

SPECIAL ISSUE

Kenya Gazette Supplement No. 235 (Acts No. 22)



REPUBLIC OF KENYA

KENYA GAZETTE SUPPLEMENT

ACTS, 2020

NAIROBI, 24th December, 2020

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THE TAX LAWS (AMENDMENT) (NO. 2) ACT**No. 22 of 2020***Date of Assent: 23rd December, 2020**Date of Commencement: See Section 1***AN ACT of Parliament to make amendments to tax-related laws****ENACTED** by the Parliament of Kenya, as follows—

1. This Act may be cited as the Tax Laws (Amendment) (No. 2) Act, 2020 and shall come into force on the 1st January, 2021.

Short title and commencement.

2. The several laws specified in the first column of the Schedule are amended in the provisions specified in the second column thereof, in the manner specified in the third column.

SCHEDULE

<i>Written Law Provision</i>	<i>Amendment</i>
The Income Tax Act (Cap. 470)	s.12D (1) (c) Delete the word “higher” and substitute therefor the word “lower”.
	s.12 D (1) Insert the following new paragraphs immediately after paragraph (c)— (d) that person is engaged in business whose retail price is controlled by the Government; (e) that person is engaged in insurance business.
Third Schedule Head B	Delete item 1 and 1A of Head B (Rates of Tax) and substitute therefor the following new items—

1. The individual rates of tax shall be—

	Rate in each shilling
On the first KSh. 288,000	10%
On the next KSh. 100,000	25%
Above KSh. 388,000	30%

1A. The wife's employment, wife's professional and wife's self-employment income rates of tax shall be—

	Rate in each shilling
On the first KSh. 288,000	10%
On the next KSh. 100,000	25%
Above KSh. 388,000	30%

Item 2 (a) Insert the following subparagraph immediately after item (viii)—

(ix) For the year of KSh. 6.00 income 2021 and each subsequent year of income.

Provided that this provision shall apply to the income earned from the 1st January, 2021.

Item 5 (d) Delete the tabulation of rates and income bands and substitute therefor the following new rates and income bands—

	Rate in each shilling
On the first KSh. 400,000	10%
On the next KSh. 400,000	15%
On the next KSh. 400,000	20%
On the next KSh. 400,000	25%
On all income above KSh. 1,600,000 of the amounts in excess of the tax-free amount.	30%

- Item 5 (d) Delete the tabulation of rates and
(ii) income bands and substitute
therefore the following new rates
and income bands —

	Rate in each shilling
On the first KSh. 288,000	10%
On the next KSh. 100,000	25%
Above KSh. 388,000	30%

- Item 5 (d) Delete the words “twenty-
(iii) five percent” and substitute
therefor the words “thirty per
cent”.

The Value Added^{s.17}
Tax Act, 2013
(No. 35 of 2013)

Insert the following new
subsection immediately after
subsection (7)–

(8) Notwithstanding the
provisions of this section, a
registered person who is a
manufacturer may make a
deduction for input tax with
respect to taxable supplies
made to an official aid

funded project as may be approved by the Cabinet Secretary in accordance with the First Schedule.