

# PARLIAMENT OF KENYA

## THE NATIONAL ASSEMBLY

### THE HANSARD

Tuesday, 22<sup>nd</sup> June 2021

The House met at 7.00 p.m.

*[The Temporary Deputy Speaker  
(Hon. (Ms.) Jessica Mbalu) in the Chair]*

### PRAYERS

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Order, Members! The Members who are walking in, please, try to be a bit fast so that we can start the business of the day.

### QUORUM

Order! Hon. Members, I have confirmed that we do not have the numbers for us to be able to start the business of the day. So, I order that the Quorum Bell be rung for 10 minutes.

*(The Quorum Bell was rung)*

Order! Hon. Members, I order that the Quorum Bell be stopped. We can start the business of the day. Please resume your seats. We are getting to the Committee of the whole House under Order No.8.

### COMMITTEE OF THE WHOLE HOUSE

*(Order for Committee read)*

*[The Temporary Deputy Speaker  
(Hon. (Ms.) Jessica Mbalu) left the Chair]*

### IN THE COMMITTEE

*[The Temporary Deputy Chairman  
(Hon. Patrick Mariru) took the Chair]*

**The Temporary Deputy Chairman** (Hon. Patrick Mariru): We shall consider the Appropriation Bill (National Assembly Bill No.31 of 2021). This will be pretty brief. Let us walk together, Hon. Members.

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## THE APPROPRIATION BILL

(Clause 3 agreed to)

*Schedule*

**The Temporary Deputy Chairman** (Hon. Patrick Mariru): There is an amendment to this. Let us have the Mover. That must be Hon. Kanini. We are on the Schedule.

**Hon. Kanini Kega** (Kieni, JP): Thank you very much, Hon. Temporary Deputy Chairman. There are too many papers here.

Hon. Temporary Deputy Chairman, I beg to move:

THAT, the Schedule be amended as follows...

**The Temporary Deputy Chairman** (Hon. Patrick Mariru): Hon. Kanini, just for guidance, there are two ways to deal with this. We can deal with it vote by vote where you take the Members slowly on each vote explaining the import of each amendment and then we propose and put the Question on each of them, or you can move all the amendments and then we put a global Question at the end. Do you want us to do it vote by vote so that you have a chance to take the Members through the import of the amendment to each vote? If you do it that way, you will carry the Members along. You can do it vote by vote and then we propose and put the Question on each of them.

(Loud consultations)

**Hon. Kanini Kega** (Kieni, JP): The explanation is very easy.

**The Temporary Deputy Chairman** (Hon. Patrick Mariru): It is okay, Hon. Kanini. You can move all the amendments and then we put the global Question, but explain the import of the amendment to each vote so as to carry Members along. After you explain the votes, I will put a global Question at the end.

Proceed. Hon. Kanini. Start with Vote D1021.

**Hon. Kanini Kega** (Kieni, JP): Hon. Temporary Deputy Chairman, very well. These amendments are occasioned by the transfer of funds from the National Treasury to the various ministries because of public participation. In the past, all the public participation money was domiciled in the National Treasury. Currently, if the public participation is to do with water, that money is transferred to the ministry dealing with water. If it is about infrastructure, that money is transferred to the ministry that deals with infrastructure. The funds for public participation for this current financial year have not been disbursed because it is at the discretion of the National Treasury whether to release the funds or not. This time round, we have said that if public participation is about roads, that money is taken to the ministry that deals with roads. The amendments that I am doing are purely on public participation.

Hon. Temporary Deputy Chairman, I beg to move:

THAT, the Schedule be amended as follows:

(i) **D1021 – STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES**

(a) **Programme 0601000 Policing Services**

By deleting the figure in respect to Supply of Kshs1,649,000,000 and substituting therefor with the figure of Kshs1,669,000,000.

**(b) Programme 0629000 General Administration and Support Services**

By deleting the figure in respect to Supply of Kshs2,995,537,400 and substituting therefor with the figure of Kshs3,015,537,400.

(c) By deleting the figure in respect of total Supply for Vote D1021(State Department for Interior and Citizen Services) of Kshs7,131,244,676 and substituting therefor with the figure of Kshs7,171,244,676.

(d) By effecting the consequential amendments in the relevant class sub-totals and the cluster sub-totals.

**The Temporary Deputy Chairman** (Hon. Patrick Mariru): Order, Hon. Kanini. Because the amendments are in the Order Paper, you may not want to read them word for word. You may explain them because the Members already have the figures.

**Hon. Kanini Kega** (Kieni, JP): Very well. Hon. Temporary Deputy Chairman, I stand guided. Basically, this is Kshs30 million which was suggested during the public participation. It is to go towards building police stations.

The next amendment is on Vote D1032 on the State Department for Devolution.

**The Temporary Deputy Chairman** (Hon. Patrick Mariru): So that you are on record, you have moved the amendment on policing services but there is also an amendment to the next programme under 1021 on general administration. It is good for you to also go on record on that one.

**Hon. Kanini Kega** (Kieni, JP): Thank you. I stand guided. We are proposing to increase the amount to Vote D1021 on the State Department for Interior and Citizen Services from Kshs7,131,244,676 to Kshs7,171,244,676. That Kshs30 million increment will go towards construction of police stations. Sorry, it is a Kshs40 million increment.

**The Temporary Deputy Chairman** (Hon. Patrick Mariru): You have explained Vote D1021. You may now move to Vote D1032 because it is still under the Schedule. When you have explained all of them, I will put the global Question.

**Hon. Kanini Kega** (Kieni, JP): Hon. Temporary Deputy Chairman, I beg to move:

THAT, the Schedule be amended as follows:

**(ii) D1032 – STATE DEPARTMENT FOR DEVOLUTION****(a) Programme 0712000 Devolution Services**

By deleting the figure in respect to Supply of Kshs1,123,957,480 and substituting therefor with the figure of Kshs1,153,957,480.

(b) By deleting the figure in respect of total Supply for Vote D1032 (State Department for Devolution) of Kshs1,228,957,480 and substituting therefor with the figure of Kshs1,258,957,480.

(c) By effecting the consequential amendments in the relevant class sub-totals and the cluster sub-totals.

It is the same case with Vote D1032 which is the State Department for Devolution. We are increasing the amount by Kshs30 million. It is still on the same account. We are transferring the funds from the National Treasury to the State Department for Devolution to take care of public participation as contained in the Schedule.

Hon. Temporary Deputy Chairman, I beg to move:

THAT, the Schedule be amended as follows:

**(iii) D1064 – STATE DEPARTMENT FOR VOCATIONAL AND TECHNICAL TRAINING****(a) Programme 0505000 Technical Vocational Education and Training**

By deleting the figure in respect to Supply of Kshs2,208,436,000 and substituting therefor with the figure of Kshs2,238,436,000.

(b) By deleting the figure in respect of total Supply for Vote D1064 (State Department for Vocational and Technical Training) of Kshs2,218,436,000 and substituting therefor with the figure of Kshs2,248,436,000.

(c) By effecting the consequential amendments in the relevant class sub-totals and the cluster sub-totals.

As contained in the Schedule, we are moving the figures. It is important to mention that we are increasing the allocation by Kshs1 million. It is the same effect of transferring the funds to where public participation will be funded from.

**The Temporary Deputy Chairman** (Hon. Patrick Mariru): Just for the record, with regard to Vote D1064, is it increasing by Kshs10 million or Kshs30 million? It is Kshs30 million. You are on record.

**Hon. Kanini Kega** (Kieni, JP): Thank you. It is Kshs30 million.

Hon. Temporary Deputy Chairman, I beg to move:

THAT, the Schedule be amended as follows:

**(iv) D1066 – STATE DEPARTMENT FOR EARLY LEARNING AND BASIC EDUCATION**

**(a) Programme 0501000 Primary Education**

By deleting the figure in respect to Supply of Kshs1,841,200,000 and substituting therefor with the figure of Kshs1,871,200,000.

(b) By deleting the figure in respect of total Supply for Vote D1066 (State Department for Early Learning and Basic Education) of Kshs11,396,600,000 and substituting therefor with the figure of Kshs11,426,600,000.

(c) By effecting the consequential amendments in the relevant class sub-totals and the cluster sub-totals.

It is increasing the funding. The explanation is the same. It is to make sure that the function is followed by resources. We are increasing the allocation from Kshs11,396,000,000 to Kshs11,426,600,000. It is an increment of Kshs1 million. Sorry, it is an increment of Kshs30 million that will go to special schools for the deaf and blind in Mandera County.

