EFFECT OF TAX INCENTIVES ON THE PERFORMANCE OF EXPORT PROCESSING ZONE ENTERPRISES IN KENYA

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DECLARATION

I hereby declare that this is my original work and has not been submitted to any other institution for marking. No part of this project shall be produced without prior consent of the author I or Kenya School of Revenue Administration

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This project has been submitted for examination with my approval as the supervisor

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Above all, I give gratitude to the Almighty God for His guidance, support and protection in my life and for helping me reach this far.

DEDICATION

I dedicate this project to my lovely mom, Mrs. Celina Koome, who has strived to ensure that I attain my dreams through education amid difficulties and ensured that all my obligations are met through providing full financial support, my late dad Mr. David Koome who instilled discipline to me and gave me advice about life that still keeps me going and lastly my siblings; Eric and Tony, who have always showed support to me both moral, financial and spiritual at all times.

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DEFINITION OF TERMS

Capital Allowance	is the practice of allowing a company to get tax relief on tangible capital expenditure by allowing it to be expensed against its annual pre-tax income (Fletcher, 2003).
Corporate Tax Incentive	is a subsidy that reduces a company's tax by allowing it to deduct all or part of certain expenses from its income tax bill (Kaplan, 2001).
Export processing zones (EPZs)	refers to the areas in developing countries that aim to spur economic growth through attraction of FDI for export oriented production by offering incentives (Van Heerden, 2008).
Tax	refers to a compulsory contribution to the government, paid by individuals and corporate entities, which does not bear any relationship to the benefit received (OECD, 2009).
Tax Incentive	may take different structures. In the Kenyan case, it takes the form of holiday on tax, allowances on investment, tax credits as well as accelerated depreciation (International Bureau of fiscal decentralization, 2010)
Taxation	refers to the term used to describe a scenario where a taxing authority, typically a government imposes a tax on its citizens (OECD, 2009).

ABBREVIATIONS AND ACRONYMS

EDP	Export Development Program
EPZ	Export Processing Zones
EPZA	Export Processing Zones Authority
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GOK	Government of Kenya
ILO	International Labor Organization
ITA	Income Tax Act
KRA	Kenya Revenue Authority
SEZs	Special Economic Zones
SPSS	Statistical Package for Social Sciences
WTO	World Trade Organization

ABSTRACT

Tax is a major component of government revenue and governments all over the world use tax incentives to enhance economic activities and investments by firms. In as much as the government and the stakeholders are trying to give out concessions, the industry continues to ail. One of the main goals of setting up EPZEs was to promote exports, unfortunately, this has not been achieved. This is because of inconsistencies in the exports. This project aimed at investigating the effect of tax incentives on the performance of Export Processing Zones (EPZ) in Kenya. The specific objectives of the study were to establish the effects of capital allowance incentives on the performance of EPZ firms in Kenya, to examine the extent to which corporate tax incentives influence the performance of EPZ firms in Kenya and to assess the influence of excise tax incentives on the performance of EPZ firms in Kenya. A descriptive research design was adopted. The target population was 250 from which a sample of 153 was chosen using simple random sampling method. Primary data was collected using questionnaires while secondary data was obtained from existing relevant published sources of taxation. Regression analysis was conducted to analyze the collected data. Tables, figures and chart were used to analyze and interpret the data. The data was then analyzed using descriptive statistics and inferential statistics and Statistical Package for Social Sciences (SPSS) software was used to analyze the report. The study findings indicated that Excise Tax Incentives and performance of EPZs were positively and significantly related; Capital Allowance Tax Incentives and performance of EPZs were positively and significantly related and Corporate Tax Incentives and performance of EPZs were also positively and significantly related. This implies that an increase in Excise Tax Incentive, Capital Allowance Incentive and Corporate tax Incentive increases performance of EPZs significantly. Based on the findings, the study concludes that tax incentives improve performance of EPZs. An increase in capital allowance leads to an increase in performance of EPZs. Another conclusion is that an increase in Corporate tax Incentive leads to an increase in performance of EPZs. Furthermore, an increase in Excise Tax Incentives leads to an increase in performance of EPZs. The study also concludes that due to the tax incentives, there has been an increase in the number of jobs created by the EPZs although at a slow rate. This study recommends that stakeholders in tax policy should reconsider the economic value of corporate tax incentive. These incentives had the capacity to increase the profitability of EPZ firms as well as the number of jobs. Therefore, the government should offer more CIT holidays and reduced tax rates in order to increase the level of foreign investments and employment in the country. Companies located in an approved EPZ, principally to export goods, are taxed at a 0% CIT rate for ten years from its commencement and at a rate of 25% for the next ten years. A further reduction would benefit EPZ firms who had so far benefitted from tax holidays. Based on the findings, the study recommends that the government should consider the economic value of capital allowance incentives. The study recommended that Kenya could increase the level of capital inflow in to the country as well as the level of investment and growth in order to increase the level of employment and the level of industrialization in the country.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Tax is a compulsory contribution to the government, paid by individuals and corporate entities, which does not bear any relationship to the benefit received. Taxation is a major source of revenue for the government in both developed and developing economies (OECD, 2009). Globally, tax is a major component of government revenue. Governments all over the world use tax incentives to enhance economic activities and investments by firms, they use these form of incentives to channel some special economic activities towards some important sectors of the economy where they are either not felt or not existing at all (Kaplan, 2001). The government uses tax incentives to meet its obligations, which include providing public goods and services such as security and maintenance of law and order. Other than raising revenue, governments levy taxes to achieve economic stability, equitable income distribution, optimal resource allocation, and to promote social welfare.

Lu (2014) asserts that today, those economies with the highest levels of EPZ based exports tend to be developing economies, including China, Egypt, Indonesia and the Philippines, although EPZs in New Zealand, Ireland and the United States are also among the largest by export quantity (Lu, 2014). Some countries have made the development of these zones central to their renewed efforts at economic growth. Another way of understanding the global presence of EPZs is through EPZ intensity within a given economy (Van Heerden, 2008).

According to Lu, Xia (2014), the first modern industrial free zone was established in Shannon, Ireland in 1959. Since the 1970s, most zones have been created in developing countries. In 1986, the ILO's database of Special Economic Zones listed 176 zones in 47 countries, but by 2006 the number had grown to 3,500 zones in 130 countries. There are now claims of over 4,500 EPZs existing worldwide (Lu, 2014).

In that context EPZs, also called Special Economic Zones (SEZs), need to innovate new means of maintaining and developing their competitiveness. According to World Bank Report, (2014), an EPZ is a fenced-in industrial estate specializing in manufacturing for exports, offering firms free trade conditions and a liberal regulatory environment. The fundamental concept of an EPZ is that it is a trade policy instrument used to promote nontraditional exports hence becoming an engine of industrialization and growth (Bendell and Doyle, 2014).

Van, Parys & James (2010) argues that despite the inauguration of EPZ program in 1990, the commencement of production was not until 1993 when the government undertook several major reforms like eliminating exchange rate controls allowing for market determined rates, eliminating import controls and implementation of tax reforms (Van Parys & James, 2010).

According to Akinboade, (2014) taxation is an instrument of fiscal policy; governments use taxes to influence an economy's aggregate demand. Tax regime affects economic performance through their effect on work effort, savings and investments. The output of an economy will increase because of increased productivity. The productivity of an economy will increase when there is investment in both physical and human capital (Akinboade, 2014).

Kenya inaugurated her Export Processing Zones program in 1990 following the enactment of CAP 517 Laws of Kenya, as part of the Export Development Program (EDP) being undertaken by the Government to transform the economy from import substitution to a path of export led growth. The act also created the Export Processing Zones Authority (EPZA) as the regulatory body. GOK (2011) Report indicates that Kenya being a developing country, has adopted the policy of pursuance of the vision 2030 to be realized through sound macroeconomic policies. In the early 1990s, Kenya embarked on a wide range of structural and macroeconomic reforms encompassing all the key sectors of the economy including exports promotions, FD1, revenue collection and expenditure planning to establish a more growth conducive economic environment (GOK, 2011).

1.1.1 Tax Incentives

Tax incentives, as defined by the International Bureau of fiscal decentralization are fiscal measures that are used to attract local or foreign investments capital to certain economic activities or particular areas in a country. Fletcher (2003), defines tax incentives as those special exclusions, exemptions or deductions that provide special credits, preferential tax rates or deferral of tax liability. In order for a country to stimulate its exports, tax incentives have to be applied in abundance to give the country a competitive edge. An increase in a country‘s exports will in turn improve its trade balances that will eventually close any gaps that may work against its development goals. Some of the results of increasing tax incentives include balance of payments promotion, motivation on production as well as competition, increasing foreign direct investments, addressing regional inequalities and also stimulating technology diffusion (Kelley, 2009).

Steven and Ana (2007), argued that tax incentives are any incentives that reduce the tax burden of enterprises in order to induce them to invest in a particular sector of the economy. The grants of tax incentives, in whatever form constitute preferential taxation because of their selective nature of application (Sally & Shelly, 2010).

The Kenya Revenue Authority (KRA) defines tax incentive as a provision that grants any activity favorable conditions that deviate from the normal provisions of the tax legislation. Tax incentives on exports help a country grow economically and have been an important source of government revenue. The exchange spread is in effect, redistributed through the exchange system to subsidize imports and certain other external transactions, including government payments. Export duties may be specific sometimes a sliding scale, which varies rates with export prices, is used. The taxes are levied mostly on agricultural and mineral products in the primary producing countries. They are largely confined to developing countries; few export taxes are now imposed by industrialized countries.

In Kenya, enterprises operating in EPZs benefit from major tax incentives. Capital allowance is serving as veritable captivating investment incentive to stakeholders worldwide. Capital allowances are offered on the expenditure on capital which is incurred on industrial building and the measure of the sum of money in an organization (Agundu and Ohaka, 2013). A capital deduction is an incentive given to investors on capital expenditure incurred on Industrial buildings and machinery used for the production of income. According to the 2nd Schedule of the Income Tax Act (2018), In the case of machinery, capital deductions are given in respect to wear and tear and in respect to capital expenditure in the case of Industrial and Hotel buildings. Capital allowances such as Investment Deduction, Industrial Building Deduction Wear and Tear Allowances are provided by claiming deductions from an

enterprises tax liabilities and this allows such a firm to report higher profits after tax and thus higher performance.

According to The Institute of Economic Affairs (2012) report, Corporate Tax incentives are always advancing and are widespread. Corporate Tax tax incentives do affect the performance of firms through large increase in before tax profits. Paragraph 2(f), of the Income Tax Income 2018), states that an EPZE which does not engage in any commercial activities shall be exempted from paying any corporation tax for a period of 10 yrs. commencing with the year in which production, sales or receipts relating to the activities for which that enterprise has been licensed as an EPZE commence. Thereafter, the corporation rate of tax shall be 25% for the period of 10 yrs. commencing immediately thereafter.

UNCTAD (2011) dictates that excise tax incentives have provided the support in the performance of EPZ firms by providing the availability of materials especially bilateral donors. Excise tax incentive has also applied in abundance to give the country a competitive edge. These incentives include the balance of payment promotion. Motivation on production and the increase in foreign direct incentives. Section (1), of the Excise Duty Act (2015) describes excise duty as a tax imposed on specific goods and services manufactured and imported into Kenya. Section 7(1) (c, d), of the excise duty act states that excisable goods and excisable services that are exported from Kenya shall be granted remission of excise duty wholly. This is to promote the exports. Rebates and refunds are also offered as excise tax incentives in the Export Processing Zones Enterprises.

1.1.2 Performance of EPZEs

In many countries in Africa there is an increase of EPZEs. Despite the growth of the enterprises, they are experiencing poor performances. Performance has been the backbone of the growth of the EPZEs and the extension of poor performance of these enterprises has faced stiff competition from other independent enterprises.

According to Combs, Crook and Crook, (2015), in measuring the financial performance of an enterprise, the dimensions are: profitability and growth. According to Jaworski and Kohli (1996), an enterprises performance is a multidimensional construct involving revenue and cost based performance, customer related performance, innovation-related performance and employee related performance. According to Kaplan (2011), governments all over the world use tax incentives to enhance economic activities and investments by firms in important sectors of the economy. An improvement in these aggregate variables will lead to economic development.

According to the arguments of Kelley (2009), the social rights of the members of a society are interlinked to the society‘s economic as well as technological developments. Therefore the degree to which these rights will be observed will directly depend on the attainment of both economic as well as technological development. This is the social development effect of tax incentives as the two contributors of social development are affected by customs duty (Kelley, (2009). Chukwumerije and Akinyomi (2011), after conducting various studies found out that tax incentives do significantly affect the profitability, staff strength and the growth and development of enterprises and thus the overall performance of enterprises. Tax incentives are widely used by governments around the world to attract foreign and private investors in preferred industries, including tourism (Agundu, 2012).

The primary goals of export processing zones are thus to provide foreign exchange earnings by promoting non-traditional exports, alleviation of unemployment and attraction of Foreign Direct Investment (FDI) to the host economy (World Bank, 2014). They have been regarded as a useful stepping stone from a closed economy to an open and integrated economy thus enhancing the investment climate for companies engaged in exporting and leveling the playing field with respect to competitors abroad (World Bank, 2014).

Research by the ILO has found that developing economies have a much higher intensity of EPZ activity than developed markets. Export processing zones are special regulatory areas within countries established to promote export-led growth (Van Heerden, 2008). The ILO has defined EPZs as an industrial zones with special incentives set up to attract foreign investors, in which imported materials undergo some degree of processing before being exported again. Unless otherwise stated, this is the definition referenced in this report (ILO, 2012).

EPZs have been called the vehicles of globalization. While nation-states have developed exceptional spaces of economic activity for over a century, the recent phenomenon and proliferation of EPZs refers to a period beginning in the late 1960s, when developing countries sought to attract investment by exploiting a comparative advantage through concessionary incentives (ILO, 2012).

According to Income Tax Act (ITA) (2010), the manufacturing sector grew by 4.4% in 2010 as compared to 1.3% in 2009. The sector has contributed by an average of 10.1% to the total GDP between the year 2005 and 2009. It also recorded the average growth rate of 4.6% over the same period. GOK (2010) further asserts that manufacturing sector recorded a lackluster performance in 2009 as the global financial crisis continued to unwind recording a decelerated growth of 2% as compared to 3.6% in 2008. Manufacturing sector output rose by 5.1% to

Kshs 738829 million while value added increased by 6.3% to ksh216833 million in 2009 (Tembur, 2016).

Over the past decade, the popularity of Export Processing Zones (EPZs) has grown in many countries across the world. There are now over 4,000 EPZs, which is over 3,000 more than 20 years ago. Some countries have made the promotion of such zones central to their economic development strategies, while others have questioned their contribution to national development. Meanwhile, the increasing implementation of international trade rules mean that some of the traditional incentives for EPZs, such as tax breaks for exports, are no longer in line with the rules (World Trade Organization WTO, 2006) .

