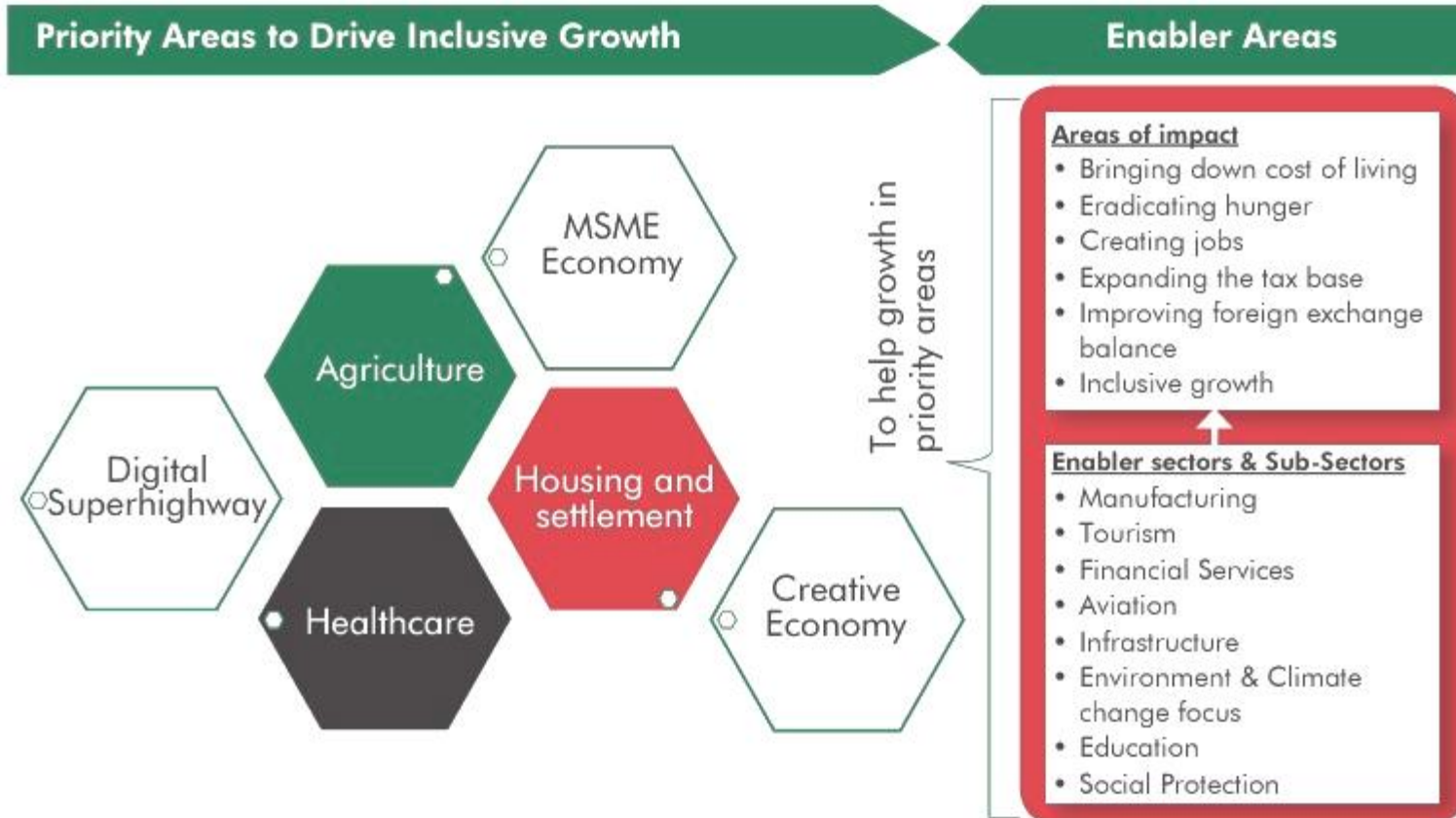


Kenya's Incentive Package



Kenya's Economic Model





Kenya's Incentive Package

- General Sectoral Incentives
- Customized Incentives
- Incentives in the EPZ and SEZ