Hon. Temporary Deputy Chairman, I beg to move:

THAT, the Schedule be amended as follows:

**(v) D1071 – THE NATIONAL TREASURY**

**(a) Programme 0718000 Public Finance Management**

By deleting the figure in respect to Supply of Kshs19,311,325,738 and substituting therefor with the figure of Kshs17,131,325,738.

(b) in respect of total Supply for Vote D1071 (The National Treasury) the total Development Supply Estimates of Kshs48,727,971,738 be deleted and substituted therefor with the figure of Kshs46,547,971,738.

(c) By effecting the consequential amendments in the relevant class sub-totals and the cluster sub-totals.

The amendment to the allocation to the National Treasury is a deduction from Kshs19,311,325,378 to Kshs17,131,325,378 to take care of all those deductions where the functions have now been transferred. The money was domiciled in the National Treasury but the funds have now been transferred to the various departments and ministries.

Hon. Temporary Deputy Chairman, I beg to move:

THAT, the Schedule be amended as follows:

**(vi) D1091 – STATE DEPARTMENT FOR INFRASTRUCTURE**

**(a) Programme 0202000 Road Transport**

By deleting the figure in respect to Supply of Kshs57,992,390,000 and substituting therefor with the figure of Kshs59,905,890,000.

(b) By deleting the figure in respect of total Supply for Vote D1091(State Department for Infrastructure) of Kshs57,992,390,000. The figure be deleted and substituted therefor with the figure of Kshs59,905,890,000.

(c) By effecting the consequential amendments in the relevant class sub-totals and the cluster sub-totals.

Hon. Temporary Deputy Chairman, as contained in the Schedule, you will see that there is an increment from Kshs57,992,390,000 to Kshs59,905,890,000 in Programme 0202000 - Road Transport. In 90 per cent of the public participation, the participants were more interested in road infrastructure. That is the reason we see that change from Kshs57 billion to Kshs59 billion.

Hon. Temporary Deputy Chairman, I beg to move:

THAT, the Schedule be amended as follows:

**(vii) D1109 –MINISTRY OF WATER, SANITATION AND IRRIGATION**

**(a) Programme 1017000 - Water and Sewerage Infrastructure Development**

By deleting the figure in respect to Supply, Kshs16,861,000,000 and substituting therefor with the figure, Kshs16,996,500,000.

(b) By deleting the figure in respect of total Supply for Vote D1109 (State Department for Water, Sanitation and Irrigation), Kshs33,570,000,000 and substituting therefor with the figure, Kshs33,705,500,000.

(c) By effecting the consequential amendments in the relevant class sub totals and the cluster sub-totals.

As contained in the Schedule, there is an increment from a figure of Kshs16,861,000,000 to Kshs16,996,500,000. This one will go to water reticulation, water pans and all the projects that were proposed in public participation.

Hon. Temporary Deputy Chairman, I beg to move:

THAT, the Schedule be amended as follows-

**(viii) D1152-MINISTRY OF ENERGY**

**(a) Programme 0213000-Power Transmission and Distribution**

By deleting the figure in respect to Supply, Kshs15,767,000,000 and substituting therefor with the figure, Kshs15,768,000,000.

(b) By deleting the figure in respect of total Supply for Vote D1152 (Ministry of Energy), Kshs22,389,000,000 and substituting therefor with the figure, Kshs22,390,000,000.

(c) By effecting the consequential amendments in the relevant class sub totals and the cluster sub-totals.

In this Vote, there is an increment of Kshs1 million for floodlights in a market. There was the proposal for floodlights in a market which was allocated Kshs1 million.

Thank you, Hon. Temporary Deputy Chairman.

*(Question of the amendments proposed)*

*(Question, that the words to be left out be left out,  
put and agreed to)*

*(Question, that the words to be inserted in place thereof  
be inserted, put and agreed to)*

*(Schedule as amended agreed to)*

*(Clause 2 agreed to)*

*(Title agreed to)*

*(Clause 1 agreed to)*

**The Temporary Deputy Chairman** (Hon. Patrick Mariru): Hon. Members, we are done with the Appropriation Bill (National Assembly Bill No.31 of 2021). Mover, Hon. Kanini.

**Hon. Kanini Kega** (Kieni, JP): Hon. Temporary Deputy Chairman, I beg to move that the Committee doth report to the House its consideration of the Appropriation Bill (National Assembly Bill No. 31 of 2021) and its approval thereof with amendments.

*(Question proposed)*

*(Question put and agreed to)*

*(The House resumed)*

*[The Temporary Deputy Speaker  
(Hon. (Ms.) Jessica Mbalu) in the Chair]*

## REPORT AND THIRD READING

### THE APPROPRIATION BILL

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Can we have the Chairperson to report to the House?

**Hon. Patrick Mariru** (Laikipia West, JP): Hon. Temporary Deputy Speaker, I beg to report that a Committee of the whole House has considered the Appropriation Bill (National Assembly Bill No. 31 of 2021 and approved the same with amendments.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Mover, Hon. Kanini Kega.

**Hon. Kanini Kega** (Kieni, JP): Hon. Temporary Deputy Speaker, I beg to move that the House doth agree with the Committee in the said Report. I also request the Leader of the Majority Party to second.

**Hon. Amos Kimunya** (Kipipiri, JP): Hon. Temporary Deputy Speaker, I second and thank Members for this expeditious processing of the Appropriation Bill, so that we can meet the constitutional deadlines that have been set upon this House. It also demonstrates to Kenyans that

the National Assembly will not stand between them and realizing their financial aspirations through the Appropriation Bill.

I second.

*(Question proposed)*

**Hon. Members:** Put the Question.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Do I put the Question?

**Hon. Members:** Yes.

*(Question put and agreed to)*

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): The Mover of the Bill to move the Third Reading.

**Hon. Kanini Kega** (Kieni, JP): Hon. Temporary Deputy Speaker, I beg to move that the Appropriation Bill (National Assembly Bill No.31 of 2021) be now read the Third Time.

I would like to take this opportunity to thank the Members, especially the Budget and Appropriations Committee, for working round the clock to make sure that we do not stand in the way of disbursing funds to the people. With this Appropriation Bill, we know that from 1<sup>st</sup> July, Kenyans will get services. We already have the legal tools to make sure that monies will be disbursed. I request the Leader of the Majority Party to second.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Leader of the Majority Party.

**Hon. Amos Kimunya** (Kipipiri, JP): Hon. Temporary Deputy Speaker, I second.

*(Loud consultations)*

*(Hon. David ole Sankok spoke off-record)*

*(Hon. Raphael Wanjala consulted loudly)*

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Order Members! Order Hon. 001. That must be Hon. Wanjala.

*(Laughter)*

Hon. Members, I know that we have this Evening Sitting. However, it is important to remind ourselves the rules and procedures of the House.

*(Hon. David ole Sankok spoke off-record)*

Hon. 001, you cannot put the Question. You are out of order!

*(Question proposed)*

**Hon. Members:** Put the Question.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): The mood of the House is that I put the Question. I have confirmed that we have quorum in the House for purposes of making a decision here and also in the holding areas.

*(Question put and agreed to)*

*(The Bill was accordingly read the Third Time and passed)*

*(Applause)*

Next Order!

## **BILL**

*Second Reading*

THE FINANCE BILL

*(Hon. (Ms.) Gladys Wanga on 22.6.2021)*

*(Resumption of Debate interrupted on 22.6.2021)*

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Members, Order No. 9 is a resumption of debate that was interrupted on Tuesday, 22<sup>nd</sup> June 2021, in the Afternoon Sitting. Hon. Members, we had Hon. Mugambi Gichuki who had a balance of three minutes. We give priority in speaking to Hon. Mugambi Gichuki.

**Hon Gichuki Mugambi** (Othaya, JP): Thank you, Hon. Temporary Deputy Speaker. Everyone was saying ‘Madam Speaker’ when there was no Madam Speaker on the Chair but now, I have done it the right way. I am addressing Madam Speaker.

I continue with my contribution on the Finance Bill. I support the Committee on the issue of reviewing tax on *boda boda*. We need to pause that tax because as we speak, *boda boda* is the single major employer of our youth in this country. We know they are doing a great job. They are contributing a lot to the economy of this country and the only thing we should do is to support them more but not to tax them more. I join the Committee in opposing this tax on *boda boda* and stand with our youthful investors.

