

LEGAL NOTICE NO.....

THE ACCOUNTANTS ACT

(No. 23 of 2008)

ACCOUNTANTS (REMUNERATION) ORDER, 2021

IN EXERCISE of the powers conferred by section 8 (fa) of the Accountants Act, 2008 the Council of the Institute of Certified Public Accountants of Kenya prescribes the following remuneration order for the accountancy profession —

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THE ACCOUNTANTS (REMUNERATION) ORDER, 2021

PART I - PRELIMINARY

- Citation. **1.** This Order may be cited as the Accountants Remuneration Order, 2021 and will commence on 1st July, 2021.
- Interpretation. **2.** In this Order, unless the context otherwise requires—
- ‘audit assistant’ means audit staff who are tasked with the responsibility of going to the client site to perform audit work and range in level of experience and qualification from newly recruited trainee accountants to newly qualified Institute members;
- ‘audit director or senior manager’ means staff at a level more senior to audit manager who review the audit work or engagement before the signing of such work by a principal partner;
- ‘audit manager’ means any senior audit staff who acts as a first point of review of the audit work and is responsible for organizing and coordinating an audit assignment; supervising the junior staff; and ensuring timely completion of the audit assignment;
- ‘audit senior’ means and includes the supervisory staff in charge of the execution of an audit assignment and responsible for oversight of the day to day execution of the assignment and report to the audit manager for any matters requiring attention of the senior staff:
- Provided that audit seniors may double up as audit managers for smaller and less complex audit engagements;
- “principal partner” means partners responsible for signing off the audit report and who take overall responsibility for the audit work performed and the opinion; and
- “Secretary to the Council” means the Secretary appointed under section 12 of the Act.

Application of Order.

3. This Order shall apply to the remuneration of accountants in audit and assurance, taxation and management consulting categories of practice as prescribed by the Council from time to time.

Objects and purpose.

4. The objects and purpose of this Order shall be to provide for means of determining remuneration of accountants in audit and assurance, taxation and management consulting categories of practice as prescribed by the Council from time to time.

PART II: SCALE OF FEES

Scale of fees.

5. (1) An accountant in practice shall before the commencement of any assignment, agree with the client on the fee scale to be applied and fees payable in accordance with the Schedule.

(2) An accountant in practice shall not agree or accept any remuneration less than as provided by this Order and any such action shall amount to misconduct as defined in the Accountants Act.

No. 15 of 2008

(3) The Council may revise the fees set out in the Schedule with the approval of the Cabinet Secretary.

Bill for services.

6. An Accountant in practice shall raise an invoice which shall have the following minimum requirements -

- (a) date of the invoice;
- (b) particulars of the service provider including the provider's name/name of business, the Institute's firm license number, address, Kenya Revenue Authority's PIN;
- (c) particulars of the client including the client's name, address, Kenya Revenue Authority's PIN;
- (d) description of services rendered;
- (e) amount charged for the service(s);
- (f) relevant statutory taxes and levies;
- (g) bank and payment particulars; and
- (h) terms and conditions.

Interest.

7. An accountant in practice may charge an agreed interest on his fees whether by scale or otherwise, from the expiration of one month from the delivery of the bill to the client, provided that the interest is charged before the bill is paid in full.

Dispute.

8. Any dispute as regards fees between an accountant in practice and a client shall initially be settled through negotiations and if not settled, shall be determined by way of a single arbitrator appointed by the parties failure of which the Chairman of the Chartered Institute of Arbitrators, Kenyan Chapter or the Nairobi Centre for International Arbitration, shall be entitled to appoint an arbitrator and the arbitration shall be conducted in accordance with the provisions of the Arbitration Act.

No. 4 of 1995

Transition.

9. Notwithstanding paragraph 5(2), if at the commencement date, the fees charged by an accountant in practice on an assignment or engagement with an existing client is lower than the minimum scale of fees provided in this Order, the accountant shall not revise the fees upward until the expiry of the contract.

Amendment.

10. This Order may be revised by the Council with the approval of the Cabinet Secretary from time to time.

Effective date.

11. This Order shall become effective on 1st July 2021.

SCHEDULE: SCALE FEES FOR ACCOUNTANCY SERVICES
(p. 5(1),(3), 6)

The minimum scale fees shall be calculated on the basis of the time taken to undertake the assignment or engagement period as follows

A. AUDIT AND ASSURANCE

	<i>Key Staff</i>	<i>Chargeable Scale Fees Per Hour (exclusive of V.A.T.)</i>
1.	Partner	14,500.00
2.	Director/Senior Manager	3,500.00
3.	Audit Manager	2,000.00
4.	Audit Senior	1,000.00
5.	Audit Assistant	500.00

The above rates are subject to the following minimums:

	Company Category	<i>Minimum Chargeable Scale Fees (exclusive of V.A.T.) Kshs</i>
1.	Small Company: Revenue less than 5 Million	50,000.00
2.	Medium Company: Revenue 5+ but less than 100 Million	200,000.00
3.	Large Company: Revenue 100 Million and above	1,000,000.00

4.	Regulated entities	
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See guidance notes below.

B. FEE GUIDELINE FOR TAX SERVICES

Preamble

Taxation services, include tax advisory services and related work for organizations and individuals provided to assist clients to comply with tax laws, with respect to tax administration procedures.

