

Diaspora Information Pack



Tax & Customs



3 million+
Kenyans in the Diaspora

(According to Ministry of Foreign Affairs figures, new data shall be available after the national census results are made public)



Guiding Documents:
Kenya Diaspora Policy



2.98% of NGDP
Diaspora Contribution to GDP



Ksh 274.37 billion
Annual Remittances {2019 CBK figures}



Kenya Revenue Authority's Diaspora Agenda

The purpose of this information pack is to equip Kenyans living abroad with solutions to their tax and customs questions. This document shall be reviewed annually based on Policy changes and needs communicated indirectly to the authority through partner agencies, and directly through the frontline customer service experience.



About KRA

The Kenya Revenue Authority (KRA) was created by an Act of Parliament (Chapter 469 of the laws of Kenya) in July 1995 to collect, administer and account for revenue on behalf of the Government of Kenya (GoK).

The Authority's 7th corporate plan (2019 – 2021), seeks to support the Government's Big Four Agenda and the Third Medium Term Plan of Vision 2030. KRA's main contribution to both initiatives rests primarily on the mobilization of resources to fund the activities envisaged. KRA's Transformation Agenda seeks to build on foundations laid during the 6th Plan that saw a shift from Enforcement to Taxpayer Facilitation. On a global front we seek to achieve this by our vision which is to be a globally trusted revenue agency facilitating tax and customs compliance, through strategic outcomes aimed at improving the country's business environment, bettering the ease of doing business score and hence achieving improved compliance through data driven decision making and a growth in revenue collection. The Authority aims to achieve this by improving and simplifying tax payment processes, ensuring effective and efficient tax administration as well as enhancing Border Control services.

As a Tax Agency, we intend to increase our customer satisfaction levels, encompassing our taxpayers in the Diaspora. As such, KRA has an International Relations and Diplomacy Office (IRD); which seeks to provide support through nurturing, sustaining and leveraging relationships with multilateral and bilateral partners based in various locations where our citizens are based.



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Requirements for Kenyan Citizens:

Every Kenyan Citizen who has a Personal Identification Number (PIN) is required to file their tax returns by law. For Kenyans living and working in the diaspora, this is what you should know:

1. Who should have PIN: Any Kenyan citizen or Individual/ Entity within Kenya who is employed, has a business, has rental income, wishes to apply for a Higher Education Loan, or intends to perform any transaction within Kenya.

NOTE: A Non-resident Kenyan or a Non-Kenyan resident within or outside Kenya can also apply for a PIN using the requirements provided in the law. A foreign company can also apply for a PIN as a subsidiary

(Link for Non-Kenyan non-resident pin application)

2. Instances when you would be required to use a KRA PIN include, but are not limited to: :
 - a. Land transactions (registration, purchase, transfers, land rate payments)
 - b. Building construction and trade licences (plans approvals, business permits, and County payments).
 - c. Registration of motor vehicles/ business names/ companies etc.
 - d. Opening a bank account in Kenya, as well as, but not limited to any other bank transactions, KPLC power connections, Water meter connections, HELB loan.

The full list is available on the KRA website.
3. Tax Obligations: For Kenyans with a PIN,
 - a. Income Tax – Applicable to both residents and non-residents. Individual Income Tax is required for anyone drawing wages from organizations

registered in Kenya, including non-residents (Within the country and those from countries with no double taxation agreement with Kenya). A how to video can be found on YouTube on *Stori za Ushuru*.

Every Individual with a KRA PIN is required to file an Individual Income Tax Return annually, on or before 30th of June of every year (anytime from 1st January to 30th June of the following year). This submission of returns is done online on the KRA iTAX platform.

Kenyans in the diaspora are encouraged to visit any home missions abroad to receive filing support or any other assistance related to their PIN.

Individuals who possess a PIN and fail to file their return, shall be culpable to an interest accruing penalty for every year for which the return is not filed.

It is important to note that if you do not have an income, it is advisable to file a NIL return. This is **especially for students, and senior citizens** who are not in gainful employment in the diaspora.

Income Tax can be paid by MPESA or through the banks listed on the iTax Online Payment Platform. For support, contact our Support Lines.

- b. Value Added Tax (VAT) Value Added Tax is charged on supply of taxable goods or services made or provided in Kenya and on importation of taxable goods or services into Kenya, payable on or before 20th of the following month.

- c. Pay As You Earn (PAYE): PAYE is a method of collecting tax from individuals in gainful employment. Employers are required to register for this obligation, and deduct PAYE from their employees' salaries and wages at the prevailing rates and remit the same to KRA on or before the 9th of the following month. **Submission is done online on iTax and payments can be made through MPESA or Bank deposit.**

Penalties for late filing is 25% of the tax due or Kshs.10,000 (whichever is higher) while the penalty on late payment is 5% of the tax due and a late payment of 1% per month on the unpaid tax until the tax is paid in full.