1.2 Statement of the Problem

According to Income Tax Act (2018), taxes play an important role in meeting government expenditure in Kenya; taxes financed 62.6 per cent of the 2013/2014 budget. Despite the Kenyan government giving out concessions such as low registration costs, fewer procedures in registration of EPZs and reducing the time taken to register companies, the industry continues to ail and face challenges. One of the main goals of setting up EPZEs was to promote exports, unfortunately, this has not been achieved. This is because of inconsistencies in the exports. According to the published Annual performance report by the EPZA (2015), exports increased by 18.5% to stand at Kshs. 60,879 million in 2015. In 2016, the exports further increased by 3.5% to Kshs. 63,005 million. In 2017 however, the exports decreased by 5.3% to stand at 60,729 million. The exports have thus been inconsistent and thus derailing the performance of the EPZEs.

These statistics are supported globally by Van, Parys and James (2010) who indicated that in Ireland, despite the inclusion of incentives, there was a need to have other tax reforms in order for the incentives to work. Locally, Kuria (2017) argued EPZs perform poorly after the tax incentives.

The Kenyan economy has remained predominantly agricultural, with industrialization remaining an integral part of the country's development strategies. High oil price, high electricity cost and high infrastructure utility cost have continued to be the main factors affecting rapid industrial development hence affecting Export Processing Zones. Studies have been conducted on tax incentives and their effects on Export Processing Zones internationally, but the local studies are scarce, therefore by finding the research gap the study sought to examine the effect of tax incentives on the performance of EPZ firms in Kenya concentrated in Nairobi headquarters.

1.3 Objectives of the Study

1.3.1 General Objective

The main purpose of this study was to establish effect of tax incentives on the performance of export processing zones enterprises in Kenya.

1.3.2 Specific Objectives of the Study

i. To establish the effects of capital allowance incentives on the performance of EPZ firms in Kenya
ii. To examine the extent to which Corporate Tax incentives influence the performance of EPZ firms in Kenya

iii. To assess the influence of excise tax incentives on the performance of EPZ firms in Kenya

1.4 Research Questions

i. What are the effects of capital allowance incentives on the performance of EPZ firms in Kenya?

ii. What is the effect of the Corporate Tax incentive on the performance of EPZ firms in Kenya?

iii. How does the excise tax incentive influence the performance of EPZ firms in Kenya?

1.5 Significance of the Study

1.5.1 Benefit to future researchers

The study is expected to act as a source of information to potential researchers since they would explore or investigate more on the untouched areas and give recommendation, give dynamic state of the trade industry. The researcher can also get knowledge on the other related fields. The study also provides the background information to research organizations and scholars who will want to carry out further research in this area as they can use it as reference material and a basis of identifying research gaps.

1.5.2 Significance to Policy makers

The study can be significant to the government in developing policies pertaining to tax revenues and the regimes in trade industry. This can help in ensuring all the export processing zones enterprises adopt workforce on tax.

1.5.3 Significance to managers

This study can be of great benefit to managers especially the tax managers as they can utilize the findings of this study to improve on their skills and adopt the best practices. Thus the findings are expected to help them on their perfomances.

1.6 Scope of the Study

The study sought to establish effect of tax incentives of Export Processing Zones enterprises in Kenya. The zones are located mostly in Mombasa and Nairobi. The study addressed the capital allowance incentives, Corporate Tax incentive, and excise tax incentive regime on EPZ. Target Population comprised managers and staff from Finance and Human Resource Departments. This study covered a period of 4 years, from 2015 to 2018.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter addresses the theoretical framework of the study. It also examined published research work and information related to the discussed research objectives of this study which are to establish the effects of capital allowance incentives on the performance of EPZ firms, to examine the extent to which Corporate Tax incentives influence the performance of EPZ firms and to assess the influence of excise tax incentives on the performance of EPZ firms. It also comprised the conceptual framework of the study.

2.2 Theoretical Review

Theoretical review of the effect of tax incentives summarize it as a means by which the performance of export processing zones is defined; corporate missions and objectives and these can be explained further by the three theories. These theories include: - Optimal Tax Theory, Agency theory and Institutional theory.

2.2.1 Optimal Tax Theory

The theory discusses a best way of raising set revenues, reducing inefficiency and distortion through distortionary taxation (Mirrlees, 1976). A neutral tax is a theoretical tax which avoids distortion and inefficiency completely. Other things being equal, if a taxpayer must choose between two mutually exclusive economic projects (say investments) that face the same pre-tax risk and returns, the one with the lower tax or with a tax break would be chosen by the rational actor (Mirrlees, 1976).

The theory has been applied over time to explain tax compliance practices. Lisi (2015) applied the optimal tax theory to explain tax compliance and the optimal tax policy in the UK; Saez and Stantcheva (2016) has applied the theory to explain the social marginal welfare weights of taxation in USA while in Africa Babatunde, Ibukun and Oyeyemi (2017) applied the theory to explain taxation revenue and economic growth in Africa.

This theory is relevant to this study because it gives the overview of the tax incentives generally on taxes distort behavior. For example, since only economic actors who engage in market activity of entering the labor market get an income tax liability on their wages, people who are able to consume leisure or engage in household production outside the market by say providing housewife services in lieu of hiring a maid are not taxed or are taxed lightly.

2.2.2 Agency Theory

This theory was proposed by Jensen and Meckling (1976) and it argued that the government continues to provide fiscal incentives to companies and other businesses to boost their production. This is in spite there being very little evidence in way of the efficacy and efficiency of the fiscal policies. The government creates a significant number of business challenges that can be compensated by tax incentives according to (Wells *et al*., 2001).

Agency theory relates to this study because it shows the fiscal incentives therefore address challenges in the market that are created by the government much in the same way as they address market failure and are therefore a suitable way of reducing market and government failures. There are several investment impediments that cannot be tackled easily through other means of incentives as they are either too costly or they take longer to be executed since there are barriers of regulatory as well as compliance costs and skills base that is not adequate.

Setting up a grant or a tax regime will help to counter the effects of these impediments (Wells *et al.*, 2001).

The theory has continued to gain relevance in the modern world in explanation of the role of and the need for taxation. Kleven, Kreiner and Saez (2016) used the theory to explain why the modern governments tax so much; Tang, Mo and Chan (2016) adopted the theory in explaining the intergovernmental agency conflicts regarding tax between the federal and county governments while in Africa Kiser and Sacks (2009) applied the theory in the explanation of Improving Tax Administration in Contemporary African States.

This theory underpins this study through the provision of a subsidy in counteracting a prevalent distortion may well not be the best solution but it does provide a more practical way of reversing the trend. There is friction between the government and the agencies that are responsible the business environment that is generic. In order to coordinate government activities and thereby create investment, agencies that promote investment often play a crucial role as they advocate.

2.2.3 Institutional Theory

This theory is relevant to this study since it informs capital allowance and corporate tax variables. The theory was proposed by DiMaggio and Powell (1957). The theory explains the effect of surrounding environment, such as values, laws, regulations, norms, policies and competition on performance of firms.

In analyzing the performance of EPZs, it is worth noting that government policy such as fiscal policy on incentives influences the decisions of firms and subsequently their performance. An example is the capital allowance tax incentive that is targeted to new investment in

machinery, equipment and research and development among EPZ firms, provide up-front incentives that are more likely to be cost effective in stimulating desired investment. These can have powerful signaling effects without significant loss of revenue (Chukwumerije & Akinyomi, 2011).

Investment tax credits and allowances provide specific and targeted policy tools to achieve this. Reducing corporate tax to a level comparable with other countries in the region is a sound tax incentive. However, reductions beyond the level found in capital exporting countries say, below 20-30% often bring about greater revenue losses than increases in investment (Fletcher, 2003).

Williams and Horodnic (2016) adopted the theory in explaining the role of government fiscal policy on investments in the United Kingdom while in Africa; Cleeve (2012) adopted the theory in explaining the political and institutional impediments to foreign direct investment inflows to sub-Saharan Africa.

2.3 Conceptual Framework

According to Cooper & Schindler, (2008) the conceptual framework summarizes behaviors and provides explanations and predictions for the majority of empirical observations. Tax incentives are the independent factors influencing the performance of EPZ and performance is the dependent variable as measured in terms of profitability. Mugenda and Mugenda (2013) defines a conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. The conceptual framework contains independent variables and a dependent variable. Independent variables are the variables which affect other variables to change and the researcher has no control over them.

The variables include; capital allowance incentive, Corporate Tax incentive, and excise tax incentive. The dependent variable shows the effect of manipulating the independent variables. From the framework, the dependent variable is performance of EPZ enterprises in Kenya. The relationship between the variables can be demonstrated and summarized as shown in Figure 2.1:-

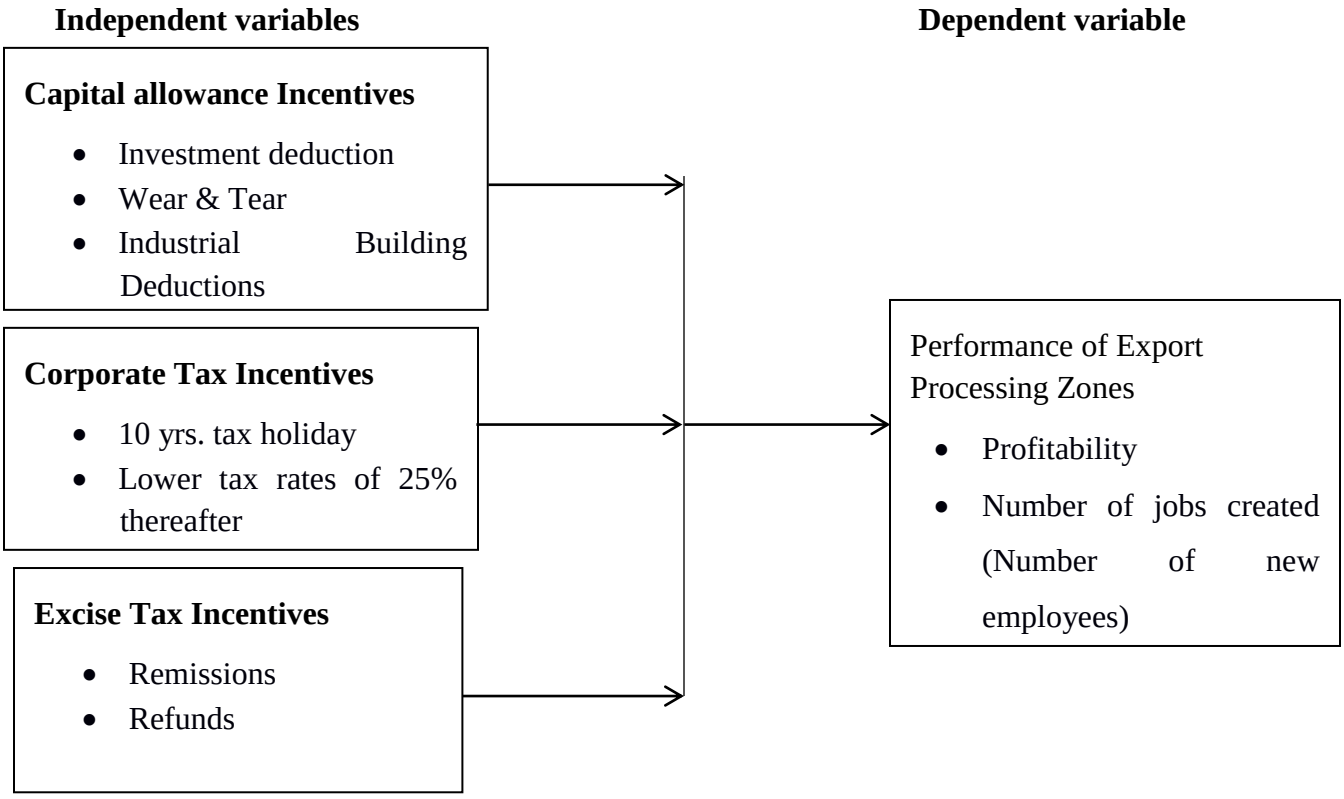

Figure 2.1: Conceptual Frame work

From conceptual framework the independent variables form: capital tax incentives, Corporate Tax incentives and exercise tax incentives were tested to see their influence on performance of Export Process Zones.

2.4 Empirical Literature Review

This section presents an in-depth analysis of studies that have been undertaken in relation to the effects of tax regime on EPZ by other scholars both locally and regionally. It goes further to bring out the empirical literature linkages with the three variables and research gap analysis. Literature sources include books and journals.

2.4.1 Capital Allowance Incentives on the Performance of EPZ

Burggraeve, Jeanfils, Van Cauter, and Van Meensel (2008) conducted a study on macroeconomic and fiscal impact of the risk capital allowance. More particularly, the study aimed to assess the extent to which the objectives of the law of 22 June 2005 introducing a tax allowance for risk capital had been achieved. It was therefore decided to assess a range within which the net fiscal impact of the measure for the 2007 tax year was likely to fall. It was also necessary to confine the sectoral approach to an estimation of the gross fiscal impact of the risk capital allowance. Another study by Maffini, Xing and Devereux (2016) on the influence of incentives in the form of depreciation allowances provided new evidence by employing confidential corporation tax returns in the UK. The findings of the study depicted an increase in the investment rate during the period when the firms qualified for capital deductions when compared to the firms that didn't qualify.

In order to examine the alterations by tax policies on investment incentives. The study concurred with other past studies and established that widely varying tax rates were imposed by existing policies on the investments that were carried out in different industries as well as different activities that favored debt over equity. It was equally noted that the existing policies also imposed the effective tax rates by favoring pass through entities over corporations. The cost of capital was well lowered by the targeted tax incentives for some specific businesses such as those that invested in intellectual property, startup businesses as well as small businesses. A study by Rosenberg and Marron (2015) focused on startup as well as innovative businesses

Agundu and Ohaka (2013) indicates that capital investment allowances are offered on the expenditure on capital which is incurred on an industrial building construction they are the

measure of the sum of money a business can deduct from the overall corporate or income tax on its profits. Worldwide allowance on investments are made where by some deductions are made on each investment made and that was aimed to spur the growth of the manufacturing sector. The Income Tax Act(2018), provides for various tax incentives through capital deductions. The government has allowed a claim of 150% for companies who invest outside the 3 cities and incur expenditures of more than 200 million

Mayende (2013) carried out a study and analyzed the effects of tax incentives on the performance of Ugandan manufacturing firms in terms of gross sales and value added employing panel data estimation techniques. The study findings show that firms with tax incentives perform better in terms of gross sales and value added than their counterparts. The results indicated the importance to government to strengthen the provision of tax incentives to firms in an effort to promote development in the manufacturing sector.