The table below provides scale fee rates (in Kshs) to be charged for taxation services by CPA Firms:

Table 1: Minimum Fee Guidelines for Taxation Services by CPA Firms

	Tax Obligation	Individual & Sole Proprietorship	Partnership	Local Ltd Co.	Public Benefit/ Trusts/ Charitable orgs/NGOs	Foreign Co.
1.	Application for PIN and taking instruction as a tax agent	2,000.00	7,500.00	10,000.00	10,000.00	20,000.00
2.	Obtaining Tax Compliance Certificate (TCC)	2,000.00	5,000.00	7,500.00	10,000.00	10,000.00
3.	Value Added Tax (VAT)	2,000.00	5,000.00	7,500.00	10,000.00	10,000.00
4.	Excise Duty	N/A	N/A	7,500.00	10,000.00	10,000.00
Income Tax						
	Filing of Return of Income					
5.	Filing of Return of Income with Salary (PAYE), other Sources/Share of Profit	2,000.00	5,000.00	7,500.00	7,500.00	10,000.00
6.	Minimum Tax	N/A	N/A	7,500.00	7,500.00	10,000.00
7.	Instalment Tax	N/A	N/A	7,500.00	7,500.00	10,000.00
8.	Rental Income Tax	2,000.00	5,000.00	7,500.00	7,500.00	10,000.00
9.	Withholding Tax	2,000.00	5,000.00	7,500.00	7,500.00	10,000.00
10	<i>Filing of Return of Income with detailed Capital Gains working</i>					
	Less than 10 transactions (for shares and securities)	2,000.00	5,000.00	7,500.00	10,000.00	10,000.00

	More than 10 transactions (for shares and securities)	5,000.00	10,000.00	15,000.00	15,000.00	20,000.00
	Capital Gains on immovable property	10,000.00	20,000.00	30,000.00	30,000.00	40,000.00
11	Filing of Return of Income with Preparation of Bank Summary, Capital Accounts and Balance Sheet	5,000.00	10,000.00	15,000.00	20,000.00	30,000.00
Filing of Appeals Etc.						
12	Tax audit/tax health check	20,000.00	40,000.00	50,000.00	50,000.00	60,000.00
13	Preparation of transfer pricing policy	NA	40,000.00	50,000.00	50,000.00	60,000.00
14	Responding to transfer pricing tax audit	NA	40,000.00	50,000.00	50,000.00	60,000.00
15	Any other Tax Consultancy	20,000.00	40,000.00	50,000.00	50,000.00	60,000.00

**see guidance notes below.*

1. When charging the scale fees, consideration shall be given to either the value of the subject-matter or, where the value of the subject matter cannot be determined, to the following criteria:
 - a) the nature and importance of the matter;
 - b) the complexity of the matter and the difficulty or novelty of the question raised;
 - c) the amount or value of the subject matter;
 - d) the time expended by the accountant(s); and
 - e) the number and importance of the documents prepared or perused, without regard to length.
2. The “Lower Scale” shall be applied where the matter is disposed of *ex parte*, by consent or by a decision on a preliminary question of law not dependant on fact and the “Higher Scale” shall be applied in all other cases.
3. The scale fee shall include taking instructions, drawing, perusals, engrossing documents and filing the same.
4. Actual costs of reimbursable incurred shall be supported by vouchers of all necessary photocopying, binding and photostat copies shall be allowed to form part of the scale fees.
5. Expert witness expenses shall be chargeable to the equivalent of the accountant’s fee.
6. The fees chargeable where the value of the tax dispute can be ascertained shall be determined

as follows—

a) Chargeable fee

That value exceeds	But does not exceed	Chargeable fee
Kshs.	Kshs.	Kshs
0	50,000	17,640
50,000	100,000	23,520
100,000	200,000	35,280
200,000	500,000	58,800
500,000	1,000,000	100,000
1,000,000	20,000,000	Fees as for 1,000,000 plus an additional 1 % of the value

- Kshs. 20,000,000 - Fees as for Kshs. 20,000,000 plus an additional 1 % of the value.
- Kshs. 250,000,000 - Fees as for Kshs. 20,000,000 plus an additional 0.5% of the value.
- Over Kshs. 250,000,000 - Fees as for Ksh,250,000,000 plus an additional 0.1% per cent of the value

b) Where the lower scale applies, the fees shall be the one prescribed in (a) reduced by 50%

