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Tax-Smart Financial & Retirement Planning: Emerging Trends & Navigating the Tax Landscape

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QUESTIONS 3

Very tricky arithmetic! Note: This must be done in your head only. Do NOT use paper and pencil or a calculator. Try it.

Take 1000 and add 40 to it. Now add another 1000 . Now add 30.
Add another 1000. Now add 20. Now add another 1000
Now add 10 . What is the total?

Topics to cover

- Sustainable tax system
- Strategic Tax Planning - Key Tax Considerations for Individuals and Businesses
- Proposed Tax Reforms

Sustainable tax system

- Why tax
- Tax burden

Sustainable tax system

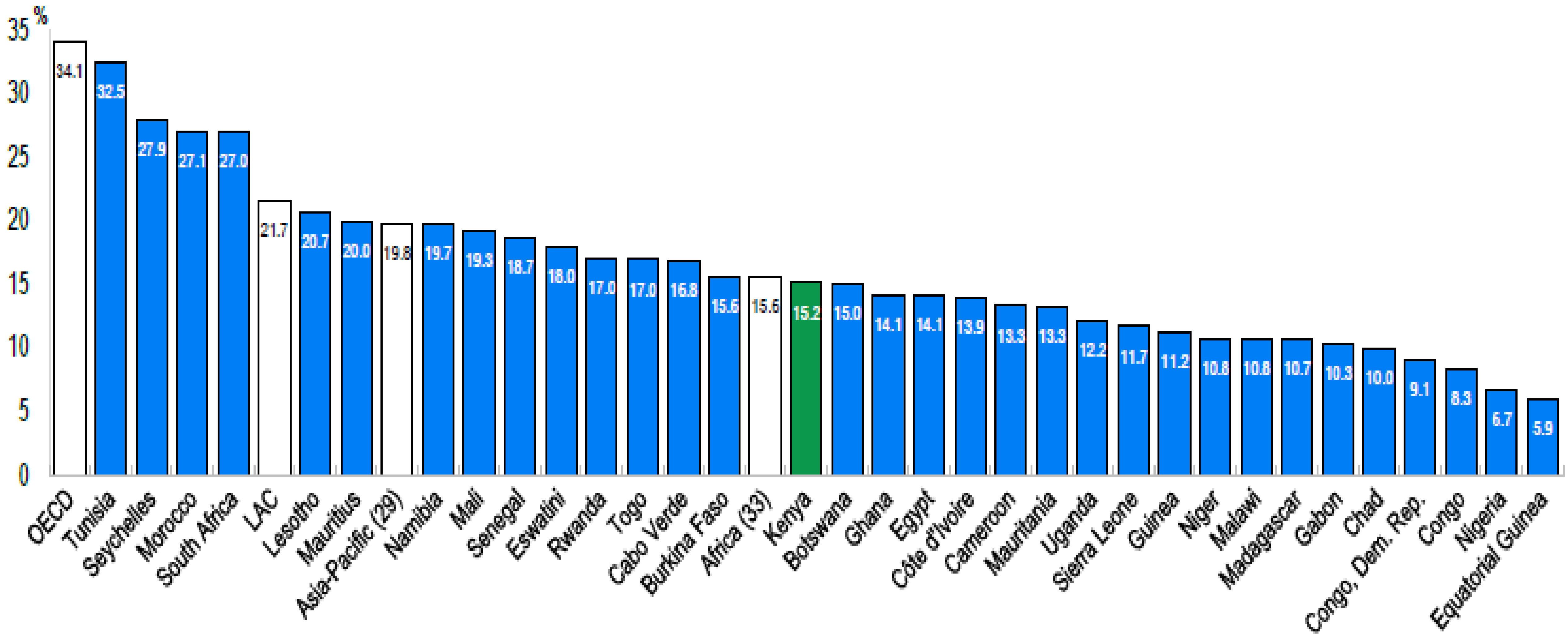
"Tax revenue remains the most sustainable source of income for governments and plays a crucial role in financing the Sustainable Development Goals (SDGs)"
UNDP report

Sustainable tax system

- *“The Kenya’s tax system suffers numerous challenges leading to underperformance in revenue collection. For instance, Kenya’s revenue yield is still below the desired East African Community target of 25 percent of GDP required for EAC Monetary Union despite the heavy investment by the Government to transform the tax system. In particular, ordinary revenue as a percentage of GDP has generally been declining over the last ten years from a high of 18.2 percent in the FY 2013/14 to 13.8 percent in the FY 2020/21. This trend highlights the underlying issues affecting the tax system”* Draft National Tax Policy by the National Treasury.