Githaiga (2013) carried out a study on the impact of tax incentives on FDI inflows of firms listed at the NSE. The study focused on the impacts of Wear and Tear Allowances; Investment Deductions and Industrial Building Deductions, towards attracting FDI inflows to firms listed at the NSE. The results of the study revealed a strong relationship between wear and tear allowances and FDI inflows. Industrial building deductions and investments deductions had no significant relationship with FDI inflows. Consequently, Agundu and Ohaka (2013) examined the extent to which capital allowance served as veritable captivating investment incentive to stakeholders in the Nigerian manufacturing sector. The corporate financial performance attractions considered were profit after tax (PAT), return on total assets (ROTA), and return on shareholders' equity (ROSE). Statistical results such as coefficients of

correlation and determination emerging from the process justified the potency of capital allowance as it was significantly associated with PAT, ROTA and ROSE.

The provision of tax incentives is transparent, non- discriminatory of ownership of firms and a criterion of accessibility is clear. Comprehensive information on procedures and criteria for obtaining tax incentives under each existing programs needed to be frequently availed to the public. This would lead to increased output of different firms and ensure accountability and guard against miss-use of the incentives. The study period was 3 years which could be a limitation. Agundu and Ohaka (2013) examined the extent to which capital allowance served as veritable captivating investment incentive to stakeholders in the Nigerian manufacturing sector. The corporate financial performance attractions considered were profit after tax (PAT), return on total assets (ROA), and return on shareholders' equity (ROE). Financial data accessed for analysis related to 58 manufacturing firms quoted on the Nigerian Stock Exchange (NSE). Statistical results such as coefficients of correlation and determination emerging from the process justified the potency of capital allowance as it was significantly associated with PAT, ROA and ROE. In the light of the analytical revelations, it was imperative for accounting and finance executives in Nigerian manufacturing firms to professionally enumerate and profile their investments in qualifying industrial assets in accordance with extant tax guides in order to

2.4.2 Corporate Tax incentives and the Performance of EPZ

Corporate Tax incentives are often provided with attached conditions since their objective is to encourage investment in specific sectors or topographical areas (Nephil, 2006). Most Corporate Tax incentives designed indicate the related benefits as well as impose certain

restrictions. China, for example extend a 40% tax refund to firms by foreign investors on reinvested profits aimed at increasing the firm's capital or intended to establish another firm

The profits are supposed to be reinvested for a period of five years failure to which the firm will have to pay the taxes. India, on the other hand provides tax exemptions to firms in tourism or travel sectors provided the foreign currency received is convertible (Robert et al., 2004). When a government offers tax incentives to investors or its citizens it foregoes some income in form of taxes. Corporate Tax incentives are always advancing and are widespread that is according to The Institute of Economic Affairs (2012) report. The report argues that this incentive is an arrangement that concedes any individual or action great conditions that move away from the ordinary arrangements of the excise enactments.

Another study that was conducted by Devereux, Maffini and Xing (2015) focused on corporate tax incentives as well as firm performance. This study used data that was obtained from confidential tax return data that was combined with the data from financial statements for a panel of companies in the UK that were in operation between the fiscal years 2001/2002 - 2009/2010. There was found to be a downward bias of the capital structure captured through financial statements as was influenced by the estimated tax.

According to Pham (2015), a large increase in before tax reported profits can result from Corporate Tax tax reduction and thus affecting the performance of firms in the Vietnamese sector. Alhulail (2014) examined the effects of tax incentives on sales of eco-friendly vehicles in Japan. The study finds that the tax incentives have a significant positive effect on sales of ecofriendly vehicles.

Rohaya, Nor'Azem and Bardai (2010) conducted a study on Corporate Tax taxes and revealed an association between income tax and profitability of corporate institutions. The study related to the impact of Corporate Tax tax liabilities on different variables of a firm as gross profit, cost of sales, expenses etc.

Uwaume and odru (2014), from their study on the impacts of tax incentives on the economic development in Nigeria found out that sufficient tax incentives enhanced industrial growth and economic development and the economic development. Another study by Chukwumerije and Akinyomi (2011), in Nigeria focused on the impact of tax incentives on the overall performance of registered small scale enterprises. The study found out that tax incentives do significantly affect the profitability, staff Strength and the growth and development of small scale industries positively. The study assumed that tax incentives are spread in all levels in the manufacturing sector by considering small scale industries only. In reality most tax incentives are aimed at promoting large scale manufacturing.

The corporate tax rate for resident companies is 30% while non-resident companies are taxed at 37.5%. EPZs are taxed at 25% for the 10 years succeeding the tax holiday. ITA (2010) provides that private companies listing on the Capital Markets Authority should enjoy reduced corporate tax rates. Companies listing at least 20%, 30% and 40% of the issued share capital are taxed at 27% for three years, 25% for the five years and 20% for five years respectively (ITA, 2010). Njeru and Ndimitu (2015) assessed the effect of tax incentives on performance among Export Processing Firms (EPZs) in Kenya. The study adopted a descriptive design. The findings from the study revealed that investments in EPZ firms increased with increase in sales, profit as well as tax incentives.

Another study that was conducted by Adejare (2015) in Nigeria and it focused on the effect of corporate tax on revenue profile of firms in Nigeria. The data that was used was secondary in nature and it was collected from Central Bank of Nigeria Statistical Bulletin for the period that ranged from 1993-2013. The relationship between the dependent variable that was GDP and the independent variables that were the company income tax, value added tax, petroleum profit tax as well as inflation was established using a multiple regression analysis. The conclusion of this study indicated that there was a positive significant effect of Corporate Tax tax on the revenue profile in Nigeria that led to an improved growth in the country.

In Kenya a study on establishing the effect of custom duty tax incentive on firm performance was carried out by Musyoka (2012). The main focus of the study was incentives related to investment, incentives related to trade, exemptions on the imports duty and test its effect on the FDI influx into the country. The study collected data spanning 10 years which was time series in nature. The study used basic analysis such as descriptive statistics like mean, standard deviations, maximum and minimum values. The results established that the tax incentives did not have a significant improvement in the FDI.

2.4.3 Excise Tax Incentives and the Performance of EPZ

In order for a country to stimulate its exports, exercise duty has to be applied in abundance to give the country a competitive edge. An increase in a country‘s exports will in turn improve its trade balances that will eventually close any gaps that may work against its development goals. Some of the results of increasing tax incentives include balance of payments promotion, motivation on production as well as competition, increasing foreign direct investments, addressing regional inequalities and also stimulating technology diffusion (Kelley 2004).

According to UNCTAD (2011), though a number of bi-lateral and multi-lateral organizations have provided support to EPZs in the global perspective, for example in United Nations, the availability of material on especially on bilateral donors of the EPZ projects is extremely sparse. The evolution of the World Bank's policies in relation to EPZs has briefly looked at the levels and modalities of financial and technical donor support to EPZ (UNCTAD, 2011).

An improvement in these aggregate variables will lead to economic development. According to the arguments of Kelley (2004), the social rights of the members of a society are interlinked to the society's economic as well as technological developments. Therefore the degree to which these rights will be observed will directly depend on the attainment of both economic as well as technological development. This is the social development effect of tax incentives as the two contributors of social development are affected by customs duty (Kelley 2004).

In some cases, governments are considering a relaxation of certain regulations, for instance on restrictions on foreign ownership, in the hope this will boost attractiveness to business. Such regulatory relaxation needs to be considered carefully so as not to contradict governments' international commitments on social, environmental and human rights standards, as well as their existing domestic commitments to such issues (Creskoff & Walkenhorst, 2012).

Engman, Onodera and Pinali, (2012), points out that the evolution of EPZ policies during early generations of EPZ initiatives, particularly in East Asia, these were either ignored by the World Bank or were welcomed as a counter-balance to the wider industrial policies applied by the countries concerned. The latter policies stressed infant industry protection in relation to the domestic market. In other words, where the Bank gave attention to EPZ initiatives, this was mainly as a device to change trade regimes in a direction more favorable to tradable generally (Engman, Onodera, & Pinali, 2012).

One option might be for EPZs to change tax regimes into simple drawback schemes, whereby firms apply for rebates on import taxes they have paid on the amount of product involved in producing their exports. However, that may be complicated to administer and conformity with WTO rules is unclear. For example, in March 2015 the WTO composed a dispute resolution panel to hear the complaint of the EU on Brazil's tax system, which initially included concern on how taxes are administered in EPZs in compliance with the SCM agreement. It was the first dispute ever brought that mentioned fiscal incentives in zones, and may indicate what lies ahead for EPZs (Creskoff & Walkenhorst, 2012).

Engman, Onodera, & Pinali, (2012) further indicates that the evolution of international trade law does not mean the end of an era for EPZs; there options for countries that still seek to use EPZs as part of their economic development strategies. Furthermore, some regulatory relaxations on firms in EPZs, such as on the national minimum wage, could possibly be questioned as a form of export subsidy, if that meant less tax payments would be made by a firm per employee. Some commentators have suggested that conditioning fiscal incentives within EPZs upon operators meeting internationally-recognized standards of CSR could enable countries to comply fully with SCM requirements while maintaining the economic competitiveness of their EPZs (World Bank, 2012).

World Bank, (2012) indicates that in Africa, the Bank supported EPZs for many of the same reasons during the early years of the structural adjustment programs (SAPs) implemented by the International Monetary Fund (IMF) and the World Bank. EPZs are the best policy instrument for promoting economic growth. However, there is a convergence of views that economic zones have the capacity to act as stimulants for broad economic reforms and lead to the economic growth of developing countries if they are properly established and managed. A

comprehensive legal framework and custom duty have to be in place for EPZs to be successful. However, while the presence of a comprehensive legal framework does not guarantee success, its absence can contribute to the EPZs programme's failure (World Bank, 2012).

The Ministry of Trade and Industry and UNDP (2011), indicates that the domestic duty or law should provide a solid basis and evolve to meet changing economic needs for the effective implementation of EPZ programmes. Export processing zones (EPZs) as governments commonly use them as policy instruments to promote international trade and investment. Kenyan government specifically anticipated that the tax regime would attract foreign direct investment (FDI) to expand the manufacturing sector and create approximately 25 000 EPZ jobs. However, despite the tax regime in place, an analysis conducted in 2010 has shown that the EPZ programme has not satisfactorily attracted export-oriented and labor-intensive manufacturing investments in most African countries (Ministry of Trade and Industry and UNDP, 2011).

2.5 Critique of Literature

Some of the previous studies have focused on contexts outside of Kenya. The study by Burggraeve, Jeanfils, Van Cauter, and Van Meensel (2008) was conducted in Netherlands; Maffini, Xing and Devereux (2016) focused on UK; Rosenberg and Marron (2015) focused on European countries; Mayende (2013) focused on Ugandan manufacturing firms; Ohaka (2013) focused on Nigerian manufacturing sector ; Devereux, Maffini and Xing (2015) focused on UK ; Pham (2015) looked at the Vietnamese sector while Alhulail (2014) focused on Japan. These studies have linked tax incentives to performance but the context is outside of Kenya hence the findings of the studies cannot be generalized to Kenya.

The Kenyan studies such as Githaiga (2013) focused on firms listed at the NSE and not EPZes; Njeru and Ndimitu (2015) focused on Export Processing Firms (EPZs) in Kenya but focused on other forms of tax incentives other than what this study is focusing on and Musyoka (2012) specifically focused on custom duty incentive but this study looks at thee forms of tax incentives.

2.6 Chapter Summary

This chapter addressed the literature reviewed based on research objectives; to capital allowance on the performance, Corporate Tax incentives affecting the performance and excise tax incentives affecting the performance of EPZ firms in Kenya. The following chapter of the research project looked at the research methods used by the researcher to collect and analyse the data to achieve the objectives.

2.7 Research gap

This chapter examined various literatures informing the study variables. The review of literature above reviewed the various research gaps which the current study is supposed to fill. According to Uwaume and Ordu (2014) on their study which was to examine the impact of tax incentives on economic development in Nigeria, found that sufficient tax incentives through motivation enhances industrial growth and economy. Also Tembur (2016) carried out a study on the Effect of Tax Incentives on Financial Performance of Export Processing Zone Firms in Kenya. The study used IBD, W&T and ID as independent variables (and size and asset utilization as dependent variables) and thus an indication of conceptual gap. The current study used Corporate Tax tax incentives, capital allowances, VAT Incentives Excise Tax

Incentives as independent variables. Therefore, this study bridged the research gap by investigating effect of tax incentives on the performance of export processing zones in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the overall methodology that was used in the study. The section gave details about the research design, the population of interest, the sampling design, the data collection methods that were applied, research procedures used and the data analysis and presentation methods that were utilized in the research process.

3.2 Research Design

Research design is described as the structure and strategy of exploration to develop precisely the answers to research problems (Saunders, Lewis & Thornhill, 2012). A descriptive design method is applied when the problem is well developed and where the researcher can participate in a study addressing the people of interest so that the respondent can explain certain characteristics of the problem investigated. The study was conducted to determine the effect of tax incentives on Export Processing Zones in Kenya. To meet the specified objective, this study therefore adopted a descriptive research design since sampling elements were simply observed and reported as they are without making any attempt to control or manipulate them (Mugenda, 2013).

3.3 Target Population

Population can be defined as the total collection of elements about which researchers seek to make inference (Saunders & Thornhill, 2012). A target population, specifically, refers to an entire group of individuals who have common observable characteristics. The more specific a population of interest is defined, the better the ability to describe and explain the behavior

intended to be studied (Blumberg, Cooper and Schindler 2014). The target population for this study consisted of the 250 employees in the Export processing Zones Headquarters in Nairobi Kenya which included top management, lower management and middle management are not homogeneous (Kothari, 2004)

3.4 Sampling Procedure and Sample Size

A sample consist a smaller but representative collection of units selected from the larger group and is used by the researcher to draw conclusions about the population of interest.

The sample frame is the group of individuals that can be selected from the target population given the sampling process used in the study. The sample may represent only a portion of the target population, therefore; the researcher needed to examine carefully whether the selected sample frame fits the study objectives or hypotheses. Sampling technique is a statistical method that a researcher uses in order to come up with an appropriate sample which represented the population of interest (Cooper & Schindler, 2003). Subjects in the population were sampled by a random process known as simple random sampling, using either a random number generator or a random number table, so that each person remaining in the population has the same probability of being selected for the sample. The list of all subjects in this population is called the "sampling frame". From this list of 250 EPZEs staff, Yamane (2004) sample size formula was used to select a sample size of 153 individuals.

$$\frac{N}{1+N(e^2)} = \frac{250}{1+250\,(0.05^2)} = 153$$

3.5 Data Collection Instrument

The data collected for this study was both primary and secondary. The characteristics of the subject, the research topics, the objectives, the problem in question, the design and the data

and results that are expected mainly determine the choice of tools and instruments (Saunders et al., 2010). The primary data is information gathered directly from the respondents and for this study questionnaires will be used. The questionnaire for this study consisted of three parts, with each part aiming to capture unique data. Part A captured the background and demographic factors of the respondent. Part B focused on the custom duty on the tax regime of EPZ. Part C obtained data on the influence of government policy on tax regime while Part D obtained data on performance of EPZs.

