



REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING

A FOLLOW-UP TO THE MEMO BY KRA

Tax reliefs/incentives, broadly categorized as exemptions, refunds, waivers and abandonments are policy measures used by government to encourage economic activities and attract investments. While these tax reliefs can have some positive impacts on the economy, they can also have negative consequences through abuse of the process.

Following the statement issued on 28th February 2023 by the KRA Chairman, further consultations have been undertaken with stakeholders. In this respect we wish to clarify that suspension relating to abandonments and to any payments or disbursements in relation to refunds will be sustained until the process is clearly streamlined. The suspension does not however mean that the refunds or abandonment has been scrapped and it is not a change in policy or the intent of the law.

These administrative measures undertaken are aimed at ensuring that the operational aspects on implementation of the law are streamlined to avoid eroding the tax base or creating distortions in the economy and therefore achieve intended objectives of tax policy. It will also ensure fairness, equity and effectiveness in the implementation of the legal tax provisions.

All other tax reliefs/incentives applications clearly provided for in the law will be reviewed in line with the existing laws.

Prof. Njuguna S. Ndung'u, CBS
CABINET SECRETARY

07th March 2023.