Incentives in Agriculture

Items	INCOME TAX INCENTIVES (Investment Deduction Allowance ¹ & Exemptions from Income Tax)	VAT INCENTIVES (Exempted/Zero-rated)
Farm works ²	100% investment deduction allowance on capital expenditure on buildings and machinery	-
Milk, eggs, meat, rice, maize, bread, beans, fruits and nuts, unprocessed vegetables, tubers, infant food formula, unprocessed green tea, Oil seeds, Pyrethrum flower, Sugarcane, live animals.	-	Exempted
Agricultural pest control products	-	Zero-rated
Raw materials for manufacturers of agricultural pest control products and fertilizers	-	Zero-rated
Tea and coffee locally purchased for the purpose of value addition before exportation.	-	Zero-rated
Supply of coffee/tea for export to coffee/tea auction centers.	-	Zero-rated
The supply of flour from maize, cassava, wheat or meslin	-	Zero-rated
Inputs or raw materials locally purchased or imported for the manufacture of animal feeds.	-	Zero-rated

¹ The rate of capital allowances has been rationalized to a maximum of 100%. Minimum investment should be KSh. 250 Million (outside Nairobi and Mombasa) in that year of income

² Farmhouses, fences, dips, drains, water and electricity supply works and other works necessary for the proper operation of the farm

Incentives in Health

Items	INCOME TAX INCENTIVES (Investment Deduction Allowance ¹ & Exemptions from Income Tax)	VAT INCENTIVES (Exempted/Zero-rated)
Hospital buildings and equipment	100% investment deduction allowance on capital expenditure on buildings and machinery	-
Royalties and interest paid to non-resident individuals by a human vaccine manufacturing company.	Exempted from Income tax	-
Electro-diagnostic apparatus	-	Exempted
Inputs or raw materials supplied to pharmaceutical manufacturers in Kenya for manufacture of medicaments.	-	Exempted
Local purchases of plant and machinery by pharmaceutical manufacturers.	-	Exempted
Taxable goods for the direct and exclusive use in the construction and equipping of specialized hospitals with a minimum bed capacity of 50 beds	-	Exempted
Personal protective equipment, including facemasks	-	Exempted
Weighing machinery (excluding balances of a sensitivity of 5 cg or better), purchased or imported by registered hospitals	-	Exempted

¹ The rate of capital allowances has been rationalized to a maximum of 100%. Minimum investment should be KSh. 250 Million (outside Nairobi and Mombasa) in that year of income

Incentives in Health

Items	INCOME TAX INCENTIVES (Investment Deduction Allowance ¹ & Exemptions from Income Tax)	VAT INCENTIVES (Exempted/Zero-rated)
Syringes, needles, catheters and cannulae	-	Exempted
Vaccines for human and veterinary medicine	-	Exempted
Blood bags and infusion sets	-	Exempted
Medicaments containing antibiotics, insulin, vitamins, alkaloids, hormones and infusion solutions.	-	Exempted
Medicaments for therapeutic and prophylactic uses	-	Exempted
Diagnostic reagents for X-ray examinations	-	Exempted
Instruments and appliances, used in dental sciences and Ophthalmology	-	Exempted
Artificial teeth, dental fittings, Pacemakers and other artificial parts of the body	-	Exempted
Malaria diagnostic test kits an mosquito nets	-	Exempted
First-aid boxes and kits, Wadding, gauze and bandages	-	Exempted
Pharmaceutical inputs or raw materials (subject to approval by CS of Health)	-	Zero-rated

¹ The rate of capital allowances has been rationalized to a maximum of 100%. Minimum investment should be KSh. 250 Million (outside Nairobi and Mombasa) in that year of income

Incentives in Energy

Items	INCOME TAX INCENTIVES (Investment Deduction Allowance & Exemptions from Income Tax)	VAT INCENTIVES (Exempted/Zero-rated)
Petroleum or gas storage facilities	100% investment deduction allowance on capital expenditure on buildings and machinery	-
Taxable supplies, excluding motor vehicles, for exclusive use in the construction of a power generating plant	-	Exempted
Specialized equipment for the development and generation of solar and wind energy, including photovoltaic modules, direct current charge controllers, direct current inverters and deep cycle batteries	-	Exempted
Biogas	-	Exempted
Sustainable fuel briquettes and pellets for household and commercial use	-	Exempted
Liquefied Petroleum Gas (LPG)	-	Zero-rated
Supply of solar and lithium ion batteries	-	Zero-rated
Supply of electric buses, electric motor-cycles and electric bicycles	-	Zero-rated