Sustainable tax system

Tax-to-GDP ratio, 2021 (OECD)



Sustainable tax system

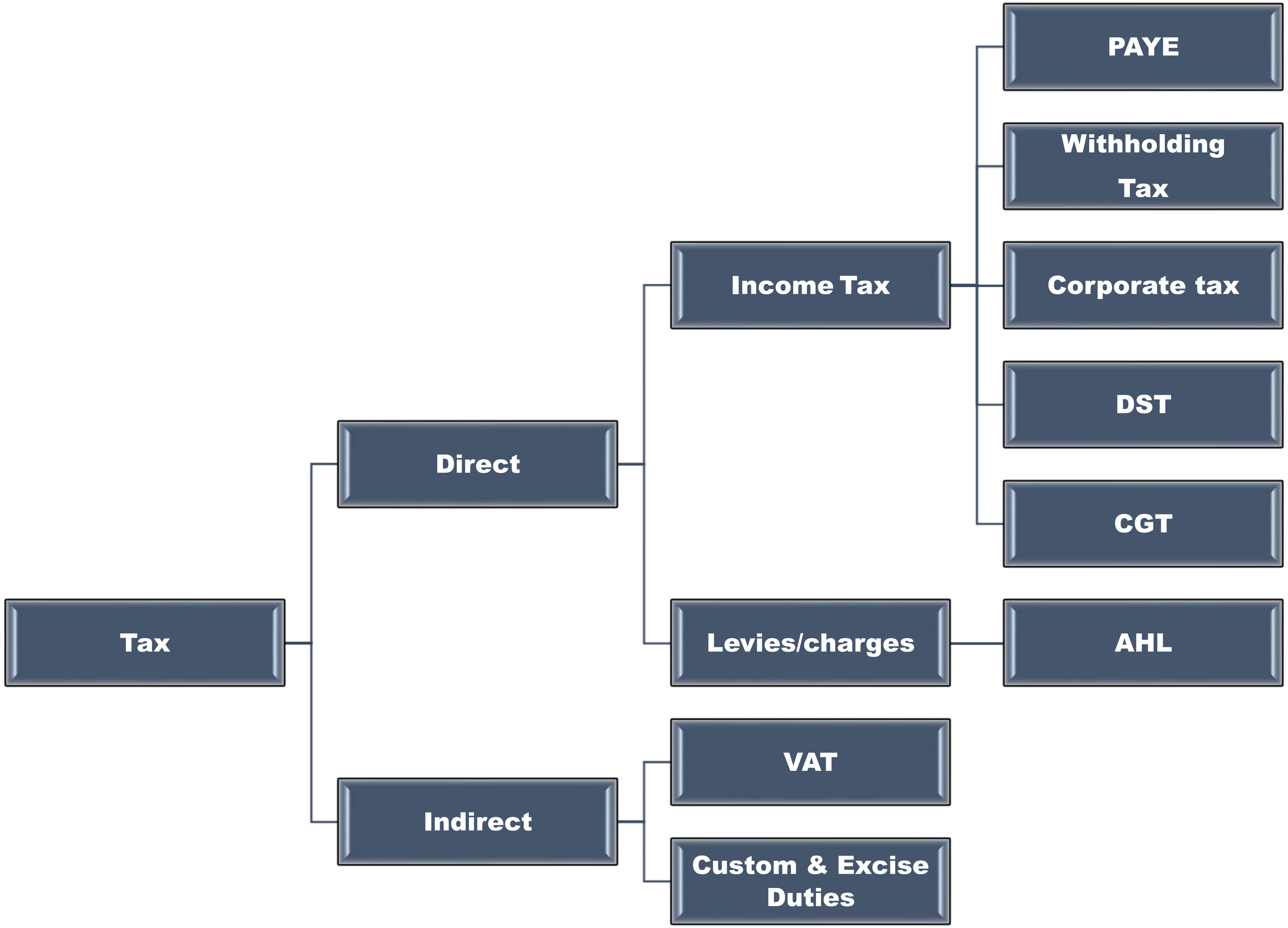
Is our tax system sustainable?

Sustainable tax system

Is our tax system sustainable?

Economically	Environmentally	Socially
Sufficient revenue to finance government expenditure	Control consumption/production which contribute to climate change & environmental degradation	Reduce unequal distribution of income/wealth
Align with international framework		Simple & transparent – acceptable and perceived as legitimate
Eliminate negative incentives		
Stabilization		
Low compliance & Admin costs		

Overview of taxation in Kenya



Tax Planning

- Tax planning = tax avoidance =legal utilization of the tax regime to one's own advantage, by means that are within the law
- What was your effective tax rate for the last 3 years?
- What is your ideal effective tax rate?
- Develop a tax strategy
- TP is about reducing tax burden by taking full advantage of all tax deductions, allowances, exemptions, rebates etc. – all within the tax laws.
- It enhances compliance and risk management
- Strategic business decision

Tax Planning Strategies

1. Compliance

- Penalties, interest
- Reputational risk
- Close of business/banks

Tax Planning Strategies

2. Keeping proper books of account and records. Burden of proof is on the taxpayer

3. Tax consultation before the transaction happen. Do you have a tax expert in your contacts?

4. Tax demands/notices/assessments – do you challenge them? are you aware of the timelines? Tax dispute mechanism in place.

5. Use of corporate entity vs individual name/PIN.

6. Sourcing/doing business with tax compliant suppliers/consultants - ETIMS

Tax Planning Strategies

7. Taking advantage of allowable deductions, relief and exemptions

a) Contributions to Retirement Benefits Schemes

- **Tax-Deductibility**

  Employee Contributions: Contributions made by employees to a registered RBS are **tax-deductible.** This means employees can reduce their taxable income by the amount contributed to the scheme, up to a maximum of **KES 20,000 per month** (or **KES 240,000 annually**)

  Employer Contributions: Employer contributions to the RBS are also **tax-deductible**. Employers benefit from tax savings while contributing to their employees' retirement planning.

