

SPECIAL ISSUE

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**THE VALUE ADDED TAX (AMENDMENT)
BILL, 2016**

A Bill for

**AN ACT of Parliament to amend the Value Added Tax
Act, 2013**

ENACTED by the Parliament of Kenya, as follows—

PART I—PRELIMINARY

1. This Act may be cited as the Value Added Tax (Amendment) Act, 2016. Short title.

2. The Value Added Tax Act, 2013 is amended in Part II of the First Schedule, by inserting the following new item immediately after item 18— Amendment of the First Schedule to No. 35 of 2013.

“19. Transportation of sugarcane from farms to milling factories”.

MEMORANDUM OF OBJECTS AND REASONS

The principal object of this Bill is to amend the Value Added Tax Act, 2013 (No. 35 of 2013) to exempt sugarcane farmers from paying value added tax (VAT) on transportation of sugarcane from the farms to the milling factories.

The Value Added Tax, 2013 provides for the levying of value added tax on sugarcane transportation, and transporters are required to collect and remit the tax to the Kenya Revenue Authority. This has led to an increase in the cost of production of sugar.

This Bill is therefore intended to amend the Value Added Tax Act to exempt levying of VAT on sugarcane transportation and thereby bring the cost of production of sugar down.

This Bill does not concern county governments and neither does it affect the powers and functions of county governments.

The enactment of this Bill shall not occasion additional expenditure of public funds.

Dated the 17th March, 2016.

WAFULA WAMUNYINYI,
Member of Parliament.

The First Schedule which it is proposed to amend —

FIRST SCHEDULE

[s. 2(1).]

EXEMPT SUPPLIES

PART I – GOODS

Section A

The supply or importation of the following goods shall be exempt supplies.

1. Bovine semen of tariff no. 0511.10.00.
2. Fish eggs and roes of tariff no. 0511.91.10.
3. Animal semen other than bovine of tariff no. 0511.99.10.
4. Soya beans, whether or not broken of tariff nos. 1201.10.00 and 1201.90.00.
5. Groundnuts, not roasted or otherwise cooked, in shell of tariff no. 1202.41.00.
6. Groundnuts, not roasted or otherwise cooked, shelled, whether or not broken of tariff no. 1202.42.00.
7. Copra of tariff no. 1203.00.00.
8. Linseed, whether or not broken of tariff no. 1204.00.00.
9. Low erucic acid rape or colza seeds of tariff no. 1205.10.00.
10. Other rape or colza seeds of tariff no. 1205.90.00.
11. Sunflower seeds, whether or not broken of tariff no. 1206.00.00.
12. Cotton seeds, whether or not broken of tariff nos. 1207.21.00 and 1207.29.00.
13. Sesamum seeds, whether or not broken of tariff no. 1207.40.00.
14. Mustard seeds, whether or not broken of tariff no. 1207.50.00.
15. Safflower seeds, whether or not broken of tariff no. 1207.60.00.
16. Other oil seeds and oleaginous fruits, whether or not broken of tariff no. 1207.99.00.
17. Pyrethrum flower of tariff no. 1211.90.20.
18. Live Animals of Chapter 1.

19. Meat and edible meat offals of chapter 2 excluding those of tariff heading 0209 and 0210.

20. Fish and crustaceans, molluscs and other aquatic invertebrates of Chapter 3 excluding those of tariff heading 0305, 0306 and 0307.

21. Unprocessed milk.

22. Fresh birds eggs in shell.

23. Edible Vegetables and certain roots and tubers of Chapter 7, excluding those of tariff heading 0711.

24. Edible fruits and nuts, peel of citrus fruits or melon of Chapter 8 excluding, those of tariff heading 0811, 0812, 0813 and 0814.

25. Cereals of Chapter 10, excluding seeds of tariff heading 1001, 1002 and 1003.

26. Fertilisers of Chapter 31.

27. Plants and machinery of Chapter 84 and 85.

28. Maize (corn) seed of tariff no. 1005.10.00.

29. Taxable supplies, excluding motor vehicles, imported or purchased for direct and exclusive use in the construction of a power generating plant, by a company, to supply electricity to the national grid approved by Cabinet Secretary for National Treasury upon recommendation by the Cabinet Secretary responsible for energy.

30. Tax supplies, excluding motor vehicles, imported or purchased for direct and exclusive use in geothermal, oil or mining prospecting or exploration, by a company granted prospecting or exploration license in accordance with Geothermal Resources Act (Cap. 314A), production sharing contracts in accordance with the provisions of Petroleum (Exploration and Production) Act (Cap. 308) or mining license in accordance with the Mining Act (Cap. 306), upon recommendation by the Cabinet Secretary responsible for energy or the Cabinet Secretary responsible for mining, as the case may be.

31. Agricultural pest control products.

32. Syringes, with or without needles of tariff no. 9018.31.00

33. Disposable plastic syringes of tariff no. 9018.31.10

34. Other syringes with or without needles of tariff no. 9018.31.90.

35. Tubular metal needles and needles for sutures of tariff no. 9018.32.00

36. Catheters, cannulae and the like of tariff no. 9018.39.00