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**KENYA GOVERNMENT  
COVID-19 ECONOMIC STIMULUS  
TAX ALERT**

**SPECIAL ISSUE**



# Tax Alert

MBAYA AND ASSOCIATES

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## Introduction

In light of the then Covid-19 pandemic and the economic impact by of the pandemic to the economy of the country, the government has taken some measures to cushion its taxpayers against the economic impact and to relief the citizens off some tax liability.

This was done through a presidential address on Wednesday 25<sup>th</sup> March 2020 and a subsequent gazette notices of the new measures by the CSs for treasury and national security on Thursday 26<sup>th</sup> March 2020.

The new measures include:

- › 100% tax relief for all employees earning less than Kshs. 24,000
- › Reduction of income tax (PAYE) from 30 to 25%.
- › Reduction of resident income tax (Corporate Tax) from 30 to 25%.
- › Reduction of turnover tax rate from 3 to 1%.
- › Reduction of VAT rate from 16 to 14%.
- › KRA to expedite all payments off VAT refund claims within 3 weeks or allow for the offsetting for withholding VAT for business.

As per the gazette notices, the above measures will take effect from 1<sup>st</sup> April 2020. The measures have to be legislated and approved by the parliament so that they become law.

Other measures put in place to fight the Covid-19 pandemic are in the pages that follow.

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## Special Issue

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TAX ALERT

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Kenya Government Covid-19 Economic Stimulus  
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Appropriation of 10B to the elderly and orphans cash transfer by Ministry of labour.



Temporary suspension of CRB listing of individuals, CMEs and corporate entities whose loan accounts have been active or falls due effective 1st April 2020.



All Ministries and Departments to make payments of 13B of pending bills within 3 weeks.



1B from Universal Health Kitty for recruitment of additional health workers to support COVID 19 efforts.



Voluntary reduction of Senior Executives' salaries as follows:  
 + President and VICE President - 80% pay cut  
 + Cabinet Ministers - 30% pay cut  
 + Permanent Secretaries - 30% pay cut  
 All state officers with pre-existing conditions and are older than 50 years and above servicing in job groups F and below to take leave or fourth with work from home. This excludes personnel in security and essential services.



The CBK will:  
 + Lower CBR to 7.25% from 8.25% for commercial banks to lower interest rates.  
 + Lower CRR from 5.25% to 4.25 % to improve liquidity in banks.  
 + Provide form loans classifications that we're performing as at March 2nd 2020 and whose repayment period was extended or restructured because of COVID-19.







## Kenya Government Covid-19 Economic Stimulus

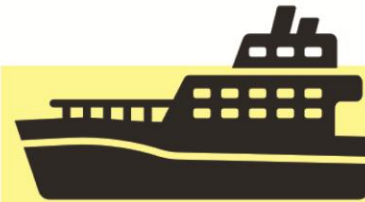
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Reorganized the calendar of cabinet and key state agencies to foster enhanced responses.



Introduced closed coordination with the counties to combat COVID-19.



Management of Ferry Services to be done by Police, Coast Guard and NGAO.



Imposing of daily curfew from Friday 27th March 2020 from 7pm to 5am in the morning. The curfew will not apply to essential services. The Essential services will include:

- + Medical professionals and health workers.
- + National security, administration and co-ordination of national government officers.
- + Public health and sanitation officers in the County Governments.
- + Licensed pharmaceutical companies, pharmacies and drug stores.
- + Licensed Broadcasters and Media Houses.
- + Kenya Revenue Authority.
- + Kenya Airports Authority and Licensed Civil Aviation Service Providers.
- + Kenya Civil Aviation Authority.
- + Kenya Airways PLC.
- + Kenya Ports Authority and Licensed Ports Operators.
- + Power production and distribution companies.
- + Water service providers.
- + Food and farm produce processors, distributors, dealers, wholesalers & retailers.
- + Licensed supermarkets, minimarkets and hypermarkets.
- + Licensed distributors and retailers of petroleum and oil products and lubricants.
- + Licensed telecommunications operators and service providers.
- + Licensed banks, financial institutions and payment financial services.
- + Fire brigade and emergency response services.
- + Licensed security firms.
- + Postal and Courier services.