3.6 Data Collection Procedure

Before the actual collection of data, the researcher sought permission from the Department of tax administration at the**,** Kenya School of Revenue Administration to carry out the study. Upon completion of all documentation, the researcher recruited and trained two research assistants to assist in the data collection process. The questionnaire was tested on ten respondents who were randomly selected so as to make sure that it was understood in its correct perspective to fulfill the purpose of the study. The existence literature suggests that the sample for a pilot study should be 10% of the total population for the main study (Connelly, 2008).

The procedure that was used in the current data collection was through the distribution of questionnaires. Questionnaires containing closed ended questions were used in the survey to collect quantitative primary data. The closed ended questions offered responses that were more planned to facilitate the development of concrete recommendations. The questionnaires were delivered to respondents at the targeted EPZ firm in Nairobi. Prior to the main study, the questionnaires were carefully designed and tested to establish validity and precision in a pilot survey that involved some members of the population for further improvement.

3.7 Pilot Test

Pilot study was conducted before main research to establish validity and reliability of the instrument of data collection (Mugenda & Mugenda, (2013). It's carried out before the main study to test out the instrument among practitioners and professionals in the subject area. Adjustments and modifications were made to the questionnaire after the pilot study is done in preparation for the main exercise.

3.7.1 Reliability Testing

Reliability is the precision and meaning of the derivatives derived from the results of the investigation. It is to the extent that the results of the analysis of the data really represent the phenomena that are investigated. It is the consistency or stability of scores across raters or over time (Sandelowski, 2000). It is the degree to which the measures yield stable results and are free from error that is the measurement procedure stableness (Hooley et al. 2008).Test questionnaire was administered to 10 individuals from the target population won't be incorporated into the last examination test. The researcher will use the most widely recognized inner consistency measure known as Cronbach's Alpha (α) which were created by appropriate statistical technique. It demonstrates the degree to which an arrangement test of things can be dealt with as measuring a solitary inert variable (Ritter 2010). The suggested estimation of 0.7 was utilized as a cut-off of dependability for this study.

3.7.2 Validity Testing of Instruments

Validity refers to the accuracy and meaningfulness of inferences, which are based on the research findings. Validity is the data's ability to be generalized across persons, settings, and times (Cooper and Schindler 2006). According to Bryman and Bell (2003), questionnaires are

referred to always lack validity for many reasons. Several individuals may lie; give responses that are desired and so on. This study used content validity. The researcher sought opinions of experts in the field of study to establish the validity of the research instrument. This facilitated the necessary revision and modification of the research instrument thereby enhancing validity.

3.8 Data Analysis and Presentation

Data analysis is the process of analyzing, cleaning transforming and modeling data collected in a research. Data analysis method that was used in the study included quantitative techniques as suggested by Blumberg et al. (2014). Data obtained in this study was coded according to different variables of the study for ease of data entry and interpretation. Descriptive Statistics and Statistical Package for Social Sciences (was used to help the researcher to describe the data and determine the extent used.

Quantitative data collected was specifically analyzed using descriptive statistics and presented through percentages, means, standard deviations and frequencies as well as inferential analysis such as correlation and regression. Secondary data in form of document analysis was used to corroborate the information gathered through the questionnaires. Regression analysis helped the study establish the statistical significance of tax incentives and EPZ performance. A multivariate regression analysis was used to link the independent variables to the dependent variable.

Before running the regression model, there was a need to conduct diagnostic tests to ensure that the assumptions of an ordinary least square regression model are not violated. The tests included multicollinearity test, normality test and homoscedasticity test.

The equation below presents the univariate and multivariate regression models adopted :

$Y = \alpha + \beta X_1 + e$

$Y = \alpha + \beta_2 X_2 + e$

$Y = \alpha + \beta_3 X_3 + e$

$Y = \alpha + \beta X_1 + \beta_2 X_2 + \beta_3 X_3 + e$

Where

Y= EPZ Performance

α = Constant

β= Coefficient of the Independent Variables

X_1 = Capital allowance, X_2 = Corporate Tax, X_3 = excise tax incentive and e = Error term

Table 3.1: Operationalization and Measurement of Study Variables

This section presents operationalization of study variables.

Variable	Type	Indicators	Source	Measurement Scale	Analysis Method
Capital Allowance Incentive	Independent Variable	• Investment Deduction • Industrial Building Deduction. • Wear & Tear Allowance • 10 yrs. tax holiday	Maffini, Xing and Devereux (2016) ; Agundu and Ohaka (2013) Nephil (2006) ;	• Five point Likert Scale	• Regression Analysis
Corporate Tax Incentive	Independent Variable	• Lower tax rates of 25% thereafter	Rohaya, Nor'Azem and Bardai (2010) Creskoff and Walkenhors (2012)	• Five point Likert Scale	• Regression Analysis
Excise Income Incentive	Independent Variable	• Remissions • Refunds	Engman, Onodera and Pinali (2012)	• Five point Likert Scale	• Regression Analysis
Performance of EPZEs	Dependent Variable	• Number of jobs created • Profitability	Combs, Crook and Crook (2015)	• Secondary Data	• Trend Analysis

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings from the collected data. The findings presented are descriptive and inferential findings. The chapter has presented and discussed the results per objective of the study. The findings guided conclusions and recommendations.

4.2 Response Rate

The study targeted 153 employees in the EPZs out of which a total number of 112 respondents from 112 EPZs responded to the questionnaire. This figure gave a response rate of 73% which is consistent with Saunders and Thornhill (2012). Saunders and Thornhill (2012) indicated that for a survey study, a response rate above 50% is acceptable. Figure 4.1 shows the response rate.

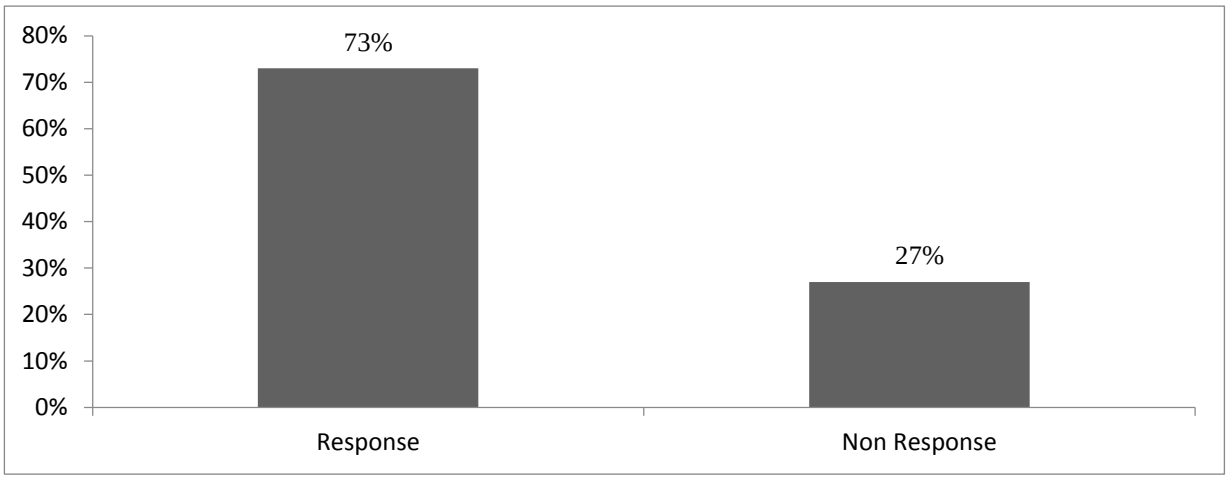

Figure 4.1: Response Rate

4.3 Pilot Test Results

A pilot test was conducted on 10 respondents to establish the reliability of the research instrument before being used for the main survey. This section presents the findings of reliability test conducted at a threshold of 0.7. The pilot test results indicated in Table 4.1 showed that all the variable constructs had Cronbach's Alpha above the minimum acceptable reliability coefficient of 0.7. They were hence reliable according to Sandelowski (2000).

Table 4.1: Pilot Test Results

Variables	Cronbach's alpha	Number of Items	Comment
Capital Allowance	0.734	4	Reliable
Corporate Tax Incentive	0.767	5	Reliable
Excise Tax Incentive	0.782	5	Reliable

4.4 Demographic Statistics

The study established the demographic characteristics of the respondents ranging from age bracket, highest level of education and number of years worked in your organization. The findings are presented in Table 4.2. The findings indicated that majority, 45%, of the respondents, who were employees in management positions in the EPZs were aged between 41 and 50 years, 27% were aged between 31 and 40years while only 12% were below 30 years of age. The findings also showed that 57% of the respondents had a degree, 22% had masters and 13% had a diploma as their highest level of education. Those with a certificate were 8%. The findings implied that the respondents were literate.

The findings also showed that 45% of the respondents had a work experience between 6 and 10 years, 295 had a work experience below 5 years and 26% had a work experience of more than 10 years. The findings imply that majority of employees in the EPZs don't last beyond the 10^{th} year. This may perhaps imply that most firms in the EPZs don't last beyond the 10^{th} year when their tax holiday period expires.

Table 4.2: Demographic Characteristics

Age Bracket	Category	Percentage Response
	18-30 Years	12%
	31-40 Years	27%
	41-50 Years	45%
	51 and above	16%
Highest Level of Education		
	Certificate	8%
	Diploma	13%
	Degree	57%
	Masters	22%
Number of Years in the Organization		
	Below 5 Years	29%
	6-10 Years	45%
	More than 10 Years	26%

4.5 Descriptive Findings and Analysis

Descriptive findings were used to establish the mean and standard deviation of the responses on the Likert scales applied in the study. A scale of 1 to 5 was applied in the research whereby 1 = Strongly Disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = Strongly Agree. The study weighed the rating and presented the average response per statement. The standard deviation was also presented to indicate the variations in the responses.

4.5.1 Descriptive Findings of Capital Allowance Incentives

The study sought to establish the effects of capital allowance incentives on the performance of EPZ firms in Kenya. The respondents were asked to rate statements on capital allowances on a five point likert scale and the responses were established and presented in Table 4.3.

The findings indicated an agreement that EPZEs granted Capital Allowance incentives creates more job in Kenya (Mean = 4.11), capital allowance incentives is key for survival of EPZEs in Kenya (Mean = 4.43), the profitability of EPZEs is enhanced by Capital Allowance incentives (Mean = 3.68) and that investors inquire about the capital allowance incentives available before investing in EPZEs (Mean = 4.23).

On average, the respondents agreed that capital allowance incentives improves performance of EPZs (Average Mean = 4.11). The variation in the opinion of the respondents was not wide (STD Dev = 1.16).

Table 4.3: Descriptive Findings of Capital Allowance Incentives

Statement	Mean	Standard Deviation
EPZEs granted Capital Allowance incentives creates more job in Kenya	4.11	1.23
Capital allowance incentives are key for survival of EPZEs in Kenya	4.43	1.12
The profitability of EPZEs is enhanced by Capital Allowance incentives	3.68	1.19
Investors inquire about the capital allowance incentives available before investing in EPZEs	4.23	1.09
Average	**4.11**	**1.16**

4.5.2 Descriptive Findings of Corporate Tax Incentives

The study sought to examine the extent to which Corporate Tax incentives influence the performance of EPZ firms in Kenya. The respondents were asked to rate statements on Corporate Tax incentives on a five point likert scale and the responses were established and presented in Table 4.4.

The findings established that the respondents agreed that Corporate Tax tax incentives increase the profitability of EPZEs (Mean = 3.57), Corporate Tax tax incentives lead to increase in jobs in EPZEs (Mean = 4.09), Corporate Tax tax incentives lead to increase of salaries/wages of employees in EPZEs (Mean = 3.96) and that Corporate Tax tax incentives encourage EPZEs to continue operating in Kenya (Mean = 3.55).

The respondents however neither agreed nor disagreed that Corporate Tax tax incentives in Kenya helps EPZEs to attract investors (Mean = 3.43). On average, the respondents agreed that Corporate Tax incentives improves performance of EPZs (Average Mean = 3.72). The variation in the opinion of the respondents was not wide (STD Dev = 0.78).

Table 4.4: Descriptive Findings of Corporate Tax Incentives

Statement	Mean	Standard Deviation
Corporate Tax incentives increase the profitability of EPZEs	3.57	1.24
Corporate Tax incentives lead to increase in jobs in EPZEs	4.09	0.92
Corporate Tax incentives in Kenya helps EPZEs to attract investors	3.43	0.50
Corporate Tax incentives lead to increase of salaries/wages of employees in EPZEs	3.96	0.73
Corporate Tax incentives encourage EPZEs to continue operating in Kenya	3.55	0.50
Average	**3.72**	**0.78**

4.5.3 Descriptive Findings of Excise Tax Incentives

The study sought to assess the influence of excise tax incentives on the performance of EPZ firms in Kenya. The respondents were asked to rate statements on Corporate Tax incentives on a five point likert scale and the responses were established and presented in Table 4.5. The respondents agreed that excise tax incentives increase the profitability of EPZEs (Mean = 3.79), excise tax incentives encourage foreign EPZEs to continue their operations in Kenya (Mean = 3.73) and that foreign investors check the availability of Excise tax incentives before investing in EPZEs (Mean = 3.59).

The respondents however, neither agreed nor disagreed that excise tax refunds increase productivity of the EPZ firms in Kenya (Mean = 3.29). On average, there was an agreement that excise tax incentives improve performance of EPZs (Average Mean = 3.64). The standard deviation was 1.29 which revealed low variation in the responses.

Table 4.5: Descriptive Findings of Excise Tax Incentives

Statement	Mean	Standard Deviation
Excise tax incentives increase the profitability of EPZEs	3.79	1.34
Excise tax refunds increase productivity of the EPZ firms in Kenya	3.29	1.35
Excise tax incentives encourage foreign EPZEs to continue their operations in Kenya	3.73	1.10
Foreign investors check the availability of Excise tax incentives before investing in EPZEs	3.59	1.34
Average	**3.64**	**1.29**

4.5.4 Performance of EPZs

The study sought to find out how EPZ firms have been performing in terms of job creation. The finding in the Figure below indicated the trend in the number of new employees that have been working with EPZ firms from 2015 to 2018. This indicates an increasing trend in the number of new employees working in the EPZs although at a low rate. In its 2017 strategic plan, the Kenya Export Processing Zone Authority in Kenya (KEPZA) set a goal of more than doubling employment within the zones by 2020, by targeting sectors with both high employment potential and high-quality jobs (KEPZA, 2017). However, a notable increase in employment had yet to take place due to a decline in the textile and apparel sector, and an increase in industries that are less labor-intensive, and hence have created little employment.

