



**ALERT ON THE TAX
PROCEDURES
(AMENDMENT) BILL,
2024**

Aug-24



The Cabinet Secretary for Treasury Hon. Mbadi (the “CS”) during his vetting before the National Assembly outlined that he would reintroduce the positive amendments contained in the rejected Finance Bill 2024. To actualize this strategy, the Tax Procedures (Amendment) Bill, 2024 (the “Bill”) has been drafted and published.

This alert provides a brief overview of the amendments to the Tax Procedures Act, 2015 (the “TPA”) introduced proposed by the Bill.

1. Tax amnesty

The Bill seeks to extend the deadline for the tax amnesty program introduced by the Finance Act 2023 from 30th June 2024 to 30th June 2025. This will allow taxpayers who have principal taxes that accrued on or before 31st December 2022 to get waiver on the interest and penalties accrued on the principal tax. This will particularly be beneficial to taxpayers who did not pay up any outstanding taxes by 30th June 2024.

The Kenya Revenue Authority (the “KRA”) reported that it received tax revenue of Kshs. 43.9 billion from the tax amnesty program and we believe this amendment is a win-win for both the State and the taxpayer.

2. Relief for the KRA in collecting irrecoverable taxes

The Bill seeks to give the CS, with approval from the National Assembly, the power to forgive taxes that are deemed irrecoverable. The KRA will be required to identify and refer instances that warrant this relief to the CS who will consider it and can either wholly or partly approve the relief. Upon approval, the CS will publish in the Kenya Gazette the names of the taxpayers and the reasons for granting the tax relief. Afterwards, the CS will submit the list to the National Assembly which may then approve or reject the relief granted.

It is interesting to note that this provision was previously in the TPA but repealed by the Finance Act 2023 with effect from 1st July 2023. The requirement for tabling before the National Assembly has, however, been added.

This amendment is partly motivated by the need to enhance the efficiency of the KRA by freeing them from the obligation to go after taxes even when they are deemed irrecoverable.

3. Timelines for lodging objections and appeals

Saturdays, Sundays and public holidays are proposed to be excluded when computing time to lodge objections with the KRA and appeals to the Tax Appeals Tribunal, the High Court and the Court of Appeal.

The intention is to temper the harshness of the strict timelines in the tax dispute resolution process. For example, a notice of objection must be lodged within thirty (30) days from the date of receiving an assessment. Failure to do so means the tax assessment is confirmed and agency notices ensue which action has great financial implications for the taxpayer. Limiting the timelines to working days is a step towards the right direction as taxpayers will have ample time to prepare and file their objections and appeals.

*This legal alert is for information purposes only. Legal advice should be sought on the views expressed herein.
Please do not hesitate to contact us in case of any questions.*

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