More details on VAT are available on this link.

- d. Residential Rental Income Tax: This is tax payable by resident persons on residential rental income accrued or derived in Kenya where the rent income is between **Kshs.144,000** and **Kshs.10 million per annum**. The rate of tax is 10% on the gross rent received and is payable when landlords receive rent from their tenants either monthly, quarterly, semi-annually or annually. However, returns must be filed on or before the 20th day of the subsequent month. No expenses, losses or capital deduction allowances shall be allowed for deduction from the gross rent.

- e. Other Tax heads:

- i. Withholding Tax
- ii. Instalment Tax
- iii. Advance Tax
- iv. Presumptive Tax
- v. Capital Gains Tax

*** More information and detail are available on the [KRA Website](#) for further clarification ***



Ksh 10,000

The penalty on late filing is between Kshs.10,000 and 5% of the tax due (whichever is higher) and an additional monthly compounded tax of 2% or part thereof such unpaid tax. Penalty on late payment is 5% of the tax due and a late payment interest of 1% per month on the unpaid tax until the tax is paid in full.

More details on VAT are available on this link.

Returning Residents Guidelines:

You are a Kenyan living abroad and you desire/intend to return soon? What are you entitled to bring into Kenya duty free?

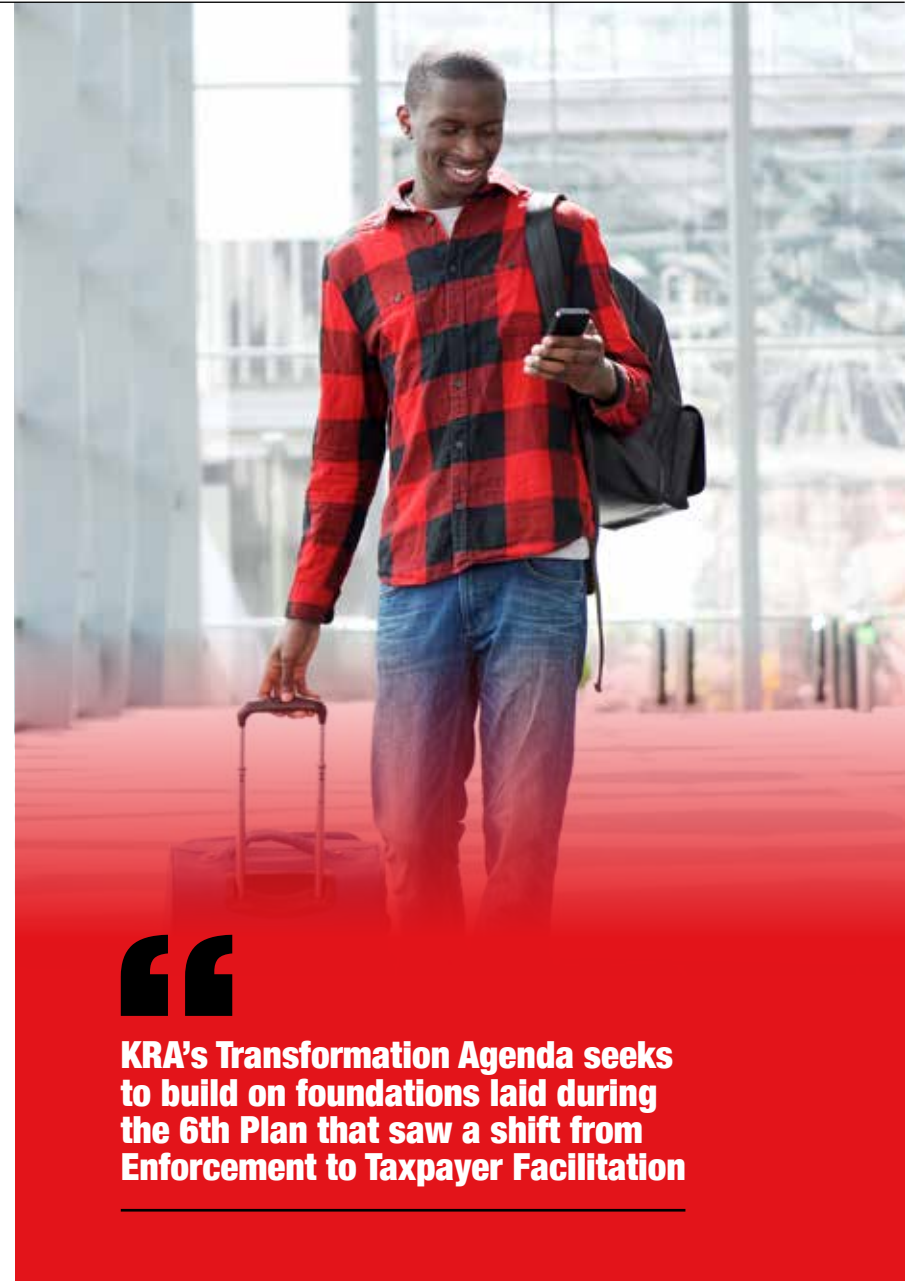
You are allowed, among other items, one motor vehicle (*excluding buses and mini buses*) into the country duty free subject to the following conditions:

- You must have resided outside Kenya for at least twelve (12) months.
- You must have personally owned and used the motor vehicle outside Kenya for at least twelve months.
- The motor vehicle must not be older than 8 years.
- You must have attained the age of eighteen years.
- You must not have been granted a similar exemption previously.