Incentives in Housing

Items	INCOME TAX INCENTIVES (Investment Deduction Allowance ¹ & Exemptions from Income Tax)	VAT INCENTIVES (Exempted/Zero-rated)
Construction of at least 100 affordable residential housing units in a year of income (subject to approval by the CS for Housing)	Reduced Corporate tax of 15%	-
Educational buildings including student hostels	100% investment deduction allowance on capital expenditure on buildings and machinery	-
An investee company of a real estate investment trust (REIT) registered by the Commissioner	Exempted from Income Tax	-
Goods imported or purchased locally for the direct and exclusive use in the construction of houses under an affordable housing scheme	-	Exempted
Asset transfers and other transactions related to the transfer of assets into real Estates Investment Trusts (REITs) and asset backed securities	-	Exempted
Importation and local purchase of goods for the construction of houses under the affordable housing scheme (upon recommendation by the CS for Housing)	-	Exempted
Leasing / Renting of residential building	-	Exempted

Incentives in the Digital & Creative Economy

Items	INCOME TAX INCENTIVES (Investment Deduction Allowance ¹ & Exemptions from Income Tax)	VAT INCENTIVES (Exempted/Zero-rated)
Telecommunications equipment	100% investment deduction allowance on capital expenditure on buildings and machinery	-
Purchase or acquisition of an infeasible right to use fiber optic cable by a telecommunication operator	100% investment deduction allowance on capital expenditure on buildings and machinery	-
Computer and peripheral computer hardware and software, calculators, copiers and duplicating machines	100% investment deduction allowance on capital expenditure on buildings and machinery	-
Film equipment by a licensed local film producer	100% investment deduction allowance on capital expenditure on buildings and machinery	-
Goods imported or purchased locally for use by the local film producers and local filming agents (Upon recommendation by the Kenya Film Commission)	-	Exempted

¹ The rate of capital allowances has been rationalized to a maximum of 100%. Minimum investment should be KSh. 250 Million (outside Nairobi and Mombasa) in that year of income

Incentives in Manufacturing

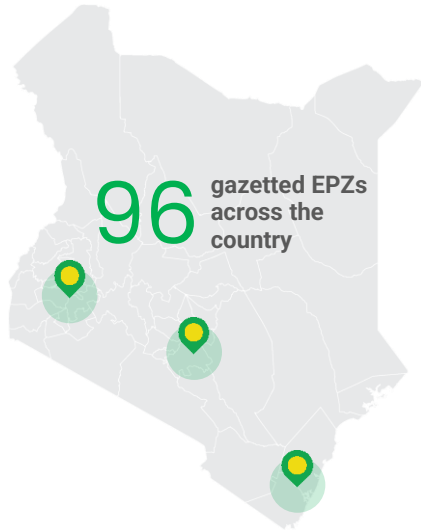
Items	INCOME TAX INCENTIVES (Investment Deduction Allowance ¹ & Exemptions from Income Tax)	VAT INCENTIVES (Exempted/Zero-rated)
Buildings and machinery	100% investment deduction allowance on capital expenditure on buildings and machinery	-
Inputs or raw materials locally purchased or imported by manufacturers of agricultural machinery and implements	-	Exempted
Inputs or raw materials supplied to solar equipment manufacturers for manufacture of solar equipment or deep cycle-sealed batteries	-	Exempted
Inputs or raw materials locally purchased or imported by manufacturers of clean cook stoves	-	Exempted
Locally assembled or manufactured passenger motor vehicles and associated inputs and raw materials	-	Exempted
Locally manufactured motherboards and inputs for the manufacture of motherboards	-	Exempted
Medical ventilators and the inputs for the manufacture of medical ventilators	-	Exempted
Supply of locally assembled and manufactured mobile phones	-	Zero-rated

Customized Incentives

These incentives qualify under Special Operating Framework Agreement with the Government

- Companies that qualify for this regime enjoy reduced tax rates among other benefits such as exemption from VAT and excise duties (subject to the approval by CS National Treasury).
- Applicable to:
 - Taxable services imported or locally purchased by a company under this regime
 - Companies undertaking the manufacture of human vaccines or other manufacturing activities including refining;
- Minimum capital investment for these companies should be KSh. 10 Billion.