The Tax Laws (Amendment) Bill 2024 (the Bill) seeks to enhance this amount to Kshs 30,000 per month or KES 360,000 annually.

b) Withdrawal from Retirement Benefits Schemes in Kenya

- **Benefit Phase (Taxation of Withdrawals)**

  Lump-Sum Payments: When beneficiaries withdraw their accumulated funds, lump-sum payments are taxed, but the tax treatment depends on the individual's age at the time of withdrawal:

  Individuals Below 65 Years: The first **KES 600,000** of the lump-sum payment is **tax-exempt**, while amounts exceeding this are taxed.

  Individuals Above 65 Years: For those aged 65 and above is **tax-exempt.**

  Pension Payments: Monthly pension withdrawals are also subject to tax, but the first **KES 25,000 per month** (or **KES 300,000 annually**) is **tax-exempt**. These exemptions encourage individuals to save more for retirement without being burdened by excessive taxes upon withdrawal.

  The Tax Laws (Amendment) Bill 2024 proposes exempt pension withdrawals and increase period to access from 15 years to 20 years.

c) Employment Income/non-taxable benefits

- **Staff meals:** Meals provided on company premises for low-income employees are tax-free Maximum of 4000/- per monthly (Proposed to move to 5,000/-)

  The Bill proposes to increase the threshold for the value of meals served to employees in a canteen or cafeteria operated by the employer or provided by a registered third-party taxpayer to 60,000 Kenya shillings per year. The current limit is 48,000 Kenya shillings per month.

- **Medical insurance premiums:** Premiums paid to a locally registered insurer by the employer are tax-free.
- **Pension vs Gratuity -** Contributions to a pension scheme is tax deductible.
- **Mileage Reimbursement**
- **Car benefit** - 2% of the value of the car as a taxable benefit vs Pool Cars
- **Per diems:** The per diem **KES 2,000**, per day.
- **Telephone Allowance -** all cash allowances are ordinarily taxable employment benefits and the allowance should be taxed wholly employees' mobile phones and tax the non-cash benefit at 30% of the bill representing personal / expense (private use).

d) Allowable and non-allowable deductions

- **Section 15 (1) of ITA**

  "all expenditure incurred in that year of income which is expenditure wholly and exclusively incurred by him in the production of that income….."

- **Section 16 (1) of ITA**

  "no deduction shall be allowed in respect of –

(a) any expenditure or loss which is not wholly and exclusively incurred by him in the production of the income;

(b) any capital expenditure, or any loss, diminution or exhaustion of capital.

(c) any expenditure or loss where the invoices of the transactions are not generated from an electronic tax invoice management system except where the transactions have been exempted in accordance with the Tax Procedures Act, 2015.."

d) Allowable and non-allowable deductions

i) Capital/investment allowances – range from 100% to 10% pa based on the cost of the asset/investment.

- *Buildings*
- *Machinery*
- *Motor Vehicles*
- *Furniture/fittings*
- *Computers*
- *Farm works*
- *Software*

ii) Bad debts incurred in the production of those gains or profits – as per guidelines provided

iii) **in the case of the owner of premises, any sums expended by him during that year of income for structural alterations to the premises where the expenditure is necessary to maintain the existing rent;**

iv) Charitable Donations – as per guidelines

d) Allowable and non-allowable deductions

v) Mortgage Interest Deduction (owner occupier) – up to 300,000 per year

The Bill proposes to increase the amount from 300,000 to 360,000 shillings for interest deductions on money borrowed from one of the first six financial institutions specified in the Fourth Schedule, used for purchasing or improving residential premises occupied by the borrower during the year. The deduction is prorated if the residence is occupied for only part of the year, and only one residence can be claimed for this deduction.

vi) Post-retirement medical fund

The Bill proposes to include Contribution to a post-retirement medical fund subject to a limit of Kshs 15,000 per month as part of allowable deductions for tax purposes.

e) Relief

v) Life/education Insurance Relief

The Bill proposes to increase the amount from 300,000 to 360,000 shillings for interest deductions on money borrowed from one of the first six financial institutions specified in the Fourth Schedule, used for purchasing or improving residential premises occupied by the borrower during the year. The deduction is prorated if the residence is occupied for only part of the year, and only one residence can be claimed for this deduction.

vi) Personal Relief – KES 28,800 pa

vii) Insurance Relief – 15% pa subject to max of KES 60,000

The Bill proposes to make SHIF contributions a tax deductible.

viii) Affordable housing relief - 15% subject to a max of Ksh. 108,000 per annum.

