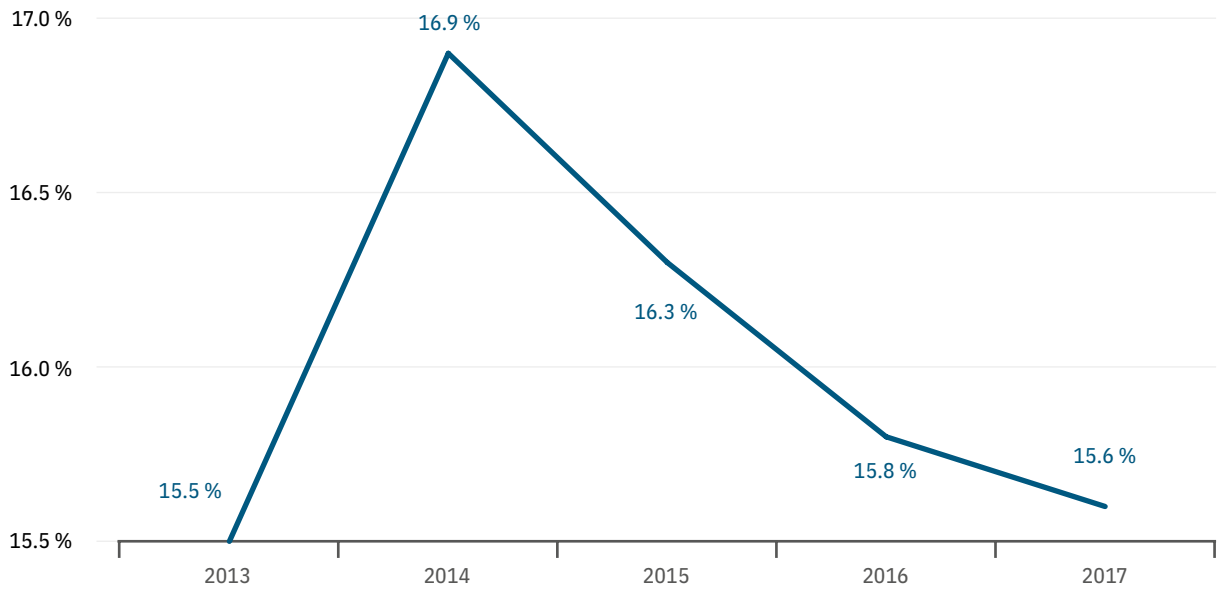




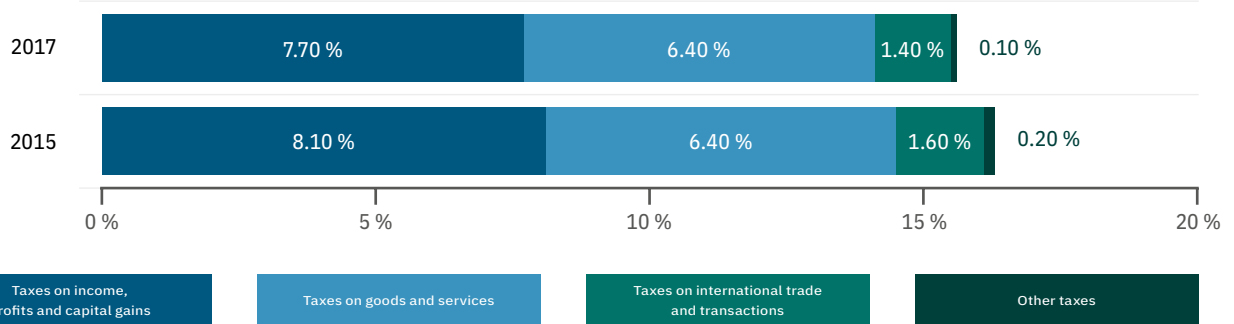
## Kenya

### Stepping up domestic revenue mobilisation



**Tax revenues (% of GDP) (2013-2017)**

Source: Government Finance Statistics (2019), only aggregate values for 2016



**Tax revenues, by sources (% of GDP) (2015 & 2017)**

**Public Expenditure and Financial Accounting (PEFA)**

2012 (2011 framework)

**B+** Transparency of taxpayer obligations and liabilities

**B** Effectiveness of measures for taxpayer registration and tax assessment

**D+** Effectiveness in collection of tax payments

*A = internationally-recognised level of good performance  
D = performance is below the basic level*

**Doing Business, Ease of Paying Taxes 2017 (DB 2018), values from 2016 (DB 2017) in parentheses**

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
26 (31)	185.5 (195.5)	37.4 (37.4)	62.03 (32.1)

**Overall ranking**  
92 / 190 (125 / 190)

**Global Competitiveness Report (2017-2018), values from 2016-2017 in parentheses**

Effect of taxation on incentive to work  
3.9/7; Rank 73/137 (3.9/7; Rank 70/138)

Effect of taxation on incentive to invest  
3.6/7; Rank 71/137 (3.6/7; Rank 71/138)

**Recent reform steps**

Administrative measures of the Kenya Revenue Authority (KRA) on technological advancement include:

- iTax, which will be used with the objective of enhancing tax compliance through efficient and effective automated **services to taxpayers**. iTax was rolled out in 2015, but more enhancements are ongoing to accommodate various user needs.
- iCMS, which is geared towards automating all **customs processes** while adopting the best technology, practices and facilitating trade. Through this platform, the KRA integrates all the different systems used for customs processes to one point of access, thereby managing customs operations with less paperwork and providing faster clearance. Several modules have been rolled out, including carrier, passenger, air imports, manifest and security bonds modules. The full iCMS suite is expected to go live in June 2019. The scanning of cargo is expected to be improved through the use of iScanner, which is a non-intrusive cargo inspection aimed at improving voluntary **compliance**.
- iCarem which aims to achieve full electronic customer delivery. The system has the bulk sms technology capability to enhance **communication with taxpayers**.

## Progress achieved

Apart from administrative achievements, the KRA pursues revenue mobilisation through transformation by embracing technology, data-driven decision making and tax base expansion. This is in line with the 7th corporate plan, which was launched in January 2019. Data-driven driven compliance is the current focus by the KRA.

In the sixth corporate plan, the KRA achieved **95.7% automation level**, which is bound to enhance DRM efforts. At the same time, a number of key performance indicators aimed at enhancing domestic revenue were met, e.g. the achievement of the targeted weighted **compliance** of 65%, becoming a lead boarder agency at all 29 terrestrial land borders and surpassing the target in payment rate in key taxes throughout the plan period.

The overhaul of the Income Tax Act started in 2017 and the draft is currently under review by the National Treasury of Kenya.

## Ensuring policy coherence for development

Kenya is working towards coherent domestic policies through the assignment of appropriate roles to various taxes. Some of the suggestions to the current Medium-Term Plan include:

- Minimising tax incentives to areas demonstrating positive returns for the taxes foregone and, in particular, eliminating redundant tax incentives;
- Ensuring that the value added tax (VAT) serves as a broad-based consumption tax (with limited distributional functions), with the Income Tax Act being the primary instrument for redistribution through progressive taxation. Excise taxes should target negative externalities and social “bads” while protection should largely be the role of import duties.

Various government agencies collaborate on a number of issues that are of interest to them through a Memorandum of Association. The KRA is involved in the:

- Multi-agency approach in the fight against illicit trade;
- One stop boarder point;
- Boarder security committee;
- Pre-export Verification of Conformity, implemented by the Kenya Bureau of Standards, KRA and Kenya Ports Authorities.