I commend the Committee on the issue of related party transactions. A lot of tax evasions by multinationals in this country are done through related party transactions. If we really want to rein on tax evasion, this is an area to focus on. We would like to see that all related party transactions are above board and are objective, so that we make sure that there is no transfer of profits from where the profits are made to tax havens and to other jurisdictions. This is an area I would support Kenya Revenue Authority (KRA) to make sure that those multinationals that are lucky to make money in this country are also making their contributions to the development of this country through payment of taxes.

On the issue of the period under which we should keep record, this should be synchronized with the Limitations of Actions Act, so that we do not have a recommendation of keeping records at a lesser period than that which is given under that Act.

I beg to support.



**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Very well. We now move to the Member for Navakholo, Hon. Emmanuel Wangwe. You may have the Floor.

**Hon. Emmanuel Wangwe** (Navakholo, JP): Thank you, Hon. Temporary Deputy Speaker. I rise to support this Finance Bill by the Departmental Committee on Finance and National Planning. I also congratulate Hon. Wanga for the very exemplary presentation. I support this Bill on a few grounds which I would want to enumerate.

For instance, the Cabinet Secretary has taken a tax structure of broadening the base; it is the horizontal rather than the vertical approach. This means that there is no increment in tax to the Kenyan people but he has brought on board a wider base where most of the Kenyans who have not been contributing to the taxes shall now have to pay. I also want to support this Bill based on the proposals in the Committee's Report. The proposals that they have laid down are worthy supporting the Bill especially during this Second Reading.

The Committee is recommending that they will be proposing amendments especially to taxation on motorcycles. The proposals in the Bill shall now fall and instead the issues raised towards increment in taxation on motorcycles will have to be lowered in terms of cost. I come from a constituency where the main occupation by the youth is motorcycles. Therefore, if you increase the cost on motorcycles, you will have as well have increased the cost of living of my people. Therefore, through the Committee's recommendations, I want to believe that this is something to push on.

Hon. Temporary Deputy Speaker, bread is as good as history in our Bible. If you increase the cost of bread, you actually touch on the livelihood of the Kenyan people. Those who would want to have a piece of bread will now have to pay more. But now that the Cabinet Secretary has not touched on the increment in terms of taxes on bread, this is something that we have to look at and appreciate. However, Kenyans are making this Budget at a time when there is a very unique scenario - the Coronavirus pandemic. This is something we need to look at. It is something that we must accept and live with.

Therefore, when you look at how the Cabinet Secretary is consolidating to raise funds to fund the Budget, he has assessed the situation, looked at the issues surrounding the pandemic and made proposals that are a bit reasonable. In future, I would want him to look at the taxes in fuel and petroleum. Everywhere, petroleum is like the spinal cord in a human being in our economy. It spreads from the head to the toes. If you touch on petroleum in terms of taxes, you touch on every Kenyan, from the small-scale to the wealthy. I want to ask the Cabinet Secretary to look at means and ways on how to cut on the cost of petroleum in the country *vis-a-vis* the region. Petroleum passing through Kenya to Uganda is cheaper than that in Kenya. This is something that he should assess and look into. For example, the railway tax and other taxes can be reduced if they are contributing to the cost of petroleum so that Kenyans can afford petroleum.

In summary, I want to agree with the Cabinet Secretary and insist that this House should not allow the waiver he wants to take from Parliament. We should not allow that authority to move from the House to the Cabinet Secretary. We must caution him not to amend the laws that were passed by Kenyans from the back door. Let him live up to the works that he was appointed to do. We should punish him for attempting to hit on to the laws that we were given by the people. That is attempting on our sovereignty. He is trying to provoke this House and we do not want him to go that route. We will excuse him for now since it is the first time, but let him not try to do it again. We want him to live up to the laws that the country gave him and not for him to attempt to decide that he can make taxes for Kenyans.

Hon. Temporary Deputy Speaker, should we allow the Cabinet Secretary to go that route, this is something that we will not be able to control. One day, he will wake up and tax anything or put VAT at any rate. We do not want him to go that route. Therefore...

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Order! Hon. Member for Navakholo, kindly resume your seat because we have an intervention from Hon. Omulele, who is on a point of information.

**Hon. Christopher Omulele** (Luanda, ODM): If the Member for Navakholo would allow me, I would like to inform him.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Then let me follow the procedure Hon. Omulele. Member for Navakholo, Hon. Emmanuel Wangwe, do you wish to be informed by Hon. Omulele?

**Hon. Emmanuel Wangwe** (Navakholo, JP): Yes, Hon. Temporary Deputy Speaker. It is important that he informs me.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): You wish to be informed.

**Hon. Christopher Omulele** (Luanda, ODM): Thank you. I just want to inform the Member for Navakholo that the proposal by the Cabinet Secretary for the National Treasury to remove the power to tax from this House in regard to VAT is actually unconstitutional because the power to tax is the very soul of Parliament. It is the sovereignty of the people. That is why the people sent us here as Members of Parliament to debate on the taxes on the people. So, for him to even imagine and contemplate that he can take away that power from this Parliament, in itself, is unconstitutional. So, you are very right that the Cabinet Secretary can be censured for even making that attempt.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Very well for that information to the Member for Navakholo. He can make a comment on it.

**Hon. Emmanuel Wangwe** (Navakholo, JP): Thank you, Hon. Temporary Deputy Speaker. I know Hon. Omulele is a very scholarly minded lawyer and a representative of the great people of Luanda. That guidance is welcome and indeed anyone touching on the heart of the Constitution of this country must face the full force of it. So, we caution the Cabinet Secretary not to even think or imagine that he can do that.

With that, I beg to support the Finance Bill, 2021/2022.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): For Members who have just come in, we are on Order No.9 on the Finance Bill, (National Assembly Bill No.18 of 2021) that was moved by the Chairperson of the Departmental Committee on Finance and National Planning, Hon. Wanga. It is a resumption of debate.

I give the Floor to the Member for Nandi Hills, Hon. Keter Kiptoo.

**Hon. Emmanuel Wangwe** (Navakholo, JP): On a point of order, Hon. Temporary Deputy Speaker.

**Hon. (Ms.) Gladys Wanga** (Homa Bay CWR, ODM): On a point of order, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): There are two points of order. We now have two Members with raised hands. Hon. Members, you do not raise hands and you know why. Please, if you want to have a point of order, and that is why we are paperless, go to the intervention button.

**Hon. Emmanuel Wangwe** (Navakholo, JP): Thank you, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Order! You did not catch my eye. In fact, the Member who caught my eye is the Chairperson of the Departmental Committee on Finance and National Planning. Yes, Hon. Wanga.

**Hon. (Ms.) Gladys Wanga** (Homa Bay CWR, ODM): Thank you, Hon. Temporary Deputy Speaker. I am just wondering whether the Member for Soy is in order to come into the House dressed up in party colours. I also want clarification whether they are using public money voted in the Office of the Deputy President to buy yellow masks and yellow sweaters. I hear they are being distributed somewhere in Karen.

*(Laughter)*

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): So, you have an issue with colours. Let us hear the point from the Whip of the Majority Party. What is out of order?

**Hon. Emmanuel Wangwe** (Navakholo, JP): Hon. Temporary Deputy Speaker, I do not know whether it is because we are seated on the Front Bench with the Chair of the Departmental Committee on Finance and National Planning, but my concern as the Whip of the Majority Party is that Members have begun to act out the fallout that we read in the newspapers. Is that why we can see Hon. Kositany coming to the Floor of the House dressed in United Democratic Alliance (UDA) party colours? I just want to find out if it is in order that the Member can come into the Assembly in party colours.

**Hon. John Mbadi** (Suba South, ODM): Hon. Temporary Deputy Speaker, on a point of order.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Colours again. Let me hear from the Leader of the Minority Party, Hon. Mbadi.

**Hon. John Mbadi** (Suba South, ODM): Hon. Temporary Deputy Speaker, I am really concerned because this House and Parliament must not allow discrimination. I remember some time back before the Handshake, I actually came to Parliament precincts - I did not even come to this House - in Orange Democratic Movement (ODM) colours and the security refused saying I could not come in. Now, the same security and Serjeant-at-Arms have allowed this *tangatanga* Member of Parliament to come in UDA colours. I take offence with this beyond even the ruling from the Floor. Our Serjeant-at-Arms must offer an explanation why when it was ODM then, I was categorically told... In fact, we were with Simba Arati. We were told that we could not come to the precincts of Parliament, not even the gate of Parliament, in ODM colours. Now these are UDA colours which are even uglier than the ODM colour, which is smart orange, very beautiful to see and you allow this ugly yellow colour, we need an explanation on this.