The Bill proposes to make AHL a tax deductible and not tax relief

ix) Post-retirement medical fund relief – 15% or 60, 000 whichever is lower

f) Other Tax Planning Considerations

- **Special Economic Zones (SEZs) –**

Imported Goods; Fully Exempt from Value Added Tax, Excise Duty, Import Duty, Import declaration fee;

Local Supplies; Zero-Rated Value Added Tax

Corporate Tax; Preferential Rates: First 10 years - 10%; Next 10 years - 15%
Subsequent years - 30%

Stamp Duty: Exempt

Withholding Tax; Payments of non-resident persons from SEZ companies

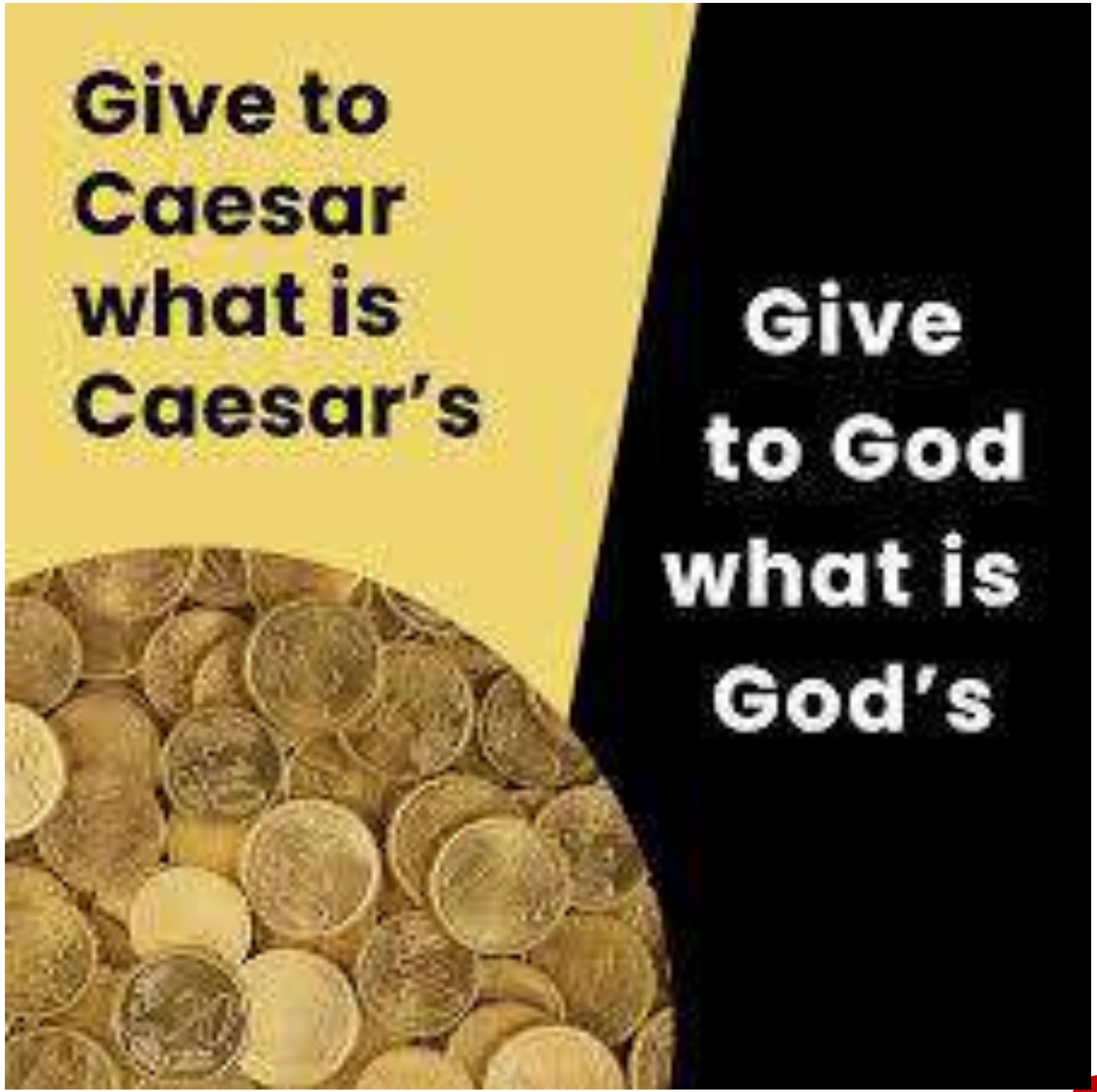
Dividends- Exempt
Gains on transfer of property- Exempt
Royalties, interest and service fees - Exempt in the first 10 years
Other payments (i.e. commissions and rent) - 10%

f) Other Tax Planning Considerations

- **Making use of tax treaties**
- **Investment in a registered unit trust, collective investment scheme or a Real Estate Investment Trust – income exempt excludes WHT.**
- **Registered Venture Capital Companies**
- **Interest income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure and other social services, provided that such bonds, notes or securities shall have a maturity of at least three years.**
- **Interest income accruing from all listed bonds, notes or other similar securities used to raise funds for infrastructure, projects and assets defined under Green Bonds Standards and Guidelines, and other social services: Provided that such bonds, notes or securities shall have a maturity of at least three years.**
- Investment income from a post-retirement medical fund, whether or not the fund is part of a retirement benefits scheme.