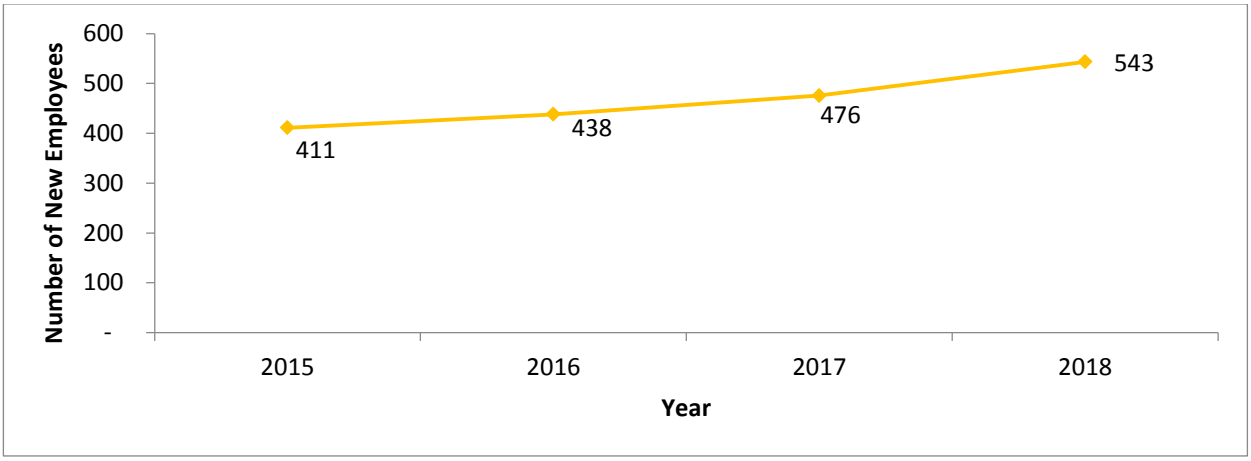

Figure 4.2 Trend in the Number of New Employees (2015 – 2018)

Source: KEPZA (2018)

The study also analysed the average profitability of the firms in the EPZs for the study period between the year 2015 and 2018. Figure 4.3 contains the analysis of the trend in profitability and indicates an increasing trend between the year 2016 and 2018. However, in the year 2016, there was a decrease in the profits.

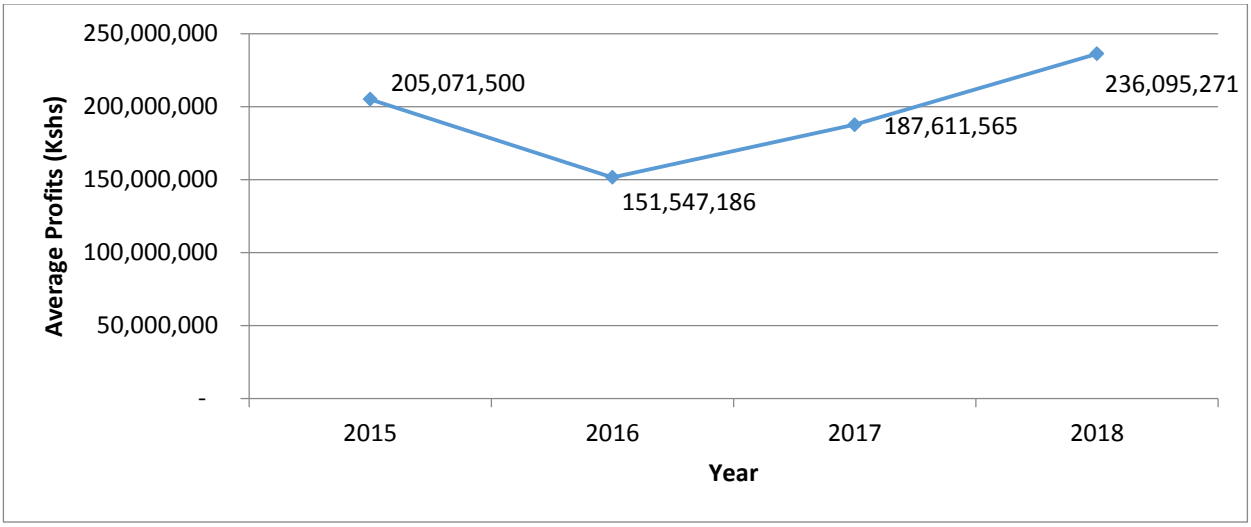

Figure 4.3 Trend in Profitability of EPZ (2015-2018)

Source: KEPZA (2018)

4.6 Correlation Analysis

The study used correlation to determine the strengths of the association between tax incentives and performance of EPZs. The findings are presented in Table 4.6.

The findings indicated that Capital Allowance incentives have a positive and statistically significant association with performance of EPZs in Kenya (r = .883, Sig = 0.000). The correlation is also strong and implies that an increase in capital allowances leads to an increase in performance of EPZs in terms of profits and number of jobs created.

The findings also indicated that Corporate Tax incentives have a positive and statistically significant association with performance of EPZs in Kenya (r = .727, Sig = 0.000). The correlation is also strong and implies that an increase in Corporate Tax incentives leads to an increase in performance of EPZs in terms of profits and number of jobs created.

The study also established that excise duty incentives have a positive and statistically significant association with performance of EPZs in Kenya (r = .881, Sig = 0.000). The

correlation is also strong and implies that an increase in excise duty incentives leads to an increase in performance of EPZs in terms of profits and number of jobs created.

Table 4.6: Correlation Analysis

		Capital Allowance Incentives	Corporate Tax Incentive	Excise Tax Incentive	Performance
Capital Allowance Incentives	Pearson Correlation	1			
Corporate Tax Incentive	Pearson Correlation	.645**	1		
Excise Tax Incentive	Pearson Correlation	.839**	.660**	1	
Performance	Pearson Correlation	.883**	.727**	.881**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	112	112	112	112

** Correlation is significant at the 0.05 level (2-tailed).

4.7 Diagnostic Tests

Before running the regression model, there was a need to conduct diagnostic tests to ensure that the assumptions of an ordinary least square regression model are not violated. The tests included multicollinearity test, normality test and homoscedasticity test. This section presents the findings of the tests.

Multicollinearity test was conducted using Variance Inflation Factor method whereby a value greater than 10 indicates presence of the problem. The findings in Table 4.7 indicates that all the independent variables are not highly correlated and hence don't suffer from the problem of multicollinearity since the VIF values were below 10.

Table 4.7: Multicollinearity Test (Variance Inflation Factor Method)

Variables	**VIF**	**Tolerance**
Capital Allowance	4.57	0.22
Corporate Tax Incentive	3.45	0.29
Excise Tax Incentive	6.12	0.16

The normality of the depended variable was also established. The depended variable is supposed to assume a normal distribution (Bell shape). The study adopted the Smirnov Kolmogorov test in testing for the normality of the dependent variable and the findings are shown in Table 4.8. According to Blumberg *et al*. (2014), a variable is normally distributed if the significance value is greater than 0.05 which results to failure in rejection of the null hypothesis of a normal distribution. Based on this argument, the data on performance of EPZ was normally distributed since the significance value, 0.054 was greater than 0.05.

Table 4.8: Smirnov Kolmogorov test of Normality

Tests of Normality						
	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Performance of EPZ	0.15	112	0.054	0.937	65	0.063
Lilliefors Significance Correction						

Another assumption was that of homoscedasticity whereby the variance in the error term of the regression is supposed be constant. This was tested using Breusch Pagan test whereby, the null hypothesis supports homoscedasticity. Data is homoscedastic if the significance value is greater than 0.05 (Blumberg *et al*, 2014). The findings in Table 4.9 indicate that the data was homoscedastic since the P-value (0.063) was greater than 0.05.

Table 4.9: Homoscedasticity Test

Breusch-Pagan / Cook-Weisberg test for Heteroskedasticity	
Ho: Constant variance	
$Chi^2(1)$	5.682
Prob > Chi^2	0.063

A Q-Q plot was also used to indicate the normality of the dependent variable in a graphical form. The findings in Figure 4.4 reveal that the data was normally distributed since the observations are along the line of fitness which reveals that there was no outliers.

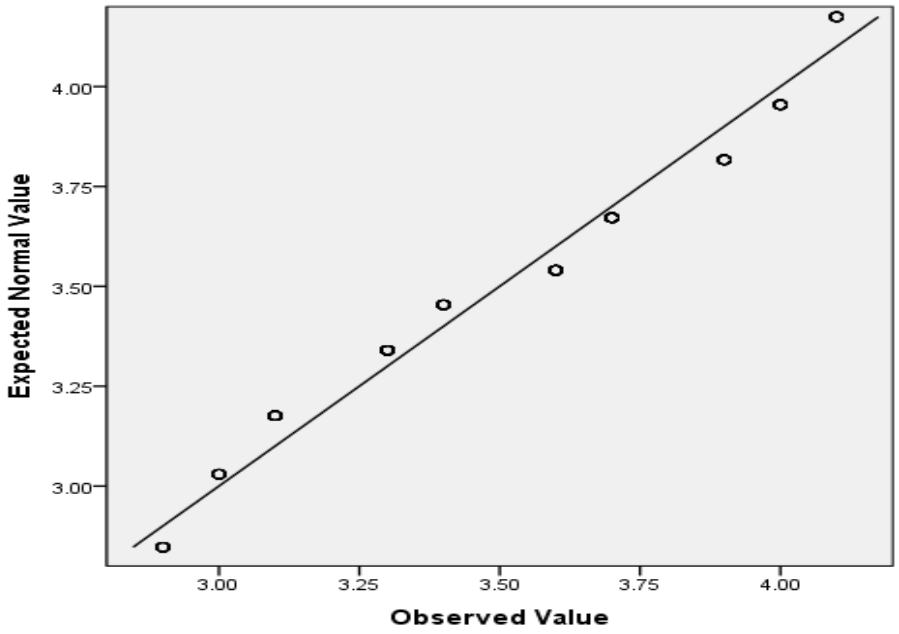

Figure 4.4 Q-Q Plot for Normality of Performance of EPZs

4.8 Regression Analysis

After the diagnostic tests indicated that assumptions of using a regression were not violated, a regression model was therefore used to establish the relationship between tax incentives and performance of EPZs. Bivariate regression models were established for each variable and presented in the sub sections. After the bivariate, an overall regression model was established.

4.8.1 Effect of capital allowance incentives on the performance of EPZ

The study established the effect of capital allowance incentives on the performance of EPZ firms in Kenya using a bivariate regression model whose findings are shown in Table 4.10.

The findings indicate an R value (Correlation coefficient) value of 0.883 which indicates a positive and strong association between capital allowances and performance of EPZs. This implies that an increase in capital allowances leads to an increase in performance of EPZs in terms of profits and number of jobs created.

The study findings also indicated that the R-square was 0.780 which implies that 78% of the variation in performance of EPZs can be explained by capital allowance. The remaining percentage (22%) can be explained by other factors other than capital allowance.

It was also established that the regression model linking capital allowance to performance of EPZs was fit as shown by a statistically significant value of F statistic (Sig = .000, < 0.05). The coefficients table indicated that capital allowances and performance of EPZs were positively and statistically significantly related because the p value is less than 0.05 at 5% significance level (B = 0.791; Sig = 0.000). This implies that an increase in capital allowance by one unit, leads to an increase in performance of EPZs by 0.791 units.

Table 4.10: Effect of Capital Allowance Incentives on the performance of EPZ

Model Summary						
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**		
	.883	0.78	0.778	0.3378		
ANOVA						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
	Regression	44.391	1	44.391	389.13	.000
	Residual	12.549	110	0.114		
	Total	56.94	111			
Coefficients						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
	(Constant)	0.795	0.161		4.954	0.000
	Capital Allowance	0.791	0.04	0.883	19.726	0.000
Dependent Variable: Performance						
Predictors: (Constant), Capital Allowance						

Regression Equation

Performance of EPZs = 0.795 + 0.791 (Capital Allowance Incentive)

The equation indicates that capital allowance has a positive effect on performance of EPZs. An increase in capital allowances increases performance of EPZs by 0.791 units.

4.8.2 Effect of Corporate Tax Incentives on the performance of EPZ

The study examined the extent to which Corporate Tax incentives influence the performance of EPZ firms in Kenya using a bivariate regression model whose findings are shown in Table 4.11.

The findings indicate an R value (Correlation coefficient) value of 0.727 which indicates a positive and strong association between Corporate Tax Incentive and performance of EPZs. This implies that an increase in Corporate Tax Incentive leads to an increase in performance of EPZs in terms of profits and number of jobs created.

The study findings also indicated that the R-square was 0.529 which implies that 52.9% of the variation in performance of EPZs can be explained by Corporate Tax Incentive. The remaining percentage (47.1%) can be explained by other factors other than Corporate Tax Incentive.

It was also established that the regression model linking Corporate Tax Incentive to performance of EPZs was fit as shown by a statistically significant value of F statistic (Sig = .000, < 0.05). The coefficients findings indicated that Corporate Tax Incentive and performance of EPZs were positively and statistically significantly related because the p value is less than 0.05 at 5% significance level (B = 0.897; Sig = 0.000).

This implies that an increase in Corporate Tax Incentive by one unit, leads to an increase in performance of EPZs by 0.897 units.

Table 4.11: Effect of Corporate Tax Incentives on the performance of EPZ

Model Summary						
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**		
1	.727a	0.529	0.524	0.4939		
ANOVA						
		Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
	Regression	30.108	1	30.108	123.43	.000
	Residual	26.832	110	0.244		
	Total	56.94	111			
Coefficients						
		Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
	(Constant)	0.472	0.312		1.513	0.133
	Corporate Tax Incentive	0.897	0.081	0.727	11.11	0.000
Dependent Variable: Performance						
Predictors: (Constant), Corporate Tax Incentive						

Regression Equation

Performance of EPZs = 0.472 + 0.897 (Corporate Tax Incentive)

The equation indicates that Corporate Tax Incentive has a positive effect on performance of EPZs. An increase in Corporate Tax Incentive increases performance of EPZs by 0.897 units.

4.8.3 Effect of Excise Tax Incentives on the performance of EPZ

The assessed the influence of excise tax incentives on the performance of EPZ firms in Kenya using a bivariate regression model whose findings are shown in Table 4.12.

The findings indicate an R value (Correlation coefficient) value of 0.881 which indicates a positive and strong association between Excise Tax Incentives and performance of EPZs. This implies that an increase in Excise Tax Incentives leads to an increase in performance of EPZs in terms of profits and number of jobs created.

The study findings also indicated that the R-square was 0.777 which implies that 77.7% of the variation in performance of EPZs can be explained by Excise Tax Incentives. The remaining percentage (22.3%) can be explained by other factors other than Excise Tax Incentives.