So, Hon. Temporary Deputy Speaker, I ask you to first ask the Member to leave the House and Chamber and then follow through and ask why the Serjeant-at-Arms have allowed him here.

Thank you, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Thank you, Leader of the Minority Party, Hon. Wanga and the Whip of the Majority Party.

Hon. Members, I know these are interesting times. When I look at the colours, unless the Serjeant-at-Arms establishes it is a party uniform, we are all wearing colours including Hon. Wanga who has a red colour whose party I do not know. Then we have those who have colours close to those of the Wiper Democratic Movement of Kenya, if we have to mention parties. Hon. Mbadi, you could not be very far but near the Wiper Democratic Movement colours which we

have. I see Hon. Keter's neck tie is red but, Members, we know our Standing Orders prescribe our dressing code. I know it is a good moment.

*(Loud consultations)*

Order! We need not waste a lot of time on this. I cannot allow a lot of debate on this. Let us move on with debate, Hon. Keter.

**Hon. Alfred Keter** (Nandi Hills, JP): It is very interesting. At the outset, I would like to support the Bill, of course, with amendments by the Committee. I appreciate the work done by the Committee, especially under the leadership of Hon. Gladys Wanga.

I have noticed the input from public participation which is a constitutional provision and the spirit of the law is to guide and have representation because as Members of Parliament, we represent people. The contributions from the public should be respected as per the Constitution. Most of the proposed amendments were made after the input from public participation. The Bill initially had a proposal to delete the requirement for Regulations under the VAT Act, 2013 which was to exempt the National Assembly from approval before gazettelement of VAT Regulations. I support it because unless this House intervenes and oversees the Executive, we will not have a tax regime that will favour the people we represent.

On the Digital Service Tax, this Bill introduces the implementation of that marketplace where a lot of transactions are done online and some are done electronically. We are losing a lot of resources which we would have opportunity to tax.

I said earlier in this Parliament that it is important to have the two committees, namely, the Departmental Committee on Finance and National Planning and the Budget and Appropriations Committee working together because there is an inherent relationship between the two. You cannot budget what you do not have or tax without a plan. So, you must tax with a plan and you cannot plan without taxing it. That is important. I remember in the 11<sup>th</sup> Parliament, we used to have Members of the Departmental Committee on Finance and National Planning sitting in the Budget and Appropriations Committee, so that when you want to budget, most proposals that you make will be in tandem with the taxation regime that you introduced. That is not the case here.

I have also realised that sometimes we do a budget, then again, discuss where to get the resources. It should be the other way round. We should get the resources and then budget. We end up getting a deficit in every budget. Unless we plan properly in terms of where to get the resources available, we cannot understand how to prioritise programmes.

In as much as I am supporting the Bill, it is important for this Parliament to see how in future we can introduce a system where a majority of Members who sit in the Budget and Appropriations Committee also sit in the Departmental Committee on Finance and National Planning, so that when they make proposals to tax, they should be doing that while putting in mind where to put resources in budgeting.

The Bill proposes to amend the Excise Duty Act No.23 of 2015 because it is very inappropriate. For instance, the Excise Duty on motorcycles at Kshs11,000 per unit is too much for the *boda boda* people. There is a proposal to levy a non-fixed Excise Duty which is 15 per cent of the value of each unit. The import of that is to support this sector which is run by ordinary Kenyans who are languishing in poverty and are trying to earn a living. They do many things to get resources to buy the motorcycles which cost about Kshs100,000 each. If you were

to have an Excise Duty of Kshs11,000 per unit, it will be too much for them. It is a good introductory to resolve that.

Generally, this Bill is good. I have seen many things, but I want to be brief. There is even the introduction of the infrastructure bond which we raised in the Budget and Appropriations Committee meeting on how to address financing of most of the infrastructural programmes and projects. I understand that there is a huge pending bill that has been raised from the ongoing projects on infrastructure. The Bill introduces amendments to ensure that you do not tax the interest from the bond to encourage many people to take it for us to raise a lot of resources to put in infrastructural facilities.

An amendment was done by the Departmental Committee on Finance and National Planning to introduce some regulations in the energy sector where there is huge capital intensity in energy projects. If you were to talk about the Kenya Electricity Transmission Company Limited (KETRACO) and the energy transmission sector, it takes billions of shillings to transmit electricity. It is important to encourage people to come with bonds, so that we can transmit power to most parts of this country and utilise the power that we generate from the many companies through the Kenya Electricity Generating Company (KenGen) and green renewable energy. It is a good thing.

As I finalise, it is good to match what you are planning with taxation, so that when you have a huge budget, you try as much as possible to raise funds which will suit or be proper in terms of the implementation of the budget.

I support the Bill. Thank you.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Very well. Let me have Hon. Mboni Mwalika, Member for Kitui Rural.

**Hon. David Mboni** (Kitui Rural, CCU): Thank you, Hon. Temporary Deputy Speaker. I would like to thank the Chairperson, Hon. Gladys Wanga, for good leadership and guiding the Committee to come up with this Bill. I am a Member of that Committee.

First, this Bill seeks to amend several tax laws, namely, the Income Tax, Value Added Tax and the Excise Duty Act. These amendments are aimed at raising revenue to support Government operations and economy recovery after the COVID-19 Pandemic. However, these proposals are really not raising revenue. The net revenue which is supposed to be raised by these measures is only Kshs1.8 billion. This means that to fund the Budget of Kshs3.66 trillion, administration measures are going to be used, so that the Government can raise revenue from other sources.

It is important to note that three sectors, namely, manufacturing, finance and banking, and Information, Communication and Technology (ICT), which constitute 13 per cent of the Gross Domestic Product (GDP), contribute 52 per cent of tax revenue. This means that from the tax revenue which we are supposed to raise in the next financial year of Kshs1.7 trillion, these sectors are going to contribute Kshs884 billion. So, it is important for the Government to look for other ways to raise revenue from the remaining sectors which contribute 87 per cent of the GDP. Otherwise, we are going to face a situation whereby there is going to be a lot of tax evasion and avoidance.

Some of the sectors and firms, because of the tax measures we have been putting in, are going to shift to other countries. This may make this country lose jobs, incomes and poverty levels may increase as well as reduction in economy growth and revenue may go down. It is important to note that currently, a lot of beer and cigarettes which are consumed along the Kenya-Uganda border come from Uganda. We are losing revenue because of these taxes.

This Bill has very important proposals which are going to help the citizens of this country. One of them is tax relief to people who contribute to the National Hospital Insurance Fund. You are all aware that the cost of medicine is very high and the Government policy to achieve universal healthcare is going to be helped by this proposal.

The other important proposal is tax rebates to employees who engage students from the TVET institutions. Instead of saying that the companies which are to benefit from these tax rebates should take 10 students, the Committee proposes five students so that SMEs can also be encouraged to take students and benefit from the tax rebates. That is important and I support it.

There are proposals that are not welcome. We need to look at them and, of course, I do not support them. One of them is under the VAT Act. It proposes changes to taxes from zero-rated to exempt. These taxable services are like ICT and transportation services. Can you imagine, for example, if we were to tax transport companies like owners of lorries, they are likely to move from this country to the neighbouring countries. If they move, we are going to lose jobs. Some countries will not allow drivers from Kenya to drive trucks in their countries. We are likely to lose jobs and Corporate Tax. So, we should not support this as a House.

The Bill also proposes VAT on bread. Bread is something that is consumed by almost everybody in this country, the rich and the poor. Therefore, we should not support it. Bread should remain zero-rated, so that people can access it. Moreover, this country imports 90 per cent of wheat. That means that wheat spines are subjected to international market forces. Therefore, we may not have control over wheat from other countries.

The Bill proposed to delete the requirement of the National Assembly to approve regulations. That, regulations will be done by the Cabinet Secretary without the approval of National Assembly. This proposal should not be supported. Giving a CS these powers is a mistake and we should not support it. We may create a dictator if we give into this proposal.