CONCLUSION

- Tax burden
- Tax sustainability
- Tax planning/strategy

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EMERGING TAX LAWS/REGULATIONS

Introduction

The Social Health Authority (SHA) in Kenya is an initiative that aims to streamline and enhance the delivery of social and health services to the population, with a focus on universal health coverage (UHC). As part of the Kenyan government's efforts to improve healthcare access and quality, SHA addresses gaps in healthcare funding, infrastructure, and service delivery, particularly for underserved and marginalized communities.

What is the difference between SHA and NHIF?

The Social Health Authority (SHA) is an improvement of the National Health Insurance Fund (NHIF) and will manage three different funds instead of one.

What are the 3 funds that SHA will manage?

i. Primary Health Care Fund – Government funded for basic health services. Primary care caters for services provided in dispensaries and health centres

ii. Social Health Insurance Fund - for broader health insurance coverage.

iii. Emergency, Chronic, and Critical Illness Fund – Government funded for serious and urgent health conditions

Establishment and Purpose

Inaugurated on October 1, 2024, SHA replaced the National Health Insurance Fund (NHIF) as part of Kenya's commitment to achieving Universal Health Coverage (UHC)

As Kenya transitions from the National Hospital Insurance Fund (NHIF) to the Social Health Insurance Fund (SHIF), employer and employees are required to register with Social Health Authority (SHA) from October 1, 2024.

Registration-Residents and Non residents

Section 26(1) (2) (3)) of Social Health Insurance Act on Registration requires that:

Every Kenyan shall register as a member of the Social Health Insurance Fund.

A person who, being a non-Kenyan, and is ordinarily resident in Kenya, shall be eligible for registration as a member of the Social Health Insurance Fund .

A child born after commencement of the Act shall be registered at birth as a member of the Social Health Insurance Fund.

Registration shall be conducted continuously at various points in such manner as shall be prescribed by the Cabinet Secretary.

Sec 26(6) & (7) also provides that:

A person who is a non-Kenyan that intends to enter and remain in the territory of Kenya for a period of **less than twelve months** shall be required to be **in possession of a travel health insurance cover** as may be designated by the Cabinet Secretary.

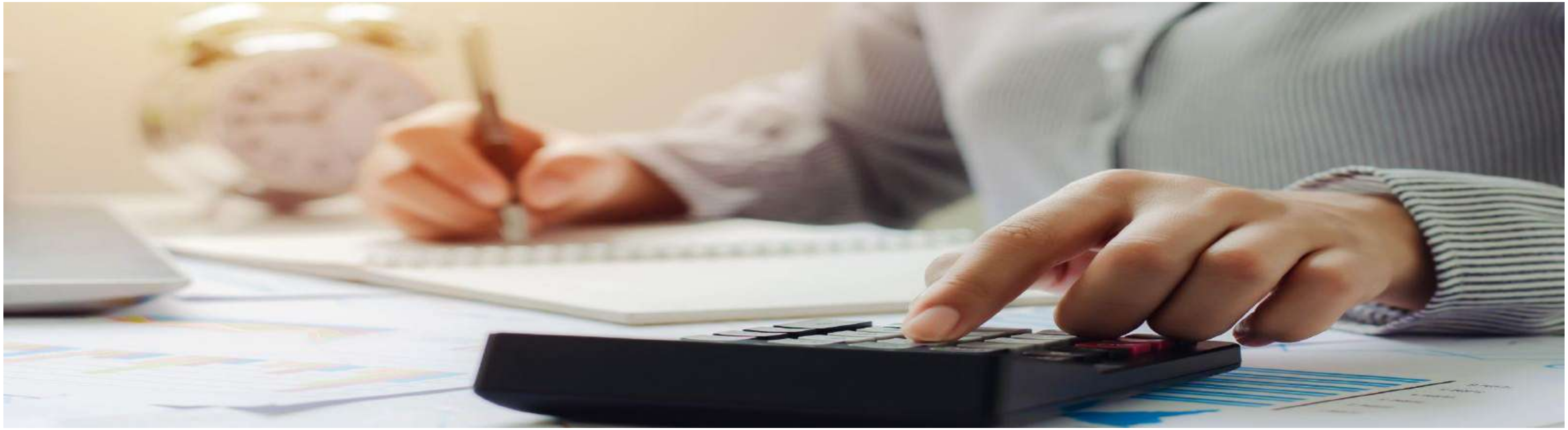
The Cabinet Secretary shall establish the policy, regulatory or administrative measures to give effect to sub section (6) above

Contributions

Provisions of Sec 27(1)(a-e) of SHIA require that every Kenyan household, a non-Kenyan resident, ordinarily residing in Kenya for a period exceeding twelve months, the national government, a county government; and any other employer to contribute to the Fund.

