16th June, 2011

BUDGET 2011

NEWS LETTER

The budget for 2011 was read by the finance minister on 8th June 2011. Please get sometime to go through this budget newsletter which has been compiled from the Finance Bill 2011.

Some of the highlights require your immediate attention.

INCOME TAX

- No changes for both personal tax brackets as well as corporation tax.
- With effect from 9th June 2011 employees having several employers will only claim personal relief once.
- With effect from 9th June 2011 individuals whose income is from employment and PAYE has been remitted by the employer will no longer file self assessment returns.
- With effect from 9th June 2011 the commissioner has been empowered to enforce registration of taxpayers in circumstances where they refuse to register.
- With effect from 9th June 2011 taxpayer's accounts shall only be presented in Kenya shillings and in either English or Kiswahili.
- With effect from 9th June 2011 the deemed interest on free loans advanced by related non-resident companies to thinly, capitalized companies will be prescribed by the commissioner and not the average 91 days Treasury bill rate per the previous budget.
- With effect from 1st January 2012 A Real Estate Investment Trusts (REITS) registered by the commissioner will be exempt from corporation tax and income earned by the shareholders from REIT will also be exempt. But any interest or dividend income that is earned by such REIT will be subject to withholding tax at the specified rates.
- Medical services or insurance provided by an employer to his employees and their dependants is now an exempt benefit which was previously restricted to permanent employees only.
- With effect from 9th June 2011 withholding tax on management, professional and training fees increased from 5% to 10%.
- With effect from 1st January 2012 withholding tax introduced for winnings from gaming and betting at 20%.

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VALUE ADDED TAX

- No change on the general rate at 16%.
- The new VAT draft bill will be posted on the treasury website for your comments and thereafter the revised VAT bill will be reviewed in a stakeholder's workshop scheduled for end of august 2011.

CUSTOMS AND EXCISE DUTIES

Import duty reduced/exempted as well as excise duty on various items, you can refer to the finance bill for this.

CONCLUSION

The information contained in this newsletter is for guidance only which is subject to amendment by the finance Act 2011. We will not accept liability for any errors or omissions caused by negligence or otherwise

HEAD OFFICE CONTACTS

Shelter Afrique House
Ground Flr, Mamlaka Road
P.O Box 23933 – 00100
Nairobi, Kenya
Tel: +254(20)2719264, 2721267
Fax +254(20) 2715431
Email: c.mmaingi@orange.co.ke

NAKURU BRANCH

Shree Hari Enterprises Building
1st flr, Industrial Area
p.O Box 1421 – 20100
Nakuru, Kenya
Tel: +254(20)2719264, 2721267
Fax +254(20) 2715431
Email: magrasool@gmail.com

REGIONAL OFFICE

Kampala, Uganda
Fairway Hotel
Kampala, Uganda
Email – godfreykampani@yahoo.com