It was also established that the regression model linking Excise Tax Incentives to performance of EPZs was fit as shown by a statistically significant value of F statistic (Sig = .000, < 0.05). The coefficients findings indicated that Excise Tax Incentives and performance of EPZs were positively and statistically significantly related because the p value is less than 0.05 at 5% significance level (B = 0.716 ; Sig = 0.000). This implies that an increase in Excise Tax Incentives by one unit, leads to an increase in performance of EPZs by 0.716 units.

Table 4.12: Effect of Excise Duty Incentives on the performance of EPZ

Model Summary					
R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**		
.881a	0.777	0.775	0.3399		
ANOVA					
	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Regression	44.23	1	44.23	382.816	.000
Residual	12.709	110	0.116		
Total	56.94	111			
Coefficients					
	Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	1.295	0.137		9.459	0.000
Excise Tax Incentive	0.716	0.037	0.881	19.566	0.000
Dependent Variable: Performance					
Predictors: (Constant), Excise Tax Incentive					

Regression Equation

Performance of EPZs = 1.295 + 0.716 (Excise Tax Incentives)

The equation indicates that Excise Tax Incentives has a positive effect on performance of EPZs. An increase in Excise Tax Incentives increases performance of EPZs by 0.716 units.

4.8.4 Overall Regression Analysis

A multivariate regression analysis was conducted to establish the combined effect of tax incentives on performance of EPZs and the findings are presented in Table 4.13.

The findings indicate an R value (Correlation coefficient) value of 0.930 which indicates a positive and strong association between Tax Incentives and performance of EPZs.

This implies that an increase in Tax Incentives leads to an increase in performance of EPZs firms in Kenya. The study findings also indicated that the R-square was 0.866 which implies that 86.6% of the variation in performance of EPZs can be explained by Tax Incentives (Corporate Tax, Excise duty and capital allowance tax incentives). The remaining percentage (13.4%) can be explained by other factors other than the three Tax Incentives.

It was also established that the regression model linking the three Tax Incentives to performance of EPZs was fit as shown by a statistically significant value of F statistic (Sig = .000, < 0.05). The coefficients findings indicated that Excise Tax Incentives and performance of EPZs were positively and statistically significantly related because the p value is less than 0.05 at 5% significance level (B = 0.324; Sig = 0.000); Capital Allowance Tax Incentives and performance of EPZs were positively and significantly related because the p value is less than 0.05 at 5% significance level (B = 0.382; Sig = 0.000); Corporate Tax Incentives and performance of EPZs were positively and significantly related because the p value is less than 0.05 at 5% significance level (B = 0.233 ; Sig = 0.000).

Table 4.13: Overall Effect of Tax Incentives on the performance of EPZ

Model Summary					
R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**		
.930	0.866	0.862	0.2662		
ANOVA					
	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Regression	49.285	3	16.428	231.783	.000
Residual	7.655	108	0.071		
Total	56.94	111			
Coefficients					
Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	0.331	0.173		1.914	0.058
Capital Allowance Incentive	0.382	0.06	0.426	6.413	0.000
Corporate Tax Incentive	0.233	0.059	0.189	3.922	0.000
Excise Tax Incentive	0.324	0.055	0.399	5.9	0.000

Dependent Variable: Performance
Predictors: (Constant), Excise Tax Incentive, Corporate Tax incentive, Capital Allowance Incentive

Regression Equation

Performance of EPZs = 0.331 + 0.382 (Capital Allowance Incentive) + 0.233 (Corporate Tax Incentive) + 0.324 (Excise Tax Incentive)

The equation indicates that the three tax incentive that is Excise Tax Incentive, Capital Allowance Incentive and Corporate Tax Incentive have a positive effect on performance of EPZs. A unit increase in Excise Tax Incentive, Capital Allowance Incentive and Corporate Tax Incentive increases performance of EPZs by 0.324, 0.382 and 0.233 units respectively.

4.9 Discussion of Findings

The section presents and discusses the findings in collaboration with the findings of other studies on the theme. The section has been presented per objective.

4.9.1 Tax Incentives and Performance of EPZs

The study findings indicated that Excise Tax Incentives and performance of EPZs were positively and statistically significantly related because the p value is less than 0.05 at 5% significance level (B = 0.324; Sig = 0.000); Capital Allowance Tax Incentives and performance of EPZs were positively and statistically significantly related because the p value is less than 0.05 at 5% significance level (B = 0.382; Sig = 0.000); Corporate Tax Incentives and performance of EPZs were positively and statistically significantly related because the p value is less than 0.05 at 5% significance level (B = 0.233 ; Sig = 0.000).

An increase in Excise Tax Incentive, Capital Allowance Incentive and Corporate Tax Incentive increases performance of EPZs by 0.324, 0.382 and 0.233 units respectively. The findings are consistent with the findings of a study by Lu (2014) which focused on tax incentives and performance of EPZs in China, Egypt, Indonesia, Philippines, New Zealand, Ireland and the United States and indicated that it improved the performance of the EPZ in those countries to the extent that those countries are among the largest exporters. The findings are consistent with Njeru and Ndimitu (2015) who assessed the effect of tax incentives on performance among Export Processing Firms (EPZs) in Kenya and revealed that due to tax incentives, investments in EPZ firms increased with increase in sales, profit as well as tax incentives.

4.9.2 Capital Allowance Incentives and Performance of EPZ

The findings indicated that capital allowances and performance of EPZs were positively and significantly related because the p value is less than 0.05 at 5% significance level (B = 0.791; Sig = 0.000). This implies that an increase in capital allowance by one unit, leads to an increase in performance of EPZs by 0.791 units.

The findings are consistent with the findings of Burggraeve, Jeanfils, Van Cauter, and Van Meensel (2008) which revealed positive effect of capital allowance tax incentive. The findings are also consistent with the findings of Maffini, Xing and Devereux (2016) which showed that capital allowance tax incentives led to an increase in the investment rate during the period when the firms qualified for capital deductions when compared to the firms that didn't qualify. The findings are consistent with the findings of a study by Githaiga (2013) which indicated a positive effect of tax incentives (Capital Allowance incentives) on performance of EPZs.

4.9.3 Corporate Tax Incentives and Performance of EPZ

The findings indicated that Corporate Tax Incentive and performance of EPZs were positively and significantly related because the p value is less than 0.05 at 5% significance level (B = 0.897; Sig = 0.000). This implies that an increase in Corporate Tax Incentive by one unit, leads to an increase in performance of EPZs by 0.897 units.

The findings are consistent with that of Maffini and Xing (2015) and Pham (2015) who focused on corporate tax incentives as well as firm performance and established that a large increase in before tax reported profits can result from Corporate Tax tax reduction. Locally, the findings are inconsistent with the findings of a study by Musyoka (2012) which focused

on the effect of corporate tax incentives and established that tax incentives did not have a significant improvement in the FDI.

4.9.4 Effect of Excise Tax Incentives on the performance of EPZ

Regression findings revealed that Excise Tax Incentives and performance of EPZs were positively and significantly related because the p value is less than 0.05 at 5% significance level (B = 0.716 ; Sig = 0.000). This implies that an increase in Excise Tax Incentives by one unit, leads to an increase in performance of EPZs by 0.716 units.

Engman, Onodera and Pinali, (2012) similarly established that tax incentives such as excise duty incentives are aimed to significantly improve firm performance. The findings are consistent with the findings of a study by Kuria (2017) which focused on the effect of tax incentives on performance of EPZs and revealed a positive effect of excise tax incentives on both ROA and job creation by EPZs in Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings, conclusions and provides policy recommendations. The conclusions relate directly to the specific objectives. The summary of findings guided conclusions of the study. Areas of further study are also suggested in this section.

5.2 Summary of Findings

The main purpose of this study was to establish effect of tax incentives on the performance of export processing zones enterprises in Kenya.

5.2.1 Capital Allowances Incentives

Using regression analysis, the findings indicated that capital allowances had a positive and statistically significant effect on performance of EPZs which implies that an increase in capital allowance leads to an increase in performance of EPZs.

5.2.2 Corporate Tax Incentive

The findings also indicated that Corporate Tax Incentive had a positive and statistically significant effect on performance of EPZs implying that an increase in Corporate Tax Incentive leads to an increase in performance of EPZs.

5.2.3 Excise Tax Incentives

Another finding is that Excise Tax Incentives had a positive and statistically significant effect on performance of EPZs which implies that an increase in Excise Tax Incentives leads to an increase in performance of EPZs.

5.3 Conclusion

The study concludes that tax incentives improve performance of EPZs. An increase in capital allowance leads to an increase in performance of EPZs. Another conclusion is that an increase in Corporate Tax Incentive leads to an increase in performance of EPZs. Furthermore, an increase in Excise Tax Incentives leads to an increase in performance of EPZs. The study also concludes that due to the tax incentives, there has been an increase in the number of jobs created by the EPZs although at a slow rate.

5.4 Recommendations for Policy

This study recommends that stakeholders in tax policy should reconsider the economic value of corporate tax incentive. These incentives had the capacity to increase the profitability of EPZ firms as well as the number of jobs. Therefore, the government should offer more CIT holidays and reduced tax rates in order to increase the level of foreign investments and employment in the country. Companies located in an approved EPZ, principally to export goods, are taxed at a 0% CIT rate for ten years from its commencement and at a rate of 25% for the next ten years. A further reduction would benefit EPZ firms who had so far benefitted from tax holidays

Based on the findings, the study recommends that the government should consider the economic value of capital allowance incentives. The study recommended that Kenya could

increase the level of capital inflow in to the country as well as the level of investment and growth in order to increase the level of employment and the level of industrialization in the country.

5.5 Limitations of the Study

The study faced the challenge of non-response among some firms which thought that they were being investigated for tax non-compliance. However, after indicating that anonymity would be enhanced and that the data would be for academic purposes only, there was an improvement in the response.

5.6 Areas for Further Study

The study focused on three tax incentives and two measures of performance. Other studies can focus on the effect of other tax incentives such as Custom Duty Incentive and VAT incentives on performance of the EPZs. This will help bring more in depth analysis. Other studies can measure performance of the firms using other measures such as Returns on Assets, amount of exports and sales turnover in order to realize comparison. There is also a need to find out why the increase in the number of crated jobs is at a slow pace and find out whether the firms exit after the 10 years of tax holiday.

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Appendix I: Questionnaire

This questionnaire assists in data collection for academic purpose. This is not a test since there is no right or wrong answer, and everyone will have different responses. The purpose of the study is to find effect of tax incentives on the performance of export processing zones enterprises in Kenya.

SECTION ONE: PERSONNAL

Instructions: Please tick in the brackets (√) as appropriate.

SECTION A: DEMOGRAPHIC INFORMATION

1. Age bracket

   18 – 30 years ( )

   31 – 40 years ( )

   41 – 50 years ( )

   51 and above ( )

2. Highest level of education

   Certificate ( )

   Diploma ( )

   Degree ( )

   Masters ( )

   Others Specify.....

3. No. of years worked in your organization

Less than 5 years ( )

6 – 10 years ( )

More than 10 Years ( )

SECTION B: EFFECT OF CAPITAL ALLOWANCE INCENTIVES ON THE PERFORMANCE OF EPZ ENTERPRISES IN KENYA.

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using1 to 5 scale guideline.

1 = Strongly Disagree 2= Disagree, 3= Neutral, 4 =Agree, 5= Strongly Agree

STATEMENT	1	2	3	4	5
EPZEs granted Capital Allowance incentives creates more job in Kenya					
Capital allowance incentives are key for survival of EPZEs in Kenya					
The profitability of EPZEs is enhanced by Capital Allowance incentives					
Investors inquire about the capital allowance incentives available before investing in EPZEs					

SECTION C: EFFECT OF CORPORATE TAX INCENTIVES INFLUENCE THE PERFORMANCE OF EPZ FIRMS IN KENYA

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guideline.

1 = Strongly Disagree 2= Disagree, 3= Neutral, 4 =Agree, 5= Strongly Agree

STATEMENT	1	2	3	4	5
Corporate Tax incentives increase the profitability of EPZEs					
Corporate Tax incentives lead to increase in jobs in EPZEs					
Corporate Tax incentives in Kenya helps EPZEs to attract investors					
Corporate Tax incentives lead to increase of salaries/wages of employees in EPZEs					
Corporate Tax incentives encourage EPZEs to continue operating in Kenya					

SECTION D: EFFECT OF TAX INCENTIVES ON THE PERFORMANCE OF EPZ FIRMS IN KENYA

Please indicate your opinion as per the level of disagreement or agreement with the outline statement using 1 to 5 scale guideline.

1 = Strongly Disagree 2= Disagree, 3= Neutral, 4 =Agree, 5= Strongly Agree

STATEMENT	1	2	3	4	5
Excise tax incentives increase the profitability of EPZEs					
Excise tax refunds increase productivity of the EPZ firms in Kenya					
Excise tax incentives encourage foreign EPZEs to continue their operations in Kenya					
Foreign investors check the availability of Excise tax incentives before investing in EPZEs					
Excise tax remissions influence the productivity of the EPZEs					

SECTION E: PERFORMANCE OF EPZ IN KENYA

Section A: Performance and Tax Incentives of EPZ Firms in Kenya

Please indicate the performance of the firm as observed in the annual reports and financial information. Also indicate tax incentives the firm received in the table below.