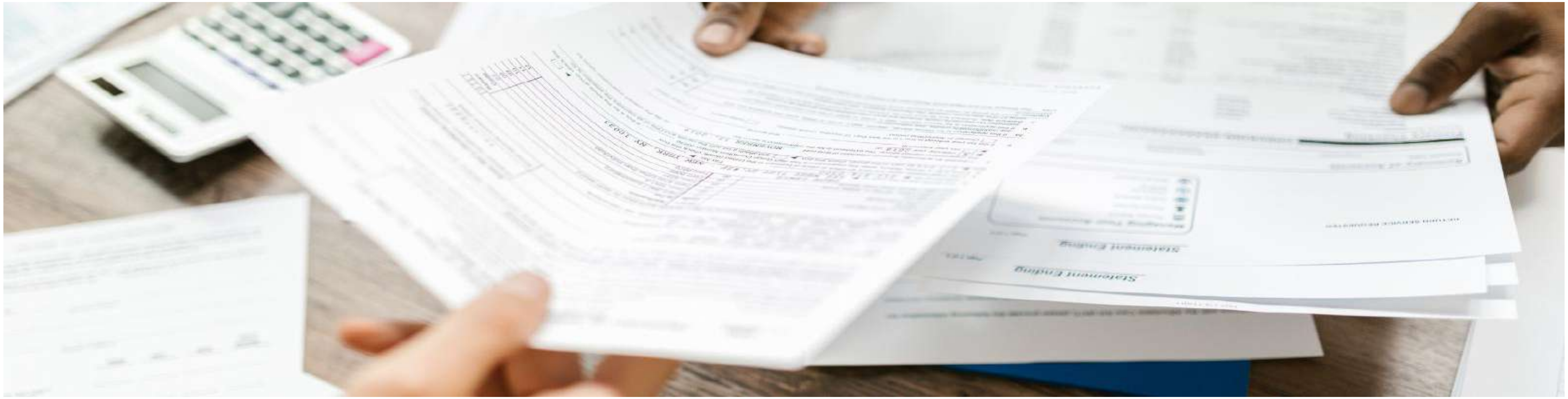
The contribution is at a standard rate of 2.75% of the gross monthly income BUT subject to a minimum of KES 300.

The contributions are made and submitted on or before the 9th of every month



Implications

Any person who fails to pay any contribution in respect of any period on or before the day on which payment is due shall be liable to a penalty equal to two percent of the amount due for contribution for the period which the contribution remains unpaid and the total annual contributions.



APPLICABILITY OF INSURANCE RELIEF ON SOCIAL HEALTH INSURANCE FUND (SHIF) CONTRIBUTIONS

On November 8, 2024, the Kenya Revenue Authority (KRA) issued a public notice clarifying the applicability of insurance relief on contributions made to the Social Health Insurance Fund (SHIF). Employers and employees alike have sought guidance on whether SHIF contributions qualify for the same insurance relief previously applicable to contributions to the National Health Insurance Fund (NHIF).

Section 31(1) (c) (v) of The Income Tax Act grants insurance relief for contributions made to "*a health policy whose term commences on or after the 1st January 2007 or a contribution made to the National Hospital Insurance Fund shall qualify for relief*"

However, according to the KRA's public notice, the Commissioner clarified that the Income Tax Act does not currently extend insurance relief to SHIF contributions under the Social Health Insurance Act.

Proposed amendment for deductibility

The Tax Laws (Amendment) Bill 2024 currently undergoing public participation, proposes to have SHIF contributions a deductible expense against taxable income rather than classifying them as eligible for insurance relief.

This approach is a win-win situation for employees as it will lower the individual tax liability, thus increasing the employees take-home.

It is not clear when the proposed amendments will be operational.

In light of the commissioner's clarification, SHIF contributions are currently not eligible for insurance relief under the Income Tax Act, as no replacement for NHIF relief has been incorporated in the legislation.

Way forward

The commissioner's clarifications was issued a day before the PAYE due dates which placed employers in an untenable position. Notably, KRA had already updated the iTax PAYE return template to include SHIF, making the inclusion of relief unavoidable as the template automatically computed the relief. The KRA's approach appears unjust to taxpayers, given that SHIF is a National Health Policy.

The Proposed Tax Laws (Amendment) Bill 2024

1. INCOME TAX ACT
2. WITHHOLDING TAX
3. EMPLOYMENT TAX
4. VALUE ADDED TAX
5. EXCISE DUTY
6. TAX PROCEDURES ACT
7. OTHER ACTS

KKCO East Africa LLP

Introduction

The Tax Laws (Amendment) Bill 2024 (the Bill) was introduced to the National Assembly on 23rd October 2024.

This Bill arises from the Finance Bill 2024, which was not assented to by the President due to insufficient public support.

To ensure inclusivity and transparency, the proposed amendments are now open for public participation, allowing the incorporation of public views before the Bill is enacted into law by Parliament.

INCOME TAX

INCOME TAX ACT PROPOSED AMENDMENTS

Definition of Royalty

The Bill proposes to expand the definition of royalty to include a payment made as a consideration for the use or the right to use “ any software, proprietary or off-the-shelf, whether in the form of license, development, training, maintenance or support fees’’.

Definition of Donation

The Bill proposes to introduce a new definition of donation to mean a benefit in money in any form, promissory note or a benefit in kind conferred on a person without any consideration and includes grants.

Definition of Public entity

The Bill proposes to introduce a new definition of public entity to mean a ministry, state department, state corporation, county department or agency of the national or county

Definition of Platform

The Bill proposes to define platform as a digital platform or website that facilitate the exchange of a short term engagement, freelance or provision of a service, between a service provider, who is an independent contractor or freelancer, and a client or customer.

