

# COVID-19 TAX INCENTIVES

## P.A.Y.E

For persons earning a gross  
monthly income of upto  
Kshs.24,000

# 100%

## TAX RELIEF

This represents an additional disposable income of up to Kshs 1,415 per month, for low income earners with a remuneration of Kshs.24,000 and below.



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## P.A.Y.E

For persons earning a gross  
monthly income of  
Kshs.24,001 and above

# 25%

Reduction of the highest  
PAYE tax band rate from  
the current 30% to 25%.

This change represents an additional income of 5%  
on every shilling earned above Kshs 47,059.  
For example, a person with taxable income of  
Kshs 100,000 per month will get extra cash of  
Kshs 2,647 as a result of the reduced tax rate.



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**CORPORATION  
TAX**

**25%**

Reduction of Residential  
Income Tax (Corporation Tax)  
from 30% to 25%.

The beneficiaries are resident persons  
who own companies.  
The change represents a tax relief of 5%  
on taxable profits.

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## TURN-OVER TAX

# 1%

Reduction of Turnover Tax  
(TOT) from 3% to 1%



Un-incorporated businesses with a turnover of less than Kshs 5,000,000 per year and registered for TOT.

Reduced cash outflow for the Micro, Small and Medium Enterprises MSMEs.  
The target market are the small businesses (mama mboga).



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V.A.T

14%

Reduction of Value Added  
Tax from 16% to 14%



This change aims at promoting consumption through reduced cost of goods and services. We hope that the reduction will be translated into reduction of prices of goods and services. This is effective from 1st April 2020.

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**C.B.R**

**7.25%**

Lowering of the Central Bank  
Rate from 8.25% to 7.25%

The reduction aims to facilitate commercial  
banks to lower the interest rates to borrowers  
in the MSMEs



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## VAT REFUNDS

KRA is set to expedite the payment of all verified VAT refund claims or alternatively offset Withholding VAT

This change will impact dealers of vatiable goods & services in Kenya.

This will have the effect of increased cash inflows from refunds and reduced cash outflows from offsetting Withholding VAT.