7. Where the value of the tax dispute cannot be ascertained such costs as the court in its discretion but not less than Kshs. 35,280 if undefended or unopposed and (subject to any special order for good reason connected with the nature and importance or the difficulty or the urgency of the matter) such figure being left to the discretion of the court.
8. Attendance at the hearing:
 - a) on any necessary attendance on the Tribunal other than at the hearing Kshs. 2,500 per hour; and
 - b) attendances at the hearing—
 - i. for each day after first day Kshs. 3,000 per hour
 - ii. where costs of adjournment of the case are awarded Kshs. 1,200 per hour

C. ADVISORY AND CONSULTANCY

Advisory and consultancy entails the services, tools and support offered by firms to their clients. That support is aimed at providing capability to those entities to make the best decisions geared towards moving their businesses forward with respect to a given goal or objective. The decisions involve taking actions which include preventing, responding to and remediating a wide range of business threats, risks and complex issues which may face organizations from time to time. The categorization as non-audit services. shall entail but not limited to:

1. Corporate Finance Activities

Activities or services to be considered under corporate services are:

- i. promoting shares;
- ii. acting as the lead adviser or business sale;
- iii. corporate services support services or equity raising or reporting accountants; and
- iv. business valuation.

2. Financial Reporting Activities

Activities under Financial reporting non audit services are:

- i. accounting and book-keeping;
- ii. management accounting;
- iii. public finance management;
- iv. financial risk management; and
- v. financial management.

3. Consultancy and Advisory Activities

- i. insolvency and liquidation;
- ii. restructuring;
- iii. contractual requirements;
- iv. regulatory returns;
- v. payroll services; and
- vi. outsourced services.

Appendix I: ICPAK minimum recommended fees – Non- Assurance Services (Consultancy)

#	Category	KES
A.	ADVISING OR DRAFTING DEEDS & AGREEMENTS	
	i) Partnership Deeds Draft 16 hours	100,000
	ii) Review of partnership deeds	45,000
	iii) Other profit-sharing agreements or schemes	2.5% of the Value of the Contract
	iv) Account Balance disputes, Investigation and expert reports, Appointment as Interim Liquidator	<ul style="list-style-type: none">▪ 5% of the gross value involved.▪ For Interim liquidator, the market value will be the base value
B.	OTHER ACCOUNTANCY SERVICES	
	i) Services relating to financial sector	2.5% of the Value of the Contract
	ii) Public finance management related consultancies	2.5% of the Value of the Contract

	iii) Project financing	2.5% of the Value of the Contract
C.	TIME BILLING RATES	
	Note: The actual rate depends on the complexity of the assignment, the number of days, number and calibre of staff needed to execute the assignment	
	Partner (rate per hour)	14,500
	Manager (rate per hour)	3,500
	Qualified staff (rate per hour)	3,500
	Accounts Assistant (rate per hour)	2,500
	Accounts Technician (rate per hour)	1,500
	Other staff (rate per hour)	500

see guidance notes below.

NOTES:

- (a) Notwithstanding the provisions of this Schedule, fees chargeable shall be subject to the complexity and the time spent on the assignment.
- (b) The amount charged will be based on the location of the service provider.
- (c) The bill for each service should be raised separately and immediately after the services are rendered.
- (d) Subject to the minimum fees compliance, accountants in public practice shall be entitled to receive and shall be allowed such additional remuneration as appropriate in the circumstances depending on the skill and knowledge required, nature, urgency, complexity of the assignment, level of training and experience of the key staff, unforeseen delays, risks involved and the exceptional dispatch required by the client.
- (e) The chargeable hours is the estimate of the hours which could reasonably be expected to be charged by the key staff and is arrived at after excluding time spent on annual and study leave, public holidays, training courses and illness and consideration of staff salaries and related costs and mark up factors which includes rents and related costs, professional indemnity insurance, administration costs and costs of continuing professional education.
- (f) The accountant in audit and assurance practice is required to prepare and keep time records for proper recording of time spent on work for clients and with respect to all the staff engaged in the assignment.
- (g) Out-of-pocket expenses and disbursements incurred in connection with the engagement such as travelling and accommodation expenses, specific stationery, communication costs and any directly outsourced expenses have not been considered in arriving at the minimum recommended scale fees and shall be added to the minimum recommended scale fees, where the client does not meet such costs.
- (h) Applicable statutory taxes and levies chargeable have not been considered in arriving at the minimum recommended scale fees and shall be added to the minimum recommended scale fees.

- (i) In charging fees outside the scale fees, accountants in public practice appointed directly by the Auditor-General or through the auditees should consider the scope of the audit, terms of reference, provisions of the Public Procurement Act, Government’s Budgetary Policy, budgeted costs of the audit contracted out, exceptional circumstances and any other relevant factors that materially affect the scope of work in conducting the audit.

Made on the....., 2021.

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**Chief Executive Officer,
Institute of Certified Public Accountants.**

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**Chairperson,
Institute of Certified Public Accountants.**