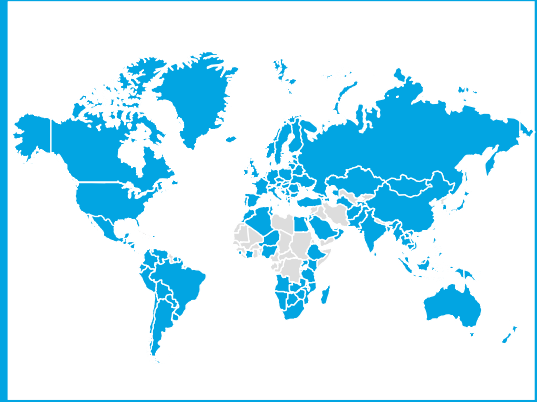


INPATRIATES

Kenya

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

The general rule on taxation of employment states that *“income shall be deemed to have accrued or derived from Kenya if an amount is paid to; (a) A resident person who is in employment in Kenya or outside Kenya and, (b) A non-resident person who renders employment services to an employer who is resident in Kenya or to a permanent establishment of a non-resident employer.”*

Individuals are liable to tax their employment income as follows:

- Resident Individuals are taxable on worldwide employment income; and
- Non-resident individuals are taxable on the income received from employment with a resident company or a permanent establishment (PE) in Kenya of a non-resident company. Therefore, non-residents pay tax only on income sourced from Kenya.

A person is resident in Kenya if;

- They have a permanent home in Kenya and are in Kenya even for a single day in the tax year (calendar year); or
- They do not have a permanent home in Kenya but are in Kenya for 183 days or more in aggregate during the current tax year; or
- They were present in Kenya in that income tax year and in each of the two preceding years for periods averaging more than 122 days in each year.

REGISTRATION/FORMALITIES

An employee entering Kenya should secure the following with the applicable governmental agency:

- Obtain a work permit;
- Obtain an Alien Card;
- Obtain Tax Registration Certificate;
- Obtain NSSF registration Certificate;
- Obtain NHIF registration Certificate.

SOCIAL SECURITY CONTRIBUTION

In addition to PAYE, other deductions are as outlined below:

- National Social Security Fund (NSSF): Monthly standard contributions of USD 21.6. This contribution is for retirement pensions. Exemption may be granted to individuals that have less than three years employment contract with prior approval by the Cabinet Secretary. Proof of a similar benefit fund in home country is necessary.
- National Hospital Insurance Fund (NHIF): Monthly standard Contributions of USD 17. This contribution is for health insurance.
- National Industrial Training Levy (“NITA”): This has been changed to an annual contribution of KES 50 per month per employee effective March 2020, payable to the Directorate of Industrial Training.

PAYE CHANGES IN THE UNCERTAIN TIMES:

The changes effectively reduce tax payable and increase disposable income in the market to stimulate the economy during the COVID-19 pandemic with effect from April 2020.

PAYE Relief :

100% tax relief for persons earning gross monthly income of up to KES 24,000.

Personal Tax Relief :

The monthly tax relief is increased to KES 2,400 per month (annual is KES 28,800) from a monthly rate of KES 1,408.

Highest Tax Bracket :

The highest tax bracket has been reduced from 30% to 25%.

New PAYE Bands

Monthly (KES)	Tax Rate
First 24,000	10%
From 24,001 to 40,667	15%
From 40,668 to 57,333	20%
Above 57333	25%

WITHDRAWAL FROM RETIREMENT BENEFITS SCHEMES TO ENJOY LOWER TAX RATE

Withdrawals from registered retirement benefits schemes is adjusted to increase net withdrawals. This will increase net withdrawals for pensioners and designed to support individuals during the projected hard economic times.

Withdrawals after 15 years from date of joining fund or on attaining 50 years or early retirement on grounds of ill health or infirmity	
Tax rate after tax free amount (Annual in KES)	Tax
First 400,000	10%
Next 400,000	15%
Next 400,000	20%
Above1,200,000	25%

Withdrawals after 15 years from date of joining fund or on attaining 50 years or early retirement on grounds of ill health or infirmity	
Tax rate after tax free amount (Annual in KES)	Tax
First 400,000	10%
Next 400,000	15%
Next 400,000	20%
Above1,200,000	25%

For further information and to register for future updates contact expat@bdo.global

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