Statement	**2015**	**2016**	**2017**	**2018**
Profitability				
Number of Jobs Created (Number of New employees)				

Appendix II: List of EPZES

	Company Name & Contacts	Licensed Activity	Location
1	**ADEC Group Kenya (EPZ) Ltd** P.O.Box 579 – 00204 Athi River Tel:+254 737 433 621 Email: pravin.eazhawa@adec-group.com	Service- Provide digitization, environmental services, data mining, data research, voice and document management services.	Athi River EPZ
2	**Africa Apparel EPZ Ltd.** P. O. Box 1443 - 00100 Nairobi Tel. +254 - 020- 2359531/2625006 , 0736790529 Fax. +254 -020- 556155 Email: pankaj@aaepz.com/ kalpana@aaepz.com/anil@aaepz.com	Manufacturing – Garments –Ladies woven bottoms	Sunflag Runyenjes Rd, Nairobi
3	**All Fruit EPZ Ltd** P.O.Box 85967 – 80100, Mombasa Tel: +254 -20- 8088131/2 , +254 722 - 643847, 729-980140, 720 784 546 Email: stephen.mutuguta@allfruit.co.ke /pfil@peptang .com	Manufacturing – frozen passion fruit juice concentrate & mango puree & concentrate.	Kingorani, Changamwe, Mombasa
4	**Ammar EPZ Ltd** P.O.Box 87529, Mombasa Tel. +254 722 415 432	Developer /Operator	Changamwe - Mombasa
5	**Alltex EPZ Ltd.,** P. O. Box 30500 -00100 , Nairobi Tel. +254-45-6622508/ 593/582/628 Fax. +254-45-6626163 Email: sudathperera@alltexepz.com	Manufacturing – Woven & Knitted Garments	Athi River EPZ – Athi River
6	**Asante Gifts & Souvenirs EPZ Ltd** P. O. Box 78268 -00507, Athi River Tel. +254-731 573140 /0733 – 950878 /0714756747 Fax. +254-20-3513813 Email: asantecurio@yahoo.com	Manufacturing – curios & handicrafts	Athi River EPZ
7	**Ashton Apparel EPZ Ltd,** P. O. Box 43371, Mombasa Tel. +254-41- 3434251/3434225 Fax. +254-41-3435436 Email: admin@ashton-apparel.com	Zone Developer/ Operator & Manufacturing – Garments	Ashton Apparels EPZ - Mombasa
8	**Avenue Fresh Produce EPZ Ltd,** P. O. Box 3865 - 00506,Nairobi Tel. +254-020-2012976 ,045-6626468 Cell: 0722581197 Fax. +045 -6626467 Email: avenue@avenue.co.ke/info@avenuefresh.co.ke/ accounts@avenuefresh.co.ke	Manufacturing – Assorted fruits & vegetables.	Athi River EPZ

	Company Name & Contacts	Licensed Activity	Location
9	**Avo Health (EPZ) Ltd** P.O.Box 19515 – 00200, Nairobi Cell: +254 724 520 444 / 723 398 251 Email: info@avohealth.co.ke / nathan@avohealth.co.ke	Manufacturing – Fresh Avocado	Avo Health EPZ Embakasi, Nairobi
10	**Balaji EPZ Ltd** P.O.Box 1716 – 00621, Village Market Nairobi Tel. +254 (0) 20 3505198 Cell: +254 733 416 420, Email c/o amitbedi@unitedaryan.net	Manufacturing - Garments	Balaji EPZ Ruaraka
11	**Barnes EPZ Ltd** P.O.Box 47323 – 00100, Nairobi Tel. +254 737282828 Cell: 0721 494992 Email;neeraj.gaggar@africare.co/ savulanedickson@yahoo.com	Developer/Operator-Manufacturing-chewing tobacco :-poan masala,khaini Gutka	Athi River
12	**Belat EPZ Ltd.,** P.O.Box 67350 – 00200,Nairobi Tel: 0722 380 153	Manufacturing- Fruit juices and wine	Athi River EPZ
13	**Biocorn Products EPZ Ltd.,** P. O. Box 7456– 30100, Eldoret P.O. Box 17811 – 00500 Nairobi Tel.+254-20-553015/16 555095 (ADMN OFFICE NRB) Fax. +254-20- 555061/ 555395 Email: biocorn@africaonline.co.ke /info@biocorn.co.ke	Developer & Manufacturing – furfural, acetic & formic acid	Biocorn Products EPZ Ltd – Eldoret municipality (Setting up)
14	**Blue Sky Films EPZ Ltd.,** P. O. Box 25711 -00603, Nairobi Tel. +254–20–3877386/7, +254 20-2034567 Fax. +254–20–3874164 Email: bluesky@africaonline.co.ke /blueskyafrica@africaonline.co.ke	Service - Film Production	Athi River EPZ – Athi River
15	**Botanical Extracts EPZ Ltd.,** P. O. Box 401– 00204, Athi River Tel. +254-45- 6622012, 6622168, 6622133 Fax. +254-45- 6622165 Email: beepz@abextracts.com	Manufacturing – Plant Extract (Artemisinin)	Athi River EPZ – Athi River
16	**Brilliant Garments EPZ Ltd** P.O.Box 87337 -08100, Mombasa Tel: Cell: +254 722988889 Email:shawn@brilliantgarments.co.ke	Manufacturing-Garments	Talab EPZ - Mtwapa
17	**Capital Industrial Park EPZ Ltd.,** P. O. Box 45861- 00100, Nairobi Tel. +254-20- 2250720/1/2, 0735707199 247142/11/2 248600/2 Fax. +254-20- 252365 Email: mohsin@crown.co.ke	Service - Leasing out industrial buildings	Athi River EPZ – Athi River

	Company Name & Contacts	Licensed Activity	Location
18	**Celebrity Fashions K. EPZ Ltd.** P. O. Box 116 - 00204 Athi River, Tel: +254-20- 2511617, +254 751693200/722985752 Email: gtakenya@gtame.com	Manufacturing – Garments	Athi River EPZ– Athi River A-3
19	**Central Africa Trading EPZ Ltd** P.O.Box 43995 - 00100 Tel: 0721 845 066 / 0711 162 412	Commercial- General mechandize (kenyan coffee,kenyan tea, UHT Milk, soap, Kenyan beef and pork products,electronic goods and appliances & toilet paper	Athi River EPZ
20	**De La Rue Currency and Security Print EPZ Ltd.** P. O. Box 38622 - 00623, Nairobi, Tel: +254-020-8560086/4290000 Fax: +254-20-8560787/4290284 Email: steve.craig@ke.delarue.com	Zone Developer/ Operator & Manufacturing - Currency and Security Documents Production	De La Rue Security Print EPZ – Ruaraka, Nairobi
21	**Earth Oil Kenya Proprietary EPZ Ltd.,** P. O. Box 76618 – 00508, Yaya Centre, Nairobi Tel. +254-20- 8891346/890130 /+254-45-6622348 Fax.+254 20 8890120 Email: wayne.barratt@earthoil.com	Manufacturing – Natural products derived from Plant extracts	Athi River EPZ – Athi River
22	**East Africa Halal Industries (EPZ) Ltd** P.O.Box 1552- 00100, Nairobi Tel:+254 722707 557 Cell: Email: amin523@hotmail.com/ senator@africaonline.co.ke	Manufacturing – Chilled , frozen and vacuumed meat products	Athi River EPZ (Setting up)
23	**Emrok Tea Factory (EPZ) Ltd** P.O.Box 47 - 30301, Nandi Hills Tel: 020 266435/+254 737820088, 0722 447684 Fax: Email:mail@emroktea.com	Manufacturing - Tea	Nandi – Keben Business Park EPZ Ltd
24	**Erdemann (EPZ) Ltd.** P. O. Box 42541 - 00100 Nairobi, Tel: 045 662348 ,+254-20-3513306/ 0721900727/ 0733838675 Fax: +254-20- 3513305	Manufacturing – wines and spirits & Mineral water	Erdemann Industrial Park A1– Beijing Rd. Mlolongo, Mavoko
25	**ET Elasto Tech (EPZ) Ltd.,** P. O. Box 802, Kilifi Tel. +254 721-263236, +254-711969 468 Fax. +254-41-2229022 Email; lakhani@swiftmombasa.com , et.kenya@hotmail.com/ elasto.kilifi@yahoo.com	Commercial – O-rings	German Kilifi EPZ - Kilifi

	Company Name & Contacts	Licensed Activity	Location
26	**Exotic EPZ Ltd** P.O.Box 104555 – 00100, Nairobi Tel: 0704020573 / 707053998 Cell:+254 0707053998 Email: abdi@exotic.co.ke / hassan@exotic.co.ke	Manufacturing- Processed macadamia Nuts	Sameer Industrial Park EPZ
27	**Fairoils EPZ Ltd**	Manufacturing -Manufacture of organic vegetable seed oils and organic steam distilled oils.	Capital Industrial Park – Athi River
28	**Forest Gate EPZ Ltd** P.O.Box 32201 – 00600, Nairobi Tel: +254 20 4453970/1-4 Fax: +254 20 4453975 Email: flowers@aaagrowers.co.ke	Developer / Operator And Enterprise Manufacturing – Processed Horticultural Produce and flowers	Forest Gate EPZ Ltd, Rumuruti, Laikipia
29	***Future Garments EPZ Ltd.*** *P. O. Box 18420-00500, Nairobi* *Tel. +254-20- 2508067* *Email:*futuregarments09@yahoo.co	*Manufacturing – Garments* *Bought out by New Wide EPZ Ltd*	Athi River EPZ - Athi River
30	**Garsen Holding EPZ Ltd.** P. O. Box 66093-00800 Nairobi, Tel: +254-20-2712245/ 2492179 Mob: +254-721- 771718, Fax +254-20-249502 Email:info@ecolifeconsultium.com	Pre –fabricated concrete wall panels	Kipevu EPZ – Mombasa (Setting up)
31	**Ginger Ink Films EPZ Ltd.** P. O. Box 39165-00623 Nairobi, Tel: +254-20-3875761/3876130 & 0735741645 cell: +254-722-517705, Fax +254-20-3875284,	Service – Film & TV Production	Athi River EPZ - Athi River
32	**Global Apparels (K) EPZ Ltd** P. O. Box 322 00204Athi River Tel. +254-45-6622575, 6622720 ,6622725 Cell: 0733 237848 Fax +254-45-662245	Manufacturing – Garments	Athi River EPZ - Athi River
33	**Gokal Beverages (EPZ) Ltd.** P. O. Box 99351 - 80107, Mombasa Tel. +254–41–2317804/5 Fax. +254–41-2317806	Manufacturing - Blended Teas, Packet Teas and Tea Bags	Emirate Agencies EPZ - Changamwe, Mombasa
34	**Gold Crown Foods EPZ Ltd.** P. O. Box 89103 - 80100, Mombasa Tel. +254-41-2223404/5 Fax. +254-41-2227308/2225945	Manufacturing – Tea Blending and packaging	Gold Crown Foods EPZ – Shimanzi, Mombasa
35	**Growth Point Warehousing EPZ Ltd** P.O.Box 2243 – 00621, Nairobi Tel: 0722 512 320 / 0711 497 529	Service - Industrial Godowns	Athi River (Setting up)
36	**Hantex Garments EPZ Ltd** P.O.Box 87789 -80100, Mazeras Tel:+257 722550023 (Mr. Liu) Tel:+254 0203502282, 0720683046 Fax:0203502282	Manufacturing- Garments	Mazeras EPZ - Mombasa
37	**Halai Brothers (EPZ) Ltd** **P.O.Box 43371, 80100 ,Mombasa**	Developer /Operator	Changamwe, Mombasa (Setting up)

	Company Name & Contacts	Licensed Activity	Location
38	**Hardy Technology Park EPZ Ltd** P.O.Box 15397 – 00509, Nairobi Tel: 020 2710320 Fax: 020 2724350 Email: wainaina@wananchionline.co.ke	Service- Operation of a Technology Park	Athi River EPZ (Setting up)
39	**Hui Commercial EPZ K. Ltd** P.O.Box 85246 Mombasa Tel: +254- 41- 2319012,0735946426 Cell: 0735 946426 Telex: 020 2319680	Manufacturing - Plastic bottle flakes	Kingorani, Changamwe – Mombasa
40	**Imperial Teas (EPZ) Ltd** P.O.Box 17091 – 80100 Mombasa Tel: +254 41 2317601/2 0734715011, 0202342457 Fax: 254 41 2343170	Manufacturing - Tea	King'orani EPZ – Changamwe, Mombasa.
41	**Indu Farm EPZ Ltd.** P. O. Box 42564 - 00100, Nairobi, Tel: +254-20- 2367294+254-20- 3542362 +254 722 204 592/07336118222 Fax: +254-20-550220,	Manufacturing - Packaged horticulture	Sameer Industrial Park EPZ - Nairobi
42	**Insta Products EPZ Ltd.** P. O. Box 1231 - 00606 Sarit Centre,Nairobi Tel: 020 2510 450 Cell: +254-45-66823075, 6622961/2, 6622357 Wireless: 0202510450 Fax: +254-45-6622962	Manufacturing – Food Products	Athi River EPZ - Athi River
43	**Ivee Aqua EPZ Ltd.** P. O. Box 47536- 00100, Nairobi Tel. +254-45-6622580/1, 020 2413493 Fax. +254-45-6622581	Manufacturing - Pharmaceuticals	Athi River EPZ - Athi River
44	**Ivee Infusions Epz Ltd** P.O.Box 25251 – 00100, Nairobi Tel. +254-733766765 Fax. +254-45-662258	Manufacturing – Infusion fluids, water for injections,Eye/Ear/Nose Drops,Inhalations and small volume Injectables	Athi River EPZ – Athi River (Construction ongoing)
45	**Jungle Cashshews EPZ Ltd** P.O.Box 2068- 00100 ,Thika Tel: +254 722531106 Fax;	Manufacturing - Cashewnuts	Saw AfricaEPZ - Thika
46	**Jungle Macs EPZ Ltd** P.O.Box 2068- 00100 ,Thika Tel: +254 722531106 Fax; Email: patrick@junglenuts.co.ke	Manufacturing – Macadamia nuts	Saw AfricaEPZ - Thika
47	**Kapric Apparels EPZ Ltd.** P. O. Box 81579, Mombasa Tel. +254-41-3432609/3432626 Fax. +254 41 3432315	Manufacturing – Garments	Pwani Industrial Park EPZ – Changamwe, Mombasa
48	**Katchy Kollections EPZ Ltd** P.O.Box 59105 – 00200, Nairobi Tel:	Manufacturing- fashion accessories, shoes, leather bags, sisal clutch bags & fabric bags	Athi River EPZ
49	**Kencall EPZ Ltd.** P. O. Box 27507- 00506, Nairobi	Service - Call Centre/Back Office	Sameer Industrial Park EPZ

