid and soft cap)	Sh. 4,067.03 per mille
Cigarettes without filters (plain cigarettes)	Sh. 2,926.41 per mille
Products containing nicotine or nicotine substitutes intended for inhalation without combustion or oral application but excluding medicinal products approved by the Cabinet Secretary responsible for matters relating to health and other manufactured tobacco and manufactured tobacco substitutes that have been homogenized and reconstituted tobacco, tobacco extracts and essences	Sh. 1,595.00 per kg
Liquid nicotine for electronic cigarettes	Sh. 70 per millilitre
Imported sugar confectionary of tariff heading 17.04;	Sh. 42.91 per kg
Wines including fortified wines, and other alcoholic beverages obtained by fermentation of fruits	Sh. 243.43 per litre
Beer, Cider, Perry, Mead, Opaque beer and mixtures of fermented beverages with non-alcoholic beverages and spirituous beverages of alcoholic strength not exceeding 6%	Sh. 142.44 per litre
Spirits of undenatured ethyl alcohol; spirits liqueurs and other spirituous beverages of alcoholic strength exceeding 6%	Sh. 356.42 per litre
Imported plates of plastic of tariff heading 3919.90.90, 3920.10.90, 3920.43.90, 3920.62.90 and 3921.19.90	25%

Part II — EXCISABLE SERVICES

1. Telephone and internet data services shall be charged excise duty at a rate of fifteen percent of their excisable value.

4A. Excise duty on betting shall be twelve point five per cent of the amount wagered or staked.

Provided that this paragraph shall not apply to horse racing.

4B. Excise duty on gaming shall be twelve point five percent of the amount wagered or staked.

4C. Excise duty on prize competition shall be twelve point five percent of the amount paid or charged to participate in a prize competition.

4D. Excise duty on lottery (excluding charitable lotteries) shall be twelve point five percent of the amount paid or charged to buy the lottery ticket.

8. Excise duty on fees charged on advertisement on television, print media, billboards and radio stations on alcoholic beverages, betting, gaming, lotteries and prize competitions shall be at the rate of fifteen per cent.

Section 8 of Cap. 469C which it is intended to amend—

(2) The levy shall be at the rate of one point-five per cent of the customs value of the goods and shall be paid by the importer of such goods at the time of entering the goods into the country for home use