Incentives in the Export Processing Zones (EPZ)



- Available fit-for-purpose industrial sheds
 - USD 2.5 per sq. ft. per annum
- Available land for lease:
 - USD 6,000 per Ha per annum



Imported Goods

- Perpetual exemption from Import duty & VAT on raw materials & machinery



Corporate Tax

Preferential Rates

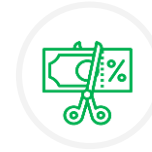
- 10-year Corporate tax holiday
- Next 10 years: 25%
- Subsequent years: 30%



Local Government Fee

Exempt

- Advertisement fees
- Business Service permit fees



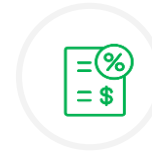
Withholding Tax

- 10-year withholding tax holiday



Investment Deduction Allowance

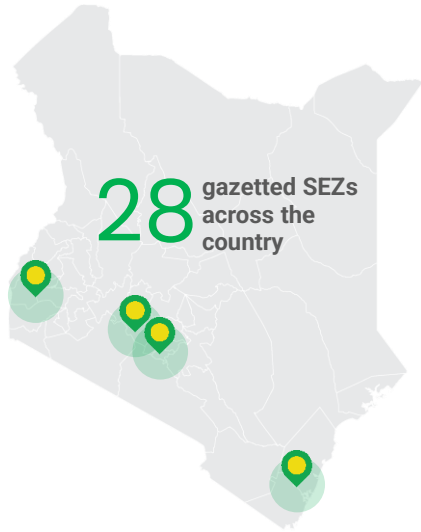
- 100% allowance on capital expenditure on building and machinery.



Stamp Duty

- Perpetual Exemption

Incentives in the Special Economic Zones (SEZ)



- **Preferential electricity tariff:**
 - 5¢ US/kWh – Naivasha SEZ
 - 10¢ US/kWh – Other SEZs
- **Available land for lease:**
 - USD 3,000 per Ha per annum
- **Available fit-for-purpose industrial sheds.**



Imported Goods

Fully Exempt

- Value Added Tax
- Excise Duty
- Import Duty
- Import Declaration



Local Supplies

Zero Rated

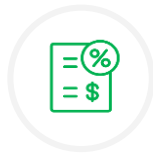
- Value Added Tax



Corporate Tax

Preferential Rates

- First 10 years: 10%
- Next 10 years: 15%
- Subsequent years: 30%



Stamp Duty

- Perpetual Exemption



Withholding Tax

- Dividends - Exempt
- Royalties – Exempt for first 10 years
- Gains on transfer of property - Exempt
- Other payments (commissions & rent) – 10%



Investment Deduction Allowance

- 100% allowance on capital expenditure on building and machinery.



Local Government Fee

Exempt

- Advertisement fees
- Business Service Permit fees

Other benefits in the EPZs and SEZs

- Full operation under **one single license**
- **Project approval and licensing within 30 days**
- Foreign currency accounts and offshore borrowing allowed – **no exchange controls**
- **Unrestricted investment** by foreigners
- **On-site** customs documentation, investor facilitation and after-care
- Facilitation for **factory building and office premises**
- **Readily available services** – water, sewerage, electricity, landscaping etc.
- **High security standards** – 24 hours security, illuminated perimeter fences.
- **Green channel** port clearance



Kenya is open for Investment

KenInvest as a navigator

- In-country coordinated support - One Start One Go facilitation

Company Registration	Tax/PIN Registration
Work Permit/Special pass facilitation	Obtain an EIA certificate
Power Connection	EPZ & SEZ Set Up

- Expeditious resolution of bottlenecks in investment
- Green channel on impact investment (National Investment Council)
- Government de-risking program; co-investment by KDC

Start your investment at the click of a button

- **E-Citizen portal:** all government services (<https://accounts.ecitizen.go.ke/en>)
- **E-opportunities:** investment-grade opportunities (<https://opportunities.invest.go.ke/opportunities>)
- **E-Regulations:** procedures of investing in Kenya (<https://eregulations.invest.go.ke/>)



Think Investment



**MAKE IT
KENYA**

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