INCOME TAX ACT PROPOSED AMENDMENTS

DST to Significant economic presence tax

The Bill proposes to replace the digital service tax with a new tax called ‘’the significant economic presence tax’’. This tax would be payable by non-resident individuals or entities whose income from service provision is obtained from or arises in Kenya through activities conducted on a digital marketplace.

The taxable profit is 10% of the gross turnover at the rate of 30%. This translates to a change from 1.5% to 3%

Currently DST is chargeable at the rate of 1.5% on gross income

The SEPT shall not apply to;

- a non-resident person providing digital services through a permanent establishment,
- a non resident person providing digital services to an airline in which the government of Kenya has at least 45% shareholding and
- to an income chargeable under section 9(2) and section 10 of the Income Tax Act Cap 470.

The due date for filing return and payment shall be on or before the 20th day of the following month following the end of the month in which the service was offered.

INCOME TAX ACT PROPOSED AMENDMENTS

Pension payment or any withdrawal

The Bill proposes to extend the period from 15 year to 20 years for payments of pensions or withdrawals from registered pension funds, registered provident funds, the National Social Security Fund, or registered individual retirement funds.

The extension applies to payments made after the expiration of 20 years from the date of joining the fund, upon reaching the age of 50 years or upon earlier retirement due to ill-health or infirmity of body and mind.

In the current provision the monthly pension exemption is granted to a person who is 65 years of age, or more.

INCOME TAX ACT PROPOSED AMENDMENTS

Tax exemption on Pension payment or any withdrawal

The Bill proposes to exempt from tax payments of pensions benefits or withdrawals from registered pension funds, registered provident funds, the National Social Security Fund, or registered individual retirement funds.

The exemption applies to payments of gratuity or other allowances paid under a public pension scheme, payments of a retirement annuity and withdrawals from the fund prior to attaining the **retirement** age due to **ill health;** or withdrawals from the fund after the **20 years** from the date of registration as a member of the fund.

In the current provision the monthly pension exemption is granted to a person who is 65 years of age, or more.

INCOME TAX ACT PROPOSED AMENDMENTS

Exempt Income now taxable

i. Income of any registered trust scheme

The Bill also proposes to remove the income of any registered trust scheme from the list of exempted incomes

ii. Income earned by non-resident contractors, subcontractors, consultants, or employees engaged in projects financed solely through a one hundred percent grant under an agreement between the Government and a development partner

The Bill proposes to grant an exemption for income earned by non-resident contractors, subcontractors, consultants, or employees engaged in projects financed solely through a one hundred percent grant under an agreement between the Government and a development partner. However, this exemption only applies to income directly associated with the project as specified in the agreement. Any additional income not directly related to the project would remain subject to taxation

INCOME TAX ACT PROPOSED AMENDMENTS

Exempt Income now taxable

iii. Capital gains relating to the transfer of title of immovable property to a family trust

The Bill proposes to remove capital gains relating to the transfer of title of immovable property to a family trust as part of exempt incomes.

iv. Repeal of Income Tax Exemption on Interest Income

The Bill repeals the income tax exemption on interest income earned from all bonds, notes, or other similar securities issued for raising funds for infrastructure projects, assets under the Green Bonds Standards and Guidelines, and other social services with a maturity period of at least three years.

This proposal will not apply to bonds, notes, or similar securities that were or will be listed before the commencement of the new provision in the Bill.

INCOME TAX ACT PROPOSED AMENDMENTS

Capital Gains Tax

The Bill proposes that the rate of tax for capital gains under section 3(2)(f) shall be set at 15%, which will be treated as a final tax.

Provided that, the Nairobi International Financial Centre Authority certifies that a firm has invested at least three Billion shillings in at least one entity incorporated or registered in Kenya within a two-year period; and the transfer of the investment occurs after five years from the date of the investment, the applicable capital gains tax rate will be reduced to 5%.

INCOME TAX ACT PROPOSED AMENDMENTS

Export Processing Zones

The Bill removes the penalty of two thousand shillings per day for late or non-submission of returns since penalty is being provided for under the Tax Procedures Act.

Currently the penalty is KES 20,000 per month for companies who fail to submit tax returns.

WITHOLDING TAX

WITHHOLDING TAX PROPOSED AMENDMENTS

Supplies to public entity

The Bill proposes any payment by a public entity for the supply of goods to be subject to withholding tax at 0.5% and 5% for resident and non-resident suppliers respectively.

Income from digital market place

The Bill proposes withholding tax on income deemed to have accrued or been derived from a digital marketplace at the rate of 5% and 20% for resident and non-resident persons respectively

Income on Interest Income

The Bill proposes to subject on interest income earned from all bonds, notes, or other similar securities issued for raising funds for infrastructure projects, assets under the Green Bonds Standards and Guidelines, and other social services with a maturity period of at least three years.

Such bonds will now be subject to a withholding tax rate of 5% for both resident and non-resident persons.

EMPLOYMENT TAX

EMPLOYMENT TAX

1. Non-cash benefit

The Bill proposes to increase the threshold for non-cash benefits to 5,000/- equivalent to 60,000 shillings per year. The current provision is 3,000/- per month.

