

SPECIAL ISSUE

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REPUBLIC OF KENYA

KENYA GAZETTE SUPPLEMENT

NATIONAL ASSEMBLY BILLS, 2017

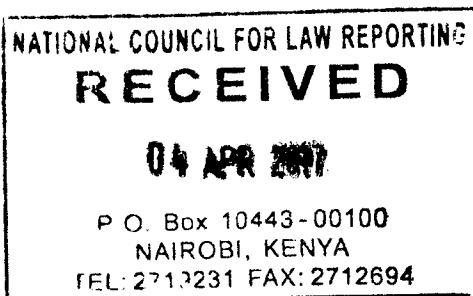
NAIROBI, 3rd April, 2017

CONTENT

Bill for Introduction into the National Assembly—

PAGE

The Finance Bill, 2017..... 319



THE FINANCE BILL, 2017

A Bill for

AN ACT of Parliament to amend the law relating to various taxes and duties and for matters incidental thereto

ENACTED by the Parliament of Kenya, as follows—

PART I—PRELIMINARY

1. This Act may be cited as the Finance Act, 2017, and shall come into operation, or be deemed to have come into operation, as follows—

Short title and commencement.

(a) sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 19, 20, 21, 22, 23, 24, and 25, on the 3rd April, 2017;

(b) sections 40, 41, 47, 48 and 49, on the 1st July, 2017

(c) all other sections on, the 1st January, 2018.

PART II—EXCISE DUTY

2. Section 15 of the Excise Duty Act, 2015, is amended in subsection (1) by inserting the words “or illuminating kerosene” immediately after the word “spirit” appearing in paragraph (d).

Amendment of section 15 of No. 23 of 2015.

3. Section 29 of the Excise Duty Act, 2015, is amended in subsection (1) by deleting paragraph (b) and substituting therefor the following new paragraph—

Amendment of section 29 of No. 23 of 2015.

“(b) the excise duty has been paid in respect of spirits or illuminating kerosene that have subsequently been used by a licensed or registered manufacturer to manufacture unexcisable goods.”

4. The First Schedule to the Excise Duty Act, 2015 is amended—

Amendments of the First Schedule to Act No. 23 of 2015.

(a) in Part I—

(i) by deleting the expression “Shs. 175 per litre” appearing in the second column against the description “spirits of undenatured ethyl alcohol; spirits liqueurs and other spirituous

beverages of alcoholic strength exceeding 10%" and substituting therefor the expression "Shs. 200 per litre";

- (ii) by deleting the description "cigarettes containing tobacco or tobacco substitutes" and the corresponding rates of excise duty and substituting therefor the following—

Cigarette with filters (Hinge lid and soft cap)	Shs 2,500 per mille
Cigarettes without filters (plain cigarettes)	Shs. 1,800 per mille

- (b) in Part III, by inserting the following new definition in proper alphabetical sequence—

"powdered beer" means any powder, crystals or any other dry substance which, after being mixed with water or any other nonalcoholic beverage, ferments to, or otherwise becomes an alcoholic beverage.

5. The Second Schedule to the Excise Duty Act, 2015 is amended—

Amendment of
Second Schedule to
No. 23 of 2015.

- (a) in paragraph 5 of Part A, by inserting the words "or St John Ambulance" immediately after the words "Kenya Red Cross";

- (b) in the proviso to Paragraph 6 of Part A—

- (i) by deleting the words "equivalent value" and inserting the words "whose current retail selling price shall not exceed that of the previously owned left-hand drive vehicle";

- (ii) by deleting paragraph (c).

- (c) Paragraph 10, by inserting the words "or purchased locally" immediately after the word "imported".

PART II—VALUE ADDED TAX

6. Section 2 of the Value Added Tax Act, 2013 is amended—

Amendment of
section 2 of No. 35
of 2013.

- (a) in subsection (1) by inserting the following new definitions in proper alphabetical sequence—

“Islamic finance arrangement” has the meaning assigned to it in section 2 of the Income Tax Act;

Cap. 470.

“Islamic finance return” has the meaning assigned to it in section 2 of the Income Tax Act;

“*Sukuk*” has the meaning assigned to it in section 2 of the Public Finance Management Act, 2012.

No. 18 of 2012.

(b) by inserting the following new subsection immediately after subsection (2)—

“(3) For the purposes of this Act—

(a) Islamic finance return is treated as interest, whether received or paid on a financial arrangement; and

(b) reference to “interest” includes a reference to Islamic finance return.”.

7. Section 11 of the Value Added Tax Act, 2013, is amended—

Amendment of section 11 of No. 35 of 2013.

(a) in paragraph (b), by deleting the word “and” and substituting therefor the word “or”; and

(b) in paragraph (c), by inserting the word “where” at the beginning thereof.

8. Section 43 of the Value Added Tax Act, 2013 is amended by renumbering subsection (6) as (5).

Amendment of section 43 of the No. 35 of 2013.

9. The First Schedule to the Value Added Tax Act, 2013 is amended—

Amendment of First Schedule to No. 35 of 2013.

(a) in Section A of Part 1—

(i) by deleting the word “blind” appearing in paragraph 39(1)(b) and substituting therefor the word “disabled”;

(ii) by deleting the following item—

1102.20.00 – Maize (corn) flour;

1101.00.00 – Wheat or meslin flour and ordinary bread;

(iii) in paragraph 63—

(a) by inserting the words “equipment and apparatus” immediately after the word “goods”;

- (b) by inserting the words “with a minimum bed capacity of 50” immediately after the word “hospitals”.
- (iv) by inserting the following new paragraphs immediately after paragraph 87—
 - “88. The supply of Liquefied Petroleum Gas;
 - 89. Taxable goods for use in the manufacture of liquid petroleum gas cylinders by licensed manufacturers upon recommendation by the Cabinet Secretary responsible for Energy and petroleum.
 - 90. Goods falling under tariff number 4907.00.90;
 - 91. Any other aircraft spare parts imported by aircraft operators or persons engaged in the business of aircraft maintenance upon recommendation by the competent authority responsible for civil aviation;
 - 92. Inputs for the manufacture of pesticides upon recommendation by the Cabinet Secretary for the time being responsible for matters relating to agriculture;
 - 93. Specially designed locally assembled motor vehicles for transportation of tourists, purchased before clearance through Customs by tour operators upon recommendation by the competent authority responsible for tourism promotion, provided the vehicles meet the following conditions—
 - (i) the vehicles shall at all times be registered and operated by a company that is licenced under the Tourism Vehicle Regime;
 - (ii) the vehicles shall be used exclusively for the transportation of tourists;
 - (iii) the vehicles shall have provisions for camping, rescue and first aid equipment, luggage compartments and communication fittings; and