EXEMPTIONS:

Items that may be exempted when imported as baggage by a returning resident are:

- Wearing apparel
- Personal and household effects which were in his personal or household use in his former place of residence



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Motor Vehicle Notices & Regulations:

KENYAN CITIZENS:

Pursuant to the **East African Community Customs Management Regulation (EACCMR) 2010, (Regulation 136 and 137)** and the Traffic Act, Rule 7A (3) the Kenya Revenue Authority (KRA) in collaboration with the National Transport and Safety Authority (NTSA) draws the attention of operators of foreign private motor vehicles in Kenya to the following requirements for application of Temporary Importation of Road Vehicles and Foreign Permits authorization effective **15th December 2017**.

Prior to gaining entry approval, the foreign operator from the **East African Community (EAC)** or **Common Market for East and Southern Africa (COMESA)** Countries must have a valid Temporary Importation of Road Vehicles Form (Form C32) which is issued at the Border Station.

To obtain a Form C32, an individual **MUST**:

1. Be a foreigner with foreign identification
2. Have a valid work permit or proof of residency, if Kenyan.
3. Have the foreign Motor Vehicle Registration Book in his/her name.
4. Have a valid Power of Attorney or authorization to operate the vehicle from the Motor Vehicle Owner, in case the operator is an agent of the owner.
5. For diplomats, one must prove that they have on going diplomatic status. In addition, must proof that they work in a diplomatic capacity e.g. Valid Diplomatic identification.

Individuals without these documents from the EAC and COMESA countries will not be issued with a Form C32 or be allowed to locally operate a foreign registered motor vehicle and any such vehicle operated without the above will be impounded.

NON – KENYANS:

Prior to gaining entry approval, a foreign operator from Countries **outside** the EAC or COMESA Countries must have a valid International Circulation Permit from Country of Origin (Carnet de Passage en Douane) or Pass Sheet issued from their Country of Origin. This Carnet de Passages en Douane must be valid for use in Kenya

In addition to this, he/she **MUST** provide:

1. Foreign identification
2. Proof of residency in the foreign country, if Kenyan.
3. Have the foreign Motor Vehicle Registration Book in his/her name.
4. Have a valid Power of Attorney or authorization to operate the vehicle from the Motor Vehicle Owner, in case the operator is an agent of the owner.

Individuals without these documents will not be allowed entry in to or to locally operate a foreign registered motor vehicle and any such vehicle operated without the above will be impounded.

In addition to having a Form C32 or an International Circulation Permit from Country of Origin (Carnet de Passage en Douane), an operator of a Foreign motor vehicle **must** apply for a Foreign Motor Vehicle Permit.

To make an application for a foreign permit, an individual will require:

1. A valid Form C32 or an endorsed valid International Circulation Permit from Country of Origin (Carnet de Passage en Douane)
2. Certificate of COMESA Insurance
3. An online account on eCitizen which will be used to make the application.

The initial application for the Foreign Permit will be done upon entry into the country and will be issued based on the following categories:-

1. A **paid up** foreign permit, valid for a month, will be issued to vehicles on tour in Kenya with an International Circulation Permit from Country of Origin (Carnet de passage en douane).
2. A free fourteen-day temporary permit will be issued at entry points to **only vehicles** with a Form C32 entering Kenya.

No vehicle will be allowed out of a Customs Border Station without the owner being in possession of either a Form C32 or Carnet de Passage and a Foreign Permit.

On expiry of fourteen days or granted period, the applicant, may seek an extension of their Form C32 and Foreign Permit from the **Customs and Border Control Department, Enforcement Division Regional Offices**. Extension of the Form C32 and Foreign Permits SHALL not be allowed unless the Customs Officer physically verifies the vehicle and is satisfied that a justified reason for the extension has been given.

All operators of foreign vehicles whose vehicles do not meet the above requirements MUST re-export their vehicles with immediate effect and any contraventions will lead to enforcement actions including impounding of the said vehicles.

For any enquiry/clarification in relation to this matter, please **Email: foreign.motorvehicle@kra.go.ke** or call our contact centre on **Tel: +254 20 4999 999 / 711 099 999**

What are the procedures and requirements for importation into Kenya and clearance through Customs?