The Bill proposed to impose Excise Duty of 5 per cent on motorcycles. Everybody knows the importance of motorcycles in terms of *boda boda* transport in rural areas. They provide jobs and income in rural areas. This is a proposal that we cannot support because this taxation will kill that sector and we will lose jobs. If we lose jobs, the crime rate will increase in this country.

The Bill proposes introduction of Excise Duty of 25 per cent on locally manufactured sugar confectionaries. Their prices are going to increase and they are going to be at par with imported sugar confectionaries and white chocolate. This will hurt local manufacturers.

One good thing that the Bill proposes is to give the Retirement Benefits Authority (RBA) powers to appoint KRA in consultation with trustees to recover unlimited pension from employees.

*(Hon. (Ms.) Fatuma Gedi entered the Chamber without a mask)*

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Just a moment, Hon. Member from Kitui Rural. There is a Member in the House who is not wearing a mask. Hon. Members, please, let us ensure that we put on our masks.

*(Hon. Kimani Ichung'wah volunteered to share his mask with Hon. (Ms.) Fatuma Gedi)*

Order! Who is that Member? You cannot purport to share a mask. In fact, not with any other Member, but a lady Member. She has declined your offer. Carry on, Hon. Mboni.

**Hon. David Mboni** (Kitui Rural, CCU): Thank you, Hon. Temporary Deputy Speaker. One good thing that the Bill proposes is to give the RBA powers to appoint KRA in consultation with essential trustees. That is a welcome proposal. Most of the employers, especially county governments, have not been remitting their deductions and that is important.

The Government should look for ways of raising revenue and reduce their dependence on the Exchequer. One of them is that it will reduce expenditure from 6 per cent to 3 per cent which is globally average. This one will give us, at least, Kshs300 billion which we have been borrowing locally. It is important to note that when it comes to tax auditing, it is the least considered factor in terms of encouraging investors to invest. Investors will look at credit availability and skilled labour. The Government should move swiftly and increase the uptake of the public-private partnership projects.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Let us have the Member for Tetu, Hon Mwangi Gichuhi.

**Hon. James Gichuhi** (Tetu, JP): Thank you, Hon. Temporary Deputy Speaker for giving me this opportunity to contribute to this important Bill. I wish to thank the Chairperson, Hon. Gladys Wanga, for her exemplary presenataion. I am a Member of the Departmental Committee on Finance and National Planning. A lot has been said, specifically the issue of bread and motorcycles. What is before this House is a money Bill as defined in Article 110 of the Constitution. This is where we have proposals to levy new taxes, modify the existing tax structures and continuation of the existing tax structures. In other words, it is all about taxes and Government expenditure.

We have the Tax Procedures Act, which is being amended. I want to specifically address the issue contained in the miscellenious provision of the Bill which amends the Capital Markets Act, Cap 485, specifically Clause 45. Clause 45 of the Bill seeks to delete Section 35(17) of the Act. That particular sub-section says that any proposed transaction shall be suspended upon an appeal to the tribunal, but does not give a specific period within which a dispute will be resolved. The Bill sets a 90-day period comencing on the date of appeal for the Capital Markets Tribunal. We always say that justice delayed is justice denied. I am looking at the principals of equity, delay defeats equity and equity follows the law. Before the Bill came to the Committee, there was no time limit upon which appeals would be heard. This Bill introduces a new sub-section and provides a 90-day period. That means that parties to a dispute have a time limit within which to resolve disputes. For that reason, I support the Bill.

Clause 50 of the Bill is on the Kenya Revenue Authority. Several Members have talked about the particular proposal. The amendment seeks to increase the maximum reward to a person who provides information leading to identification of unassessed taxes. The award is to be increased from Kshs100,000 to Kshs500,000 for financial information leading to recovery of Kshs2 million to Kshs5 million. This is a very important amendment because it is going to encourage informants who can volunteer information and get some reward.

Clause 49 of the Bill proposes to introduce a prescribed annual fee to be paid by a registered insurer. This will be effective from 1<sup>st</sup> January 2022. This is a proposal that ensures that there is productivity, growth, competition and investment in the insurance industry. This is not something new. It happens with other bodies like the Law Society of Kenya and medical practitioners. They pay a prescribed annual fee. Once we introduce that specific provision, it will ensure there is growth and more competition in the industry. It will also make sure that only competent players are in the industry.

Clause 44 of the Bill proposes to amend the Miscellaneous Fees and Levies Act by inserting a new item that will refer to such other goods the exemption of which the Cabinet Secretary may determine is in public interest, or promote investment and the value of which shall not be less than Kshs5 billion. This will help attract high-value investments in this country. Through that, we are going to generate more revenue and run this country and finance projects.

Another important provision is in Clause 40 of the Bill. There is an amendment that introduces a new section immediately after Section 108A, which says that where any matter under a tax law is in issue in any ongoing criminal case and is also directly or substantially in issue in any pending civil case, that fact shall not be a ground for any stay, prohibition or delay of either the criminal or civil case. This provision is also as important as the one contained in the Capital Markets Tribunal, which sets a time limit. This is a clause that ensures that justice is not delayed. Justice delayed is justice denied. If there is any pending matter, you cannot go to a court and obtain prohibition or injunction or stay the proceedings.

With those few remarks, Hon. Temporary Deputy Speaker, I beg to support. Thank you for giving me this opportunity.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): We will now have the Member for Kitui West, Hon. Edith Nyenze.

**Hon. (Ms.) Edith Nyenze** (Kitui West, WDM-K): Thank you, Hon. Temporary Deputy Speaker. Let me take this opportunity to support the Bill with amendments as proposed by the Committee, led by the able Chair, Hon. Gladys Wanga. I support the amendment that seeks to introduce post-retirement medical cover in the definition of “retirement benefits” as used in the Retirement Benefits Acts. This Bill proposes to facilitate regulation and registration of corporate trustees that provide services to pension schemes. The corporate trustees are supposed to be registered with the Retirement Benefits Authority. Initially, stakeholders have been registered, like custodians, fund managers and administrators, but corporate trustees have not been registered and regulated. It is very important to regulate them because they offer services for post-retirement medical cover. These are some of the stakeholders in charge of ensuring that retirement funds are well taken care of. It is very important to register them and ensure that they are qualified before they offer such services. This will give members some security and even encourage more people to save for their post-retirement medical cover. It is very important to have a post-retirement medical cover. You realise that Kenyans do not have a good culture of saving for retirement. It is after retirement when most people get sick and they need such a cover very much for them to lead a good life after retirement.

This Bill, therefore, proposes to register the corporate trustees. We need to ensure they are qualified. Currently, the corporate trustees are not regulated by the Retirement Benefits Authority despite them being entrusted with the management of pension funds. It is a risk where corporate trustees do not have the requisite qualification for them to handle pension funds. This Bill, therefore, seeks to amend that in order to ensure that corporate trustees are accountable for their actions.

The Bill also proposes to introduce an annual fee to be paid by registered insurers. This will take effect from 1<sup>st</sup> January 2022. Currently, insurers, once registered, are not required to apply for renewal of their registration. By them renewing their registration, you give some revenue to IRA to undertake activities which are required to regulate the sector in order to cushion consumers especially during this time of COVID-19 when most people have been affected. Many small businesses have been affected and most Kenyans are having a lot of problems because their businesses have gone down. They are becoming poorer.



It is good that the Committee proposes to disagree with the proposal to tax bread, wheat and maize flour. Instead, the Committee proposes to maintain zero-rating on bread, wheat and maize flour, so that the cost of these items can remain the same. In doing so, it means that the suppliers can claim back their VAT.

On the issue of motorcycles, which gives unemployed youth a livelihood, the Committee disagreed with adding 15 per cent. By doing so, it would enable more youth who are unemployed to get income from the business of *boda boda*. It will help them get motorcycles at the same rate as before.

I support the Bill with amendments as proposed by the Committee.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Very well. Member for Isiolo North, Hon. Hulufu Oda, kindly, have the Floor.

**Hon. Hassan Hulufu** (Isiolo North, KPP): Thank you, Hon. Temporary Deputy Speaker for the opportunity to contribute to the Finance Bill, 2021.

I would like to thank the Chair who has also demonstrated that, indeed, our female legislators, when given opportunity, can provide good leadership. This Finance Bill is almost the fifth one we are discussing in this House and without any fear of contradiction, it is the best Report that I have seen from the Committee.

