KENYA 2024 PROPOSED FINANCE BILL

HOW TO PROTECT YOURSELF

PROPOSED STRATEGIES AND MEASURES

Here are some strategies that Kenyans can consider to protect themselves and potentially reduce their tax liabilities:

Motor Vehicle Tax:

Given the introduction of a new motor vehicle tax based on vehicle value, individuals may consider evaluating their vehicle ownership and exploring options such as leasing

Excise duty taxes:

Consumers of alcoholic beverages, telecommunications services, and internet data should prepare for potential price increases due to higher excise duties. Exploring cost-effective alternatives or adjusting consumption patterns may be advisable.

Excise Duty on financial services:

Individuals using financial services like credit/debit cards or engaging in forex transactions should anticipate the impact of the proposed 16% VAT. They can explore alternative payment methods or financial instruments to optimize tax efficiency.

Taxation of Registered Family Trusts:

With income from registered family trusts becoming taxable, individuals & corporations should review their trust structures and seek advice on potential restructuring or alternative investment options to minimize tax implications.

Taxes on Plastics:

Given the proposed reinstatement of a 10% excise tax on all plastic, individuals and businesses should consider reducing plastic usage or exploring eco-friendly alternatives to mitigate tax liabilities.

Import Taxes:

Given the increase in the Import Declaration Fee, explore local alternatives for certain imported goods or negotiate with suppliers for bulk discounts to offset the higher fees.

FUNGUO CONSULTANTS

www.funguoconsultants.com

Top Up Tax on Multinationals:

For individuals working in multinational corporations affected by the top-up tax, consider advocating for increased transparency and compliance within the organization to ensure the effective tax rate remains above 15%. This may involve engaging with tax advisors or legal experts to navigate the complexities of international taxation.

Eco Levy

To mitigate the impact of the Eco Levy on consumer goods like office machines, calculating machines, phones, and accessories, Kenyans can consider purchasing durable products that have lower levy rates or exploring alternative eco-friendly options where feasible.

Tax on Infrastructure Bonds:

Review investment strategies and consider alternatives to infrastructure bonds if the income will now be taxable, seeking advice from financial advisors on tax-efficient investment options.

Export and Investment Promotion Levy:

For exporters and producers of items affected by the reduced export and investment promotion levy, consider leveraging this benefit to boost production and export activities.

Pension Deductions:

Take advantage of the increased allowable pension deduction by contributing more towards pension schemes, which not only reduces taxable income but also ensures better financial planning for retirement.

Data Protection Act Amendments:

Stay informed about the implications of the Data Protection Act amendments and ensure compliance with data privacy regulations. Safeguard personal and sensitive information to mitigate risks associated with increased access by the Kenya Revenue Authority (KRA) for tax assessment purposes.

Treatment of Contributions:

Take advantage of the new treatment of contributions by maximizing contributions to the Social Security Investment Fund (SSIF), post-retirement medical benefits, and the affordable housing levy as deductible expenses to reduce taxable income.

Overall, proactive tax planning, investment diversification, and strategic financial management are key to adapting to the proposed tax changes and minimizing their impact on individual taxpayers and businesses in Kenya. Consulting with tax professionals and financial advisors can provide personalized guidance tailored to your individual circumstances.