2. Meals to staffs

The Bill proposes to increase the threshold for the value of meals served to employees in a canteen or cafeteria operated by the employer or provided by a registered third-party taxpayer to 60,000 Kenya shillings per year. The current limit is 48,000 Kenya shillings per month.

3. Pension Contributions

The Bill seek to increase the monthly limit for an amount paid by an employer as a gratuity or similar payment into a registered pension scheme to 360,000 shillings per year from the current limit of Kshs. 20,000 monthly or 240,000 p. a

4. Post-retirement medical fund

The Bill proposes to include Contribution to a post-retirement medical fund subject to a limit of Kshs 15,000 per month as part of allowable deductions for tax purposes.

EMPLOYMENT TAX

5. Affordable housing levy and SHIF

The Bill proposes to remove the Affordable Housing and SHIF Relief provision. Affordable Housing Levy currently grants personal relief to resident individuals meeting certain criteria related to participation in an affordable housing scheme.

The Bill further proposes that the contribution shall be an allowable deduction.

The current Housing relief under the Affordable Housing Act at 15% of the employee's contribution but shall not exceed KES 108,000 per annum and SHIF relief is currently not applicable.

6. Mortgage Interest deduction

The Bill proposes to increase the amount from 300,000 to 360,000 shillings for interest deductions on money borrowed from one of the first six financial institutions specified in the Fourth Schedule, used for purchasing or improving residential premises occupied by the borrower during the year. The deduction is prorated if the residence is occupied for only part of the year, and only one residence can be claimed for this deduction.

TAX PROCEDURES ACT

TAX PROCEDURES ACT PROPOSED AMENDMENTS

1. Reverse Tax Invoice

The Bill also proposes where a supply is received from a small business or a small scale farmer, whose turnover does not exceed one million the purchaser shall issue a tax invoice for the purpose of ascertaining tax liability.

2. Commissioner to refrain from recovering interest, penalties or fines.

The Bill extends the removal of the powers of the Commissioner from collecting or recovering penalties, interest, or fines on tax debt in cases where the taxpayer had already paid the full amount of principal tax owing prior to December 31, 2022

TAX PROCEDURES ACT PROPOSED AMENDMENTS

4. Tax Amnesty on Penalties and Interest

Where all the principal tax due had not been paid before the 31st December, 2022, a person shall apply to the Commissioner for an amnesty of interest, penalties or fines on the unpaid tax, and suggest a payment plan for the outstanding amount. However, the taxpayers must pay all unpaid principal taxes by June 30th, 2025, for the amnesty to take effect.

5. Relief in case of doubt or difficulty in recovery of tax

The Bill suggests a new section 37F to allow the commissioner to give a relief of unpaid taxes due to difficulty in recovery, hardship, or other reasons.

The Commissioner, with Cabinet Secretary approval, may waive or abandon unpaid taxes, subject to court directions if needed. A notice listing taxpayers and abandoned amounts must be published every four months and presented to the National Assembly, which may approve or annul it within 21 sitting days.

TAX PROCEDURES ACT PROPOSED AMENDMENTS

6. Appointment of Value Added Tax withholding agent

The Bill proposes that the Commissioner may appoint a person to withhold 2% of the taxable value when purchasing zero-rated supplies and to registered manufacturers whose investments in the three years preceding July 1, 2022, amount to at least three Billion.

7. Penalty on Value Added Tax withholding

The Bill proposes to introduce a penalty of 10% of the amount of withholding VAT not withheld or remitted within 5 working days after the deduction without reasonable cause to the Commissioner. The due date is by the fifth working day after the deduction has been made.

TAX PROCEDURES ACT PROPOSED AMENDMENTS

8. Offset or refund of overpaid tax

The Bill seeks to amend Section 47 to make a distinction between the refund period for income tax and all other taxes. To amend within 5 years in case of income tax and within 6 months in case of any other tax from the date on which the tax was paid.

9. Failure to Integrate the electronic tax system

The Bill proposes that the Commissioner may, by notice in writing, require a person to integrate the electronic tax system to Data management and reporting system for the purposes of submission of electronic documents including detailed transactional data. The notice shall be for a reasonable period but not exceeding one year.

Failure to Integrate the electronic tax system…..cont…..

This applies only to a business whose turnover exceeds five million shillings.

The Bill further proposes a penalty not exceeding five hundred thousand shillings every month or part thereof for a person who fails to comply with the notice. The penalty applies to also financial institutions.

TAX PROCEDURES ACT PROPOSED AMENDMENTS

10. Computation of time

The Bill proposes to exclude weekends and public holidays when calculating deadlines for submitting tax documents, returns, applications, notices, etc, making tax payments and taking any other tax-related action mandated by law.

11. PIN registration for remote employees

The Bill proposes to amend by adding a new requirement for obtaining a Personal Identification Number (PIN) for employees working remotely outside Kenya for an employer based in Kenya.

12. Non-filing penalty for Export Processing Zone enterprises

The Bill proposes to amend the penalty charged on export processing zone enterprise that fails to submit a return as required under paragraph 4 of the Eleventh Schedule to the Income Tax Act of twenty thousand shillings per month for each month or part thereof that the failure continues from two thousand shillings per day for each day that the failure continues.