The Bill discusses various proposed amendments to tax laws which are supposed to finance our budget for the financial year starting in July. I am mourning because some Government agencies for which we are raising revenue so that they can protect lives and livelihoods of our people, have failed in their jobs. I lost six innocent constituents who were murdered in cold blood on Sunday because of reckless creation of administrative divisions in contested areas. My people are being forcefully evicted by bandits who seem to enjoy State protection. When we want to retaliate, they are protected by General Service Unit and Rapid Deployment Unit who are paid through our taxes.

I am raising this because I can see some Members of the Departmental Committee on Administration and National Security. It is unfortunate that majority of the people killed while asleep are women. It is as if we are in Somalia where there is no functional Government. A borehole was burnt down at Madowale. We are Kenyans. We pay taxes and so we are entitled to State protection. If we are not protected, we have the capacity to protect ourselves.

I would like to speak to various amendments.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Order, Hon. Member. You are not coming back to the Finance Bill. I thought you were trying to marry your tax issues and the killing. Let us look at our Standing Order on relevance.

**Hon. Hassan Hulufu** (Isiolo North, KPP): I support the proposal on tax relief for the NHIF. It is the main cover for ordinary Kenyans. I am sure this will encourage as many people as possible to take that cover. Bread, wheat flour and maize flour are basic things that Kenyans need as food. As we speak, bread is already a luxury for most Kenyans. Many homes are not able to buy and consume bread. All the same, zero-rating them is very important. Unfortunately, anybody who proposes a tax of 15 per cent on *boda boda* does not live in this country or is detached from the sector which supports majority of Kenyans. I completely oppose that proposal.

In my constituency of Isiolo North, majority of our youth earn their livelihood from *boda bodas* industry. Most of them do not own motorbikes, but ride leased motorbikes and are required to pay Kshs300 per day after deducting the cost of fuel. I am sure tax relief is going to affect this sector. I would like the Committee to seriously consider zero-rating or tax exemption

on *boda bodas*. We need to encourage manufactures of motorcycles to set up assembly plants through tax incentives, so that we can create employment at factory level.

As Members of the National Assembly, we need to seriously consider restoring the Pay-as-You-Earn (PAYE) relief, which was put in place at the beginning of the COVID-19 Pandemic. Whatever we earn as a result of that tax relief normally goes into increasing people's disposable income, and, therefore, will boost the local trade.

I also propose tax exemption for local confectionaries, so that we can protect local manufacturers and local jobs. Unlike my usual self, I am not in a good mood to make a sober contribution because of what has happened in my constituency. I beg to sit down.

I support and allow my other colleagues to contribute.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): The Member for Rongai Constituency, Hon. Moi Kipruto. Kindly, have the Floor.

**Hon. Kipruto Moi** (Rongai, KANU): Thank you, Hon. Temporary Deputy Speaker for the opportunity to make my remarks on the Finance Bill, an annual event that is anchored in the Public Finance Management Act of 2012. Moreover, this Act gives the CS for the National Treasury the mandate to present to Parliament the policy statement and the Finance Bill. The Finance Bill proposes to amend various legislations in the Income Tax Act, the Value Added Tax, the Excise Duty Act and the Tax Procedures Act.

Out of this Finance Bill 2021, there are positive issues arising. In Clause 2, we have the introduction of the infrastructure bond. This bond will enable the Government to raise funds to build roads, bridges and railway lines. That will fast-track the issues of development in the infrastructure department. The Bill also expands the definition of "civil works". Therefore, if you are an investor who builds things like railway lines or water infrastructure, communication and electrical poles, pylons and other electrical supply works, security walls and fencing, that definition will allow their investments to reap some benefits. This is because there will be investment allowances on those issues.

The Bill also introduces relief to individuals who make contributions to the NHIF and also expands the tax rebate list to include employees who engage apprentices from vocational and technical institutions. These are the positive issues of this Bill. In addition, the Bill also decided to avoid double taxation of Excise Duty on internet data. It has streamlined that so that the cost of providing internet services is reduced. On the issue of the capital markets, there is a tribunal created to ensure that cases of appeal are determined within 90 days. Therefore, that is good both for the Authority and the investor.

Since there are some positives in this Finance Bill, there are also negatives to it. These negatives include duties on motorcycles as my colleagues have stated and removing that flat rate of Kshs11,000 per bike to 15 per cent of that excisable value. I believe this will escalate the purchasing price of motorcycles and as we know, Kenya is plagued by high unemployment especially among the youth. In addition, motorcycles provide an alternative avenue for them to seek employment. It will now be a bit difficult and we will plead with the Committee to see whether there could be amendments to that to help the youth.

Finally, the Bill also proposes to increase Withholding Tax services provided to non-residents to those involved in the extraction sector mainly mining and petroleum from 5.6 per cent to 10 per cent. However, I think in the current situation where we are even looking for principal investors in Turkana County to extract petroleum, this will increase the cost of operations in those two particular sectors. Otherwise, *nasema* thank you very much and I support the Bill.

**The Temporary Deputy Speaker** (Ms. (Hon.) Jessica Mbalu): Very well. The Member for Lamu County, Hon. Ruweida Obo Muhamed.

**Hon. (Ms.) Ruweida Obo** (Lamu CWR, JP): Asante Bi Naibu Spika wa Muda kwa kunipa nafasi nami nichangie kwenye huu Mswada wa fedha. Nataka kuunga mkono Mswada huu. Malengo ya Mswada huu ni kuongeza mapato ya Serikali. Mapato ni muhimu kwa sababu kuna mambo mengi ya kufanywa. Kwa hivyo, mambo haya hayatafanyika isipokuwa waongeze mapato.

Nimefurahishwa zaidi na pale kwa wanakandarasi wadogo ambao si Wakenya wafaa kulipa ushuru. Hii ni kwa maana imekuwa kawaida wanakuja wanafanya kazi Kenya, wanachukua pesa zetu na kwenda nayo bila kulipa ushuru. Kwa hivyo, pale nimefurahishwa. Nataka pia niseme kidogo upande wa mafuta. Mafuta yakiongezeka bei, inaongeza gharama zingine za matibabu kwa sababu Wakenya wengi wanabidi kutumia kuni au makaa ambapo moshi unaoingia kina mama unawaathiri mapafu wanakuwa na ugonjwa wa mapafu. Kwa hivyo, vile vile Serikali pia inawajibika kutumia pesa nyingi zaidi katika afya.

Sina mengi, naunga mkono. Asante.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Unaunga mkono. The Member for Tarbaj Constituency, Hon. Gaal Bashane

**Hon. Ahmed Gaal** (Tarbaj, PDR): Thank you, Hon. Temporary Deputy Speaker for giving me this opportunity to contribute to this Finance Bill of 2021 with its amendments. Let me also thank the Committee for doing a good job with its able leadership of Hon. Wanga. Let me take this early opportunity to condole with my colleague and friend, Hon. Hassan Hulufo, for losing six members of this constituency. We condemn such kinds of acts. It is very wrong. Money which would have been spent on useful development projects is now spent on security, which is wrong. In addition, as colleagues from the pastoral community, we get such kinds of problems once in a while and we need to sit as communities and solve these issues.

As much as we would like to broaden our revenue base, unless we cap expenditure, we will have a problem as a Government. Consumption over the years has been increasing and some of the suggestions I will raise to cap these kinds of expenditure are two. One, over the years, there has been an increase in the number of parastatals which are found in the ministries. Ministries have the tendency to increase the number of parastatals. In addition, this also increases costs. I remember sometimes back, there were suggestions that parastatals which were not making profits are either merged or removed altogether. That has to be taken as a serious need to reduce parastatals.

One other aspect which is very important is public-private partnership. We need to have private entities to fund public projects such that the costs are later recovered after the projects are done. That can save on costs from the Exchequer. The traditional ways in which we can raise revenue and broaden the revenue base is to open up areas. If we open up the northern region especially by building the tarmac road from Garissa to Mandera, it will broaden the revenue base since the people who live in those areas are entrepreneurs by nature.

Over the years, since August 2017 when I first joined Parliament, every time I ask why this has not been done, I am told it will be advertised anytime. I do not know what is delaying this project; tarmac road from Garissa to Mandera. The revenue which we will gain from the livestock in the northern region is enormous. As you also know that area is vast and the opportunity to invest in the vast land will be available.

Last but not least is the issue of informers to assess tax evasion and its implementation. I think the KRA should be careful so that people will not use that law and attack their business

rivals. If an amendment is not there, it should be brought to ensure that any person who brings false information on tax, is fined.