	Company Name & Contacts	Licensed Activity	Location
	Tel. +254-20- 553722/3/5, 6602000 Mobile. 0711 035 000/118 Fax. +254-20- 6602222	Operations	- Nairobi
50	**Kensis EPZ Ltd** P.O.Box 659, Athi River Tel: 045 6622710/6622692 Fax:045 66 26187 Email:nodor@nodorkenya.co.ke	Manufacturing – Refined sisal fibre	Athi River
51	**Kenya Fluorspar EPZ Ltd.** P. O. Private Bag, Eldoret, Tel: +254-053-22460/1, 0722 208 569, 0722 208 571 Fax: +254-053-22414	Zone Developer /Operator & Manufacturing - Processing of Fluorspar	Kenya Fluorspar EPZ - Kimwarer, Kerio Valley
52	**Kenya Marine Contractors EPZ Ltd.** P. O. Box 94022, Mombasa Tel. +254-020- 2381040 Cell: (+254) 733 316776/721345168 Fax. +020-2381041	Services - Fabrication of sea going vessels	Comarco Properties EPZ -Liwatoni, Mombasa
53	**Kikoy Mall EPZ Ltd.,** P.O.Box 57892- 00200,Nairobi Tel: (+254) 718 119 103/0723397890	Manufactruring- Kikoy towels,Bags,and bath robes	Athi River EPZ
54	**Kipevu Inland Container EPZ Ltd.** P. O. Box 84209, Mombasa Tel. +254-41- 2226047/2221576	Service – construction of industrial buildings for EPZ firms & container handling services.	Kipevu EPZ – Mombasa (Setting up)
55	**Kenya Trading EPZ Ltd.** P. O. Box 78788 -00507, Nairobi Tel. (+254) 724758127,737915546	Manufacturing – Garments	Sameer Industrial Park EPZ – Nairobi
56	**Leatherlife EPZ Ltd.** P. O. Box 47984 - 00100, Nairobi Tel. +254–20–2241665, 045-6622349 Cell: (+254) 7144353518 Fax :+254-20- 313026 Email:mumtaz@leatherlife.co.ke	Manufacturing - Plant Extract (wattle tannin) Leather tannin powder, Mimosa Powder	Athi River EPZ - Athi River
57	**Lifesciences Consultants EPZ Ltd.** P.O.Box 45267 -00100,Nairobi Tel: +254 733 766 765	Service – Provision of Pharmaceutical Project Consultancy Services	Athi River EPZ (Setting up)
58	**Longyun Garments Kenya EPZ Ltd** P.O.Box 93351 – 80100, Nairobi Tel: Cell: +254 721241990	Manufacturing- Garments	Talab Zone/Zois Zone (Kwa Jomvu) Mombasa
59	**Lowdan Exporters (EPZ) Ltd** P.O.Box 43240 – 80100 Tel:	Manufacturing- Blended Tea and coffee	Mombasa- Kipevu (setting up)
60	**Lycan (EPZ) Enterprises Ltd** P.O.Box 11163 - 00100, Nairobi Tel: +254 020 3517301,45 6622002/3	Manufacturing- Horticultural products	Athi River EPZ
61	**Mac Nut International EPZ Ltd** P.O.Box 77914-00610, Nairobi Tel: +254 020 3500451	Manufacturing- Processing macadamia nuts	Athi River EPZ

	Company Name & Contacts	Licensed Activity	Location
	Cell: +254 0726351588, 0720444268, 0722701432		
62	**Manda Bay SEZ EPZ Ltd** P.O.Box 577 – 00606,Nairobi Tel: (+254) 020 232504	Service – Project consultancy and Logistics Services for export	Athi River EPZ
63	**Mega Garments EPZ Ltd** P.O.Box P.O.Box81034 – 80100, Mombasa Tel: +254 41 3432586,3432980 Cell:+254 738861593/0734564454/ 0739564454 Fax: +254 41 3433057 Email: info@megagarments.com/ info_mega@neelkamal.com	Manufacturing - Garments	MJP EPZ - Mombasa
64	**Middle East Texco EPZ Ltd.** P. O. Box 678, Machakos Tel. +254-20-2168535 Email: metkenya@yahoo.com	Commercial – Garment washing chemicals	Athi River EPZ - Athi River
65	**Mohazo EPZ (K) Ltd** P.O.Box 60607-00200 Tel:+254 020 3540070 Cell:+254 720307675	Manufacturing- Commercial crafts, bags & baskets, soapstone items, Interior decorative items	Athi River EPZ
66	**Mombasa Apparels EPZ Ltd** P.O.Box 92348 (80102), Mombasa Tel:+254 41 2004768/9, 2004769 Fax: 041-3435406 Email: admin@mombasa_apparel.com	Manufacturing- Garments	Emirates Agencies EPZ - Mombasa
67	**Mugama Containers EPZ Ltd** P.O.Box 40944 – 80100 Tel: 020 2399516/7 , 0412317871/0724869677 Fax: Email: mungacps@yahoo.com	Service – Repair and serviceing of containers	Kipevu EPZ – Mombasa (Setting up)
68	**Mukafa EPZ Ltd** P.O.Box 9594 – 00300 ,Nairobi Tel. 0202302300 / 1/2/3/4 722513330 Fax: Email: mufaka@yahoo.fr /muyafa@yahoo.fr	Manufacturing – Brandy,Gin,Whisky	Athi River EPZ (Setting up)
69	**New Wide Garments (K) EPZ Ltd** P.O.Box 504 -00204 , Athi River Tel: +254 045 6626077 Fax: +254 045 6626078 Email: kenya.nwg@newwide.com	Manufacturing – Knit Garments	Athi River Zone
70	**Nodor Kenya EPZ Ltd.** P. O. Box 659 - 00204, Athi River, Tel: +254-45-6622710, +254-45-6622692,020 2312054 Fax. 045 6626187 Email: nodor@africaonline.co.ke / rosa@nodorkenya.co.ke	Manufacturing - Dart board/Cut sisal fibre/Darts	Athi River EPZ
71	**Olivado EPZ Ltd.**	Manufacturing –	Hopetoun EPZ

	Company Name & Contacts	Licensed Activity	Location
	P. O. Box 27953-00100 Nairobi, Tel. +254-710-535303, Email: okl@olivado.com	Avocado, macadamia nut oils	Ltd,Miriria, Murang'a
72	**Oilfields Logistics Services Africa EPZ Ltd (OLSA)** P.O.Box 24642 – 00502, NgongRd.-Karen, Nairobi Tel: 020884205 Fax;020884501 Emailjgath@oilfieldsafrica.com	Service	Kipevu EPZ - Mombasa (Setting up)
73	**Organic Growers and Packers EPZ Ltd** **P.O.Box** 19030-00500, Nairobi Tel:+254 020 2805000,0722512340	Manufacturing – Mango, Pineapple and banana concentrate juice	Organic Growers and Packers EPZ Ltd.- Mabaraka /Chembe Kilifi/Malindi
74	**Orion EPZ Ltd.** P.O.Box 10170- 00200. Nairobi Tel:+254 20 62361/75895/44977, Mobile : 0722705223	Manufacturing – Agro-Inputs/ pesticides	Athi River EPZ
75	**Pure Fry EPZ Ltd** P.O.Box 73914 – 00200, Nairobi. Tel. 0722300666,0726405405,0728612501	Manufacturing – crude palm oil	Athi River EPZ - Athi River
76	**PJ Dave EPZ Ltd.** P. O. Box 18436 00500, Nairobi Tel. +254 720 813511 / +254-20- 3542012, 2701139 Cell: 0732 205577 Fax. +254-20-2060071 Email: pjdave@pjdaveepz.com /	Manufacturing – Dried Herbs and Roses	PJ Dave EPZ – Isinya, Kajiado
77	**Pontact Productions EPZ Ltd.** P. O. Box 64918-00620, Nairobi Tel. +254-20-8562386, 6752166 Cell: +254 0722221179, 0724334110 Fax. +254-20-8562133 Email: pontact@africaonline.co.ke	Service - Film Production	Athi River EPZ – Athi River
78	**Premium Machinery Distributor EPZ Ltd.** P. O. Box 32266-00600, Nairobi Tel. +254-045 6622033/ +254 721 220987 Fax. +254-20-8563220/ 045 6622033 / 0721220987/0733265477 Email: pmd@nbi.ispkenya.com /	Commercial Activity - Importation and Sale of Sewing Machines and spare parts.	Athi River EPZ – Athi River
79	**Property Vision (EPZ) Ltd** P.O.Box 11788 -00400, Nairobi Tel: Cell:+254 722 706876		Athi River EPZ
80	**Quite Bright Films Lifestyle (EPZ) Ltd**	Service - Film and TV production services	Athi River EPZ
81	**Real Beverages EPZ Ltd.** P.O.Box 61479 00200 Nairobi Tel: +254-20 -2515625,532003,532013 Fax: +254 -20-8001140, 020-532015	Manufacturing – wines and spirits	Sunflag EPZ/ SandtonPark EPZ, Road C, Nairobi
82	**Red Dot Distribution EPZ Ltd** P.O.Box 1496 -00606 Nairobi Tel: 020 4452556/7, 020 4452806-8	Commercial – computers, printers, laptops, LCD monitors,	Athi River EPZ - Athi River

	Company Name & Contacts	Licensed Activity	Location
	Cell: 0724068993 Fax: 020 4452558	servers,ink (black), ink (others), toners	
83	**Redington EPZ Ltd** P.O.Box 383 -00606 Westlands Nairobi Tel: 020 4237000 / 4451792-3 020 821495 / 0733604673 Fax: 4451651/2	IT Hardwares ie. Desktops,Monitors,scanners Projectors,switches,etc	Athi River EPZ
84	**Reltex Tarpaulins Africa EPZ Ltd.** P. O. Box 419 – 00204, Athi River Tel. +254-20-222362 , 045-6622951/6626000/01 Mobile: 0715616509 Fax: 045 6622951	Manufacturing – polyethylene tarpaulins	Athi River EPZ - Athi River
85	**Revital Healthcare EPZ Ltd.** P. O. Box 80713 – 80100, Mombasa Tel. +254 20 2037918 /+254 722412900/ +254 737979009 Fax. **Email:** ankur@hrcare-epz.com/ dck@dckvora.com/gm@rhcare-epz.com/ **info@revitalhcare.com**	Manufacturing – Plastic Disposable Syringes	Ashton Apparel EPZ – Jomvu, Mombasa
86	**Ricardo EPZ International Co. Ltd.** P. O. Box 156 – 00204, Athi River Tel. +254-45-6622483/4 Email:ricardoepzinternational@gmail.com	Manufacturing – Garments	Athi River EPZ - Athi River
87	**Royal Garments EPZ Ltd** P.O.Box 1409 – 00606, Sarit Centre Nairobi Tel: +254 45 6626261 Fax: +254 45 6626260	Manufacturing - Garments	Athi River EPZ - Athi River,
88	**Rupa Cotton Mills EPZ Ltd.** P. O. Box 5050, Eldoret Tel. +254-53-2032644/5 (+254-45-6622799) Fax. +254-53-2062916 (+254-45-6622351)	Manufacturing - Cotton Yarn	Athi River EPZ - Athi River
89	**Sameer Africa EPZ Ltd** P.O.Box 30429 – 0100 Nairobi	service	Sameer Industrial Park EPZ - Nairobi
90	**Sameer Industrial Park EPZ Ltd** P.O.Box 30429 – 0100 Nairobi Tel: 020 Cell: 0733 603 835	Developer/Operator	Sameer Industrial Park EPZ - Nairobi
91	**Sajan Trading EPZ Ltd.** P. O. Box 99695, Mombasa Tel. +254-41-2495844 Mobile: +254 717660240 +254 733415191	Commercial - Textile Apparel Consumables, Supplies, Machinery and Wastes	Kipevu EPZ - Mombasa
92	**Sandton Park EPZ Ltd.** P. O. Box 49820 - 00100, Nairobi Tel. +254-20- Fax. +254-20-2718700	Service – Zone operator for Sunflag (i) EPZ, Leasing out industrial space	Sunflag (i) EPZ – off Enterprise Rd., Nairobi
93	**Saw Africa EPZ Ltd.** P. O. Box 2068 -01000 Thika, Tel. +254-722-531106, Fax. +254-020 2337727	Zone Developer / operator	Saw AfricaEPZ - Thika
94	**SBA Kenya Export Export (EPZ) Ltd**	Commercial - Assorted	Athi River EPZ

	Company Name & Contacts	Licensed Activity	Location
	P.O.Box 52121 – 00100 Tel:+254 020 2349107 Cell: +254 738102450	Plant & machinery Spare Parts for use in Beverage Bottling Plants	
95	**Smart Properties EPZ Ltd** P.O.Box 11788- 00400, Nairobi	Service- Development of Industrial buildings for lease to EPZ firms	Athi River EPZ
96	**Solitaire Gems EPZ Ltd.** P. O. Box 9396- 00200, Nairobi Tel. +254 020 2191778 Cell:+254-722201967 722419823/073387061	Manufacturing – processed & cut diamonds & gems, gold bars & ingots	Sameer Industrial Park EPZ Nairobi
97	**Soko EPZ Ltd** P.O.Box 5759 – 80401, Diani Tel: (+254) 715 881 851 Email:finance@soko-kenya.com	Manufacturing – Woven and knitted women's Jackets, Dresses, Skirts and Trousers	Wild Life Works EPZ – Maungu, Voi
98	**Soyana Industrial Park (EPZ) Ltd** P.O.Box 84209, Mombasa Tel: 41 2221576/ 22226047	Developer /Operator	Athi River EPZ
99	**Suman Shakti EPZ Ltd** P.O.Box 126 – 00621, Village Market Nairobi Tel: 020 8561951/2 Cell:0733 431 002 Fax: 8566153	Manufacturing-Garments for Ladies, men and children	Balaji EPZ - Baba Dogo Ruaraka Nairobi
100	**Supply base (EPZ) Ltd** P.O.Box 94022 -80107, Mombasa Tel. +254 727506310	Service- Stevedoring, shore handling, vessel maintenance and repairs, maintenance of oil and exploration equipment, ship broking, logistics and cargo transport services.	Comarco Properties EPZ -Liwatoni, Mombasa
101	**Spartan Relief EPZ Ltd.** P.O.Box 13912 – 00800 Nairobi Tel: +254(0)20 311066/ 2229152 / 22242840 /726322565 Fax: +254 () 20311067/316203	Commercial - Refugee kits, Fishing kits ,Agricultural kits, School kits, Household kits, Hygiene kits,Shelter kits,Packaging material,Water and sanitation,Hospital items,Therapeutic foods, Aquatabs and Bladder Tanks	Erdemann Industrial Park – Beijing Rd. Mlolongo, Mavoko
102	**Tailormade Jeanswear (EPZ) Ltd** P.O.Box 636 – 00242,Kitengela Tel: Cell:+254 737915546	Manufacturing -	Athi River EPZ
103	**Talab EPZ Ltd** P.O.Box 98142-80100, Mombasa Tel:+254 041 2490119 Cell:Tel:+254 722413007	Developer /Operator	Mtwapa - Mombasa

	Company Name & Contacts	Licensed Activity	Location
104	**Taurus EPZ Ltd.** P. O. Box 41943 - 00100 Nairobi Tel. +254-20-2016781/601374	Manufacturing – Pharmaceutical Formulations including Allopathic, Herbal or Ayurvedic Medicines	Taurus EPZ – Mlolongo, Mavoko Municipality.
105	**Techno Relief Services EPZ Ltd.** P. O. Box 34910-00100 Nairobi, Tel: +254-20-651176-9, 020 3585485 / 0736 100012/13/14 , 0752300100, Mobile: +254-722-200539 Fax: +254-20-2826868 Email: epz@technorelief.com/ info@technorelief.com	Commercial – Emergency Relief Supplies	Sameer Industrial Park EPZ - Nairobi
106	**Transfleet EPZ Ltd.** P. O. Box 27727 - 00506, Nyayo Stadium ,Nairobi Tel: +254-020-823397 Fax: +254-20-823495 Email:transfleet@gt.co.ke	Services – Leasing out Industrial Buildings	Athi River EPZ – Athi River
107	Rosavie Ltd.		
108	Gokal Beverages Ltd.		
109	Hantext Garments Ltd.		
110	Africa Apparels Ltd.		
111	Chebango Tea Company Ltd.		
112	Asante Gifts		

Source EPZA (2019)