

Kenya Power disowns transformers facing KRA auction at port

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Kenya Power has distanced itself from the ownership of transformers that the Kenya Revenue Authority (KRA) is set to auction over unpaid taxes.

The taxman through the latest Kenya Gazette notice has given Kenya Power 30 days to pay duty and storage fees for the transformers that were shipped into the country seven years ago.

Kenya Power yesterday said the unpaid taxes are owed by suppliers who won tenders to ship in the transformers, shielding itself from the KRA auction.

"The Gazette notice indicates Kenya Power as the consignee of the distribution transformers. However, the Company does not own the transformers until they are delivered to its stores as per the 'Delivery At Place (DAP) incoterms,'" said Kenya Power in response to a *Business Daily* article on the planned auction.

The KRA had linked the planned auction to delays by Kenya Power in clearing taxes for the import of the transformers and storage fees.

Kenya Power however argued that under contractor terms, a supplier or its appointed agent contracted by the company, is fully responsible for shipping the goods, paying all freight costs, and the discharging port charges as well as payment of customs duties and taxes.

The utility added the supplier is required to undertake "customs clearance, transportation and delivery of the goods from the port of discharge to company stores or any other destination indicated in the tender



Kenya Power Company technicians at work on Nyerere Avenue, Mombasa. FILE

document."

"For local manufacturers, the Delivered Duty Paid (DPP) incoterms apply where the supplier's responsibilities include payment of all taxes, duties and levies, and delivery to KPLC stores. It includes payment of Value Added Tax (VAT) and Import Duties where applicable," it said.

Business Daily could not immediately get a KRA reaction by press time following the Kenya Power statement.

The row comes at a time the electricity distribution monopoly is grappling with an ageing transmission network that has been blamed for power outages amid increasing system losses.

It also comes as the KRA aggressively pursues uncollected taxes and crackdown on wealthy tax evaders as part of its budget for the year starting July.

The taxman is racing to bring more people into the tax brackets and curb tax cheating and evasion in the quest to meet targets in an economy where Covid-19 economic fallout has battered collections.