I support the Bill.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Let me have the Member for Kinangop, Hon. Thuku Kwenya.

**Hon. Zachary Thuku** (Kinangop, JP): Yes, Hon. Temporary Deputy Speaker. I wish to thank you for this opportunity to support the Finance Bill of 2021. At the outset, I want to applaud the Departmental Committee on Finance and National Planning under the able leadership of the Hon. Member for Homa Bay County and the Vice-Chair, Hon. Member for Roysambu, for bringing such a Bill that is people friendly. This is a true testimony that we have a membership that is a true representation of the people and which looks at issues that are not going to be hard hitting on the people that we represent especially on the issue of zero-rating the things that we consume everyday like *unga*, bread and so forth.

I also want to take an issue with the way we do our thing and this is a debate for another day. It was brought about by one Hon. Member, Hon. Alfred Keter on the issue of what should come first. Is it the horse or the cart? If you are talking about how we are going to raise money to service our Budget, what should come first then, is it the Budget, Appropriation or the Finance Bill? From where I sit, I believe we should start with how we raise the money so that we can plan for the same. As it is today, the cart is ahead of the horse. This is a debate for another day which we need to relook at.

In the same breath, I want to applaud the Committee for thwarting every attempt by the Cabinet Secretary in charge of Treasury to take powers that belong to the National Assembly in matters to do with regulating the VAT, because that is the preserve of the National Assembly and which is enshrined in the Constitution. This is a true testimony that the Committee was thorough and listened to the stakeholders who give their input on this matter. You realise that the Statutory Instruments Act gives the Cabinet Secretaries the powers to legislate, albeit in a delegated way, where they make regulations that go through a committee of this House that is, Committee on Delegated Legislation. I want to bring to your attention that maybe we need to relook into the Statutory Instruments Act because we find that there are regulations that are being passed by the Committee on Delegated Legislation that are really hurting our people. I am talking from a point of pain because we have farmers in my constituency. We grow potatoes and there were some regulations that were passed in 2019 by the said Committee that were brought about by the Cabinet Secretary for Agriculture then. Our farmers are required to register if they were going to do any form of potato farming. They were also supposed to have an association for them to do any potato marketing. It is high time we relooked at this kind of legislation or regulation that is passed by the Committee on Delegated Legislation. If for sure the only thing that gets to this House is the regulation that has been rejected by the committee, then it is self-defeating. As a House, we need to see what is passed by the said Committee on Delegated Legislation.

On the issue of tax relief on NHIF, this is timely and I think it has come in too late. You find that all other insurance covers enjoy tax relief and introducing this to the NHIF is going to ensure that many citizens contribute so that they can enjoy the benefit of the same. In fact, this is going to bring us closer to actualisation of universal health coverage. There is an issue of tax rebates to organisations that give internship to TVET students. For any country or economy to get to industrialisation, this is the way to go. The way to go is to make sure that we empower and give opportunity to people who are doing technical courses, so that we have capacity. That will

encourage many organisations to give internships to our students who are going to help us in the take-off to industrialisation.

I wish to take this opportunity to support this Bill and to congratulate the Departmental Committee on Finance and National Planning for a job well done.

Thank you, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Very well. The Member for Likoni, Hon. Mboko Hamisi, you have the Floor.

**Hon. (Ms.) Mishi Mboko** (Likoni, ODM): Thank you, Hon. Temporary Deputy Speaker. At the outset, I would like to appreciate Hon. Gladys Wanga together with her team for the good work they have done on the Finance Bill of 2021. I just want to agree with her that it is a difficult time for our country. We really want to balance between raising some revenue to ensure that we implement some services to Kenyans and also balancing how we are going to relieve some burden from Kenyans in terms of taxation. I just want to appreciate so many proposals that have been given through the Departmental Committee on Finance and National Planning.

Firstly, I want to talk about the tax relief from those who contribute to NHIF. You remember that among the Big Four Agenda by His Excellency the President, one of them is Universal Health Care. In doing so, giving tax reliefs for those who contribute on NHIF, more Kenyans will be encouraged to make NHIF contributions. I also want to echo the issue of tax rebates for those employers who engage in apprenticeship; who engage our graduates from our technical colleges or universities. As a Member of Parliament representing Likoni Constituency, I have a TVET in my area. I know very soon I will have some graduates with different skills. When doing this, we also encourage our students or our children to undertake these skills because they know very well there is a place where they are going to have some internship and a place where they are going to practise what they have learnt in those colleges.

Another thing that I want to appreciate is the issue of oil exploitation, of taxable services. The Committee has proposed that instead of being zero-rated they should be tax exempted. This is something that is going to encourage a lot of transaction in terms of importation and exportation. The issue of exemption of tax on bread, no matter how we see it, is not a small thing. Today when you go to boarding schools and talk about bread, all the students will be excited. It is like a staple food in boarding schools. So, we welcome that issue of no VAT on bread.

Hon. Temporary Deputy Speaker, the other proposal which I found to be good is the one that ensures the National Assembly has a role in approving tax regulation. Before, we were told that it would be just the Cabinet Secretaries doing that: doing the gazettment without the input of the Members of Parliament. We are representatives of the people in the entire 47 counties and we need to have a role on that. So, I really appreciate that issue.

The other issue which my colleagues have already talked about is that of *boda boda* and that is because of the rate of Excise Duty. *Boda boda* business has created a lot of employment for our youth. So, if you put that Excise Duty on motorcycles, it will really affect this industry. Right now, they have very many challenges. Again, if you put that taxation, it will be a burden. I welcome that because now even the *boda boda* guys are happy to hear that we are talking about their issues.

Hon. Temporary Deputy Speaker, the other issue is about the Retirement Benefits Act which talks about post-retirement medical fund. Right now, we have too many people who have retired. There are Kenyans who are really suffering from cancer and other acute diseases and yet they do not know what to do because there is no fund which can be used to cater for their

medical expenses. I propose and endorse what they have said that there is going to be a scheme in the name of Post-Retirement Medical Fund.

Another issue is the Excise Duty on locally manufactured sugar. Right now, if you just move around here in the streets of Nairobi, you will see several products which are being done from sugar confectionary and white chocolates. Our women, youth and many Kenyans are doing this business. So, if you put that duty, it will be a tall order for them. I really welcome what the Committee has suggested that we should not have that kind of VAT on confectionary.

There was the issue of putting measures to ensure that there is no more tax evasion. Today, in this country, we could be making a lot of money in terms of revenue collection. However, there are too many cases of tax evasion and other tax crimes. Maybe there is no proper system in place to ensure that no more tax evasion happens in this country. There is the proposal that we have in place automatic accounting information. That is something which we really want to echo. We really want to emulate other countries which are doing that.

Hon. Temporary Deputy Speaker, the other issue is on the Kenya Revenue Authority Act, 1998, which says that we need to increase the reward given to those people who will give information regarding those people, institutions or companies that evade paying taxes. Before, it was Ksh100,000, now it is going to be Ksh500,000. I agree with my colleague who said that there must be proper procedures and mechanisms on that because one can just use it politically to defame you or put you in problems. Also, business rivalry can play part in that issue. So, there must be a proper legal framework or procedures which are going to be put in place regarding such issues.

I know there are many issues regarding tax compliance. Many people, even after we have enacted many laws and regulations, are evading paying taxes. This Bill has sealed very many gaps. At least, we can have some collections to ensure that we render services to Kenyans.

On the issue of insurance business in this country, there must be proper regulations. I agree that there must be some regulations for all insurance companies or businesses. I know right now there are laws regarding insurance but still there are some loopholes. I agree with what they have put in the Finance Bill to ensure that all those people doing this business can be regulated. Today, there are small insurance companies. There are too many brokers. Some are not even legal or known and do not follow procedure. Today, many Kenyans have been involved in accidents and insurance companies cannot pay. The court made a decision that a certain insurance company needed to pay an accident victim, but she stayed for many years without getting that payment.

I welcome this proposal because it is good. I wish to stop at this juncture and congratulate the Departmental Committee on Finance and National Planning.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Very well. Let us have Hon. Chepkut.

**Hon. William Chepkut** (Ainabkoi, Independent): Hon. Temporary Deputy Speaker, allow me first, with assurance of honour, respect and admiration, to congratulate Hon. Gladys Wangari. This is a job well done. You have talked about the NHIF which is one of the four pillars of His Excellency the President. In order to encourage uptake of the NHIF, the Bill introduced a tax relief on individuals who contribute to the NHIF. The amount of insurance relief to be claimed is equivalent to 15 per cent.