To import any commodity into Kenya, an importer will have to enlist the services of a clearing agent who will process the import documentation through Kenya Customs electronically on the Simba 2005 system and clear the goods on behalf of the importers. An import declaration fee (IDF) of 2%



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of the Customs Value is payable. Customs will assess duty payable depending on the value of the goods and the duty rate applicable. The East African Community Common External Tariff prescribing the duty rates of imported items is available at the [KRA website](#).

How much duty can I expect to pay on importation of a second hand motor vehicle? The duty payable on the importation of a motor vehicle is as follows:

1. Import Duty: 25% of the Customs Value (CIF) of the vehicle
2. Excise Duty: 20% of the (CIF + Import Duty)
3. VAT: 16% of the (CIF value + Import Duty + Excise Duty)
4. Import Declaration Form (IDF): 2% of the CIF value
5. Railway Development Levy (RDL): 1.5% of the CIF CIF – This is the customs value of the vehicle i.e. the Cost, Insurance & Freight paid for the vehicle. The CIF value of the vehicle is also deduced from the Current Retail Selling Price (CRSP) of the vehicle.

What are the requirements to enable someone to travel across Kenyan borders by road with a personal car?

For Kenyan residents traveling with a vehicle registered in Kenya, you will have two options;

1. Deposit your logbook with Customs at the point of exit or border and collect it upon re-entry into the country.
2. Alternatively, you could deposit your logbook with Customs - Motor Vehicle Valuation Section at Forodha House, Jomo Kenyatta International Airport. For foreigners, a carnet de passage may be obtained. This document is issued by the Automobile Association (AA) office in any country.

DIPLOMATS:

TAX REQUIREMENTS:

Diplomat (Residing in Kenya)

- Original Passport and a copy.
- Diplomatic card and a copy.
- Letter of introduction certified by Ministry of Foreign Affairs.
- Copy of exemption page endorsed on passport.
- KRA Acknowledgement Receipt.

Non-residents receive an acknowledgement receipt which they should present to the Kenyan Consulate in your resident country alongside other relevant documents, to complete their registration process.

Frequently Asked Questions:

- a. What is tax relief?
- b. Which are the various tax reliefs associated with Individual Income Tax Filing?
- c. Are there exemptions? Who do these exemptions apply to?
- d. Why would I need to pay income tax if I'm employed in a different country other than Kenya?
- e. How can I apply for PIN dormancy?
- f. How can I retrieve my KRA PIN if I lost it?
- g. How do I apply for a tax compliance certificate?
- h. What can I amend my email address after forgetting the old one?
- i. I need my erroneous VAT/PAYE cancelled. What is the process of cancelling an obligation?
- j. Can I file all returns on [iTax](#)?
- k. What do I do when I get a positive figure as my tax due after filing my returns?

- l. What is the penalty for late filing of monthly rental income tax return?
- m. How can I amend an error in an already filed return?
- n. How do I make a payment on [iTax](#)?
- o. How can I add branches to my company PIN on [iTax](#)?

Ministry of Foreign Affairs:

For support in Kenyan Missions Abroad – [Stable link](#)

The ministry of foreign affairs through its [Service Charter](#), section on “Citizens Service Delivery Charter” shall process VAT Exemptions for Diplomatic Entities within 30 days of receiving all the requisite documents, among them:

- Host Country agreement for international organizations
- Note Verbal
- Certified Diplomatic Identification Card or Notification of arrival
- Completed exemption form
- Certified copies of Invoices / Receipts
- Certified copies of logbook (for vehicle purchases)
- Certified copies of contracts (as applicable)
- Completed Pro 1A & 1B

KRA Contact Centre:

Do you have a Question?

Call us on: [+254 20 4 999 999](#) or [+254 711 099 999](#);

Email us: callcentre@kra.go.ke or visit our website: <https://www.kra.go.ke>

In the Diaspora you can also visit the Ministry of Foreign Affairs Consulate Offices closest to you. Find a list of our consulates/embassies across the world here:

KRA Contact

International Relations & Diplomacy

Phone Number: +254 (0) 20 281 8012/ +254 (0) 20 208 6649

Email Address: ird@kra.go.ke

Tulipe Ushuru Tujitegemee!

FILING SEASON EXTENDED HOURS:


SERVICE CENTRES	WEEKDAYS	WEEKENDS
Contact Centre	6:00 a.m. – 12:00 Midnight (3 rd - 28 th June)	9:00 a.m. – 4:00 p.m. (Saturdays) 9:00 a.m. – 1:00 p.m. (Sundays) 9:00 a.m. – 12:00 Midnight (29 th & 30 th June)

Diaspora Information Pack



For Inquiries:

 callcentre@kra.go.ke

 0711 099 999

 www.kra.go.ke

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 Kenya Revenue Authority

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