In order to achieve the targeted revenue, the Bill seeks to amend the Income Tax, VAT and retirement benefits. I am happy about the zero-rating of bread and flour products.

Hon. Wanga, you did a lot of research. Kenyans love you because you are addressing the basic commodities of this Republic. You have talked about the TVET institutions. In my constituency, there are two TVET institutions, namely, the Rift Valley Technical Training Institute and Kipkabus Technical Institute. I am very happy that there are tax rebates on internship. That is a job well done.

You have talked about *boda bodas*. You are touching on the downtrodden people, taking into consideration that the biggest problem that this country has is unemployment. We are facing many challenges due to COVID-19. I have said time and again that it is a crisis that has never been witnessed by mankind. However, I wish to thank His Excellency, the five-star general, for instituting measures to contain COVID-19.

Having said that, because of time and since I am reasonable, thank you for introducing this proposal. You have taken into consideration the highest balancing act. You are a first-rate person. Hon. Wanga and your team, we are very happy. I want Members of Parliament to congratulate all of them because they are sensitive to the needs of Kenyans.

Thank you, Hon. Temporary Deputy Speaker. You are a great person. The future is for you and women. Women are precious and the only contested space on earth. Women are doing a good job. We are proud of you, Gladys Wanga. Thank you and God bless you.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Thank you, Hon. Chepkut. May God bless you too. Let us have the Member for Lari, before I give an opportunity to the Leader of the Majority Party. Hon. Members, make sure that you carry your cards next time. Give him the microphone.

**Hon. Jonah Mwangi** (Lari, JP): Thank you, Hon. Temporary Deputy Speaker for giving me the chance to also contribute to the Finance Bill.

First of all, I take this chance to congratulate the Committee which is headed by Hon. Gladys Wanga and Vice-Chair, Hon. Waihenya Ndirangu. I am very glad because they have brought in many things which will help *mwananchi* without raising VAT. Bread will be zero-rated. I have seen their tax rebates for NHIF. People who will be paying at least Ksh5,000 will get tax rebates of up to 15 per cent. I congratulate them very much.

I am also very happy about the apprentices who will come from TVET institutions. We have only been receiving tax rebates for apprentices in the universities. The employers of apprentices from TVET institutions will be receiving tax rebates which is a great thing. I congratulate the Committee for looking into that.

I congratulate the Committee very much because they want to stop the Cabinet Secretary for the National Treasury from increasing VAT, if those proposals do not come from this House. That will control the CS, so that taxes are not increased arbitrarily. I congratulate the Committee for doing that. We will have taxes that will balance in the ICT and digital platform. The Committee thought deeply about it. I am very glad about this Finance Bill.

I am thankful, Hon. Temporary Deputy Speaker, for giving me this chance to contribute, even without a card. I am grateful and happy because I have contributed to this Bill. I support it.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Hon. Members, I give the Floor to the Leader of the Majority Party who is the representative of the people of Kipipiri Constituency.

**Hon. Amos Kimunya** (Kipipiri, JP): Thank you, Hon. Temporary Deputy Speaker. I deliberately chose to speak towards the tail end to give more Members an opportunity to speak, so that I could get a feel of the issues that require to be addressed. I am very glad because

everyone supports the Bill, particularly the accolades that have been sent to the Departmental Committee on Finance and National Planning and its able Chair, Hon. Gladys Wanga.

We all recall that the Cabinet Secretary for the National Treasury came to the House on 10<sup>th</sup> June 2021 and addressed us and highlighted some of the issues within the Budget Policy Statement (BPS). He emphasised the need for these revenue measures that are contained within this Finance Bill (National Assembly Bill No. 18 of 2020). We all recognise the difficult times that we are operating in because of the COVID-19 pandemic, and the need for recovery. He informed us that we dipped in economic growth last year. We expect to recover to a growth of about 6.6 per cent.

We should reflect that along the theme of the Budget which was: “Building Back Better: Strategy for Resilient and Sustainable Economic Recovery and Inclusive Growth.” I want us to reflect on this. When you say that you want to build back better, it means that obviously you are building wrongly. The amendment that the Committee proposed tries to not only reorient the National Treasury back to not business as usual but also to look at the environment in which we operate and see what we can do to help the local industry grow, protect it from consumerism and balance the two. The work of the Committee reflects the overall Budget theme of building back better which is basically doing things in a better way than before.

The Bill proposes a number of Bills which I do not need to repeat. I have read the proposed amendments. I agree with where the CS is coming from. I know that we have a challenge. I mentioned this when we were discussing the Budget Estimates. We have a trilemma. We need to keep more expenditure to crank up the economy and mitigate against COVID-19 pandemic. We also know that we have limited revenue streams and we are curtailed in terms of our borrowing capacity. So, trying to balance those three is obviously a challenge that we have to bear in mind.

Be that as it may, I am also happy to see the whole issue of infrastructure bonds being introduced within this Bill. This just comes as we are discussing the public-private partnerships framework. Again, we are moving towards getting more money from the private sector and target it to specific projects, which is good.

In respect of the Excise Duty, if I come to the specific things, I totally agree with the Committee that, yes, the Cabinet Secretary is proposing that we review the Excise Duty Act of 2015, to tax confectionery and all that. But the Committee has done far much better and is saying that we will raise revenue and not kill the local manufactures. So, they are exempting local manufactures and taxing it on the imported confectionery at an enhanced rate. We protect revenue while at the same time ask those who want to consume foreign confectionery to contribute to the growth of our economy so that we do not end up taking everyone and killing the local industry. A country will never develop by relying on imports. It has to start by protecting and developing its local manufacturing capacity. This is where we create jobs for our youths and it is in tandem with our Big Four Agenda of enhancing and improving the contribution of the manufacturing sector to hopefully 15 per cent at some point.

The Bill does not reduce its common reporting standard. Again, this is a no brainer. We do not need to go through that and we look forward to the Cabinet Secretary publishing the regulations, in terms of how we are going to have these foreign companies disclosing what they have globally. This is part of transparency building which also comes close to what the analysts are calling ‘building back better’ which is enhancing transparency. An example I gave last time is that if China was more transparent on COVID-19, we would not be where we are. If we are more transparent on where assets are, we will be able to combat tax evasion among other crimes.



The 90-day period on filing of an appeal for the Capital Markets Tribunal brings about some predictability; that once a matter has gone there, it will be sorted within 90 days. This is good for business as it avoids putting off investors.

I am very happy and I think Hon. (Ms.) Mishi has mentioned this, in terms of the extra incentives by the KRA to whistle-blowers and people who identify and assess taxes. This is part of incentivizing people to give that information. I know we are still very weak on whistle-blower protection. I believe we had a heist in one of the universities where the Vice-Chancellor... I am sure that the matter is actively under investigations or under prosecution. Unfortunately, the whistle-blower - the accountant who revealed the story - has been punished and haunted. I wish to ask the Maasai Mara University Council to seriously consider whether they know what they are doing. It is very unfortunate that whistle-blower who has saved the institution from continuous plunder by the management is made to suffer on account of some administrative issues. This sends a wrong signal that the University Council is not committed to the war on graft. It is unfortunate and we need to follow up.

I want to specifically turn to some of the issues raised in the Committee Report and ask the Chairperson and her Committee to look at some of those things. One of them is within the investment deduction. I believe it is captured in Paragraph 414 in my Report. The Committee is introducing some investment deduction to apply to investments outside Mombasa and Nairobi but putting a figure of Ksh10 billion. The Ksh10 billion investment is huge. I would want us to start small. Let us encourage people to put investments worth even Ksh2 billion so that we can have in all the counties and townships in Kenya scattered investments rather than everyone concentrating in Nairobi. If you cannot do a Ksh10 billion outside, you will be forced to do it in Nairobi, hence instead of spreading the investment across the country, we will be telling people that if they do not have Ksh10 billion, invest in Nairobi. But I would want to see the reverse that if you have up to Ksh2 billion invest outside Nairobi and we will still give you the investment deduction allowance. I would like to ask the Committee to consider changing Ksh10 billion to Ksh2 billion.

Another issue I would like to look at is the proposal to delete the 15 per cent specific tax on motorcycles. I agree with it 100 per cent. I am on record, and I believe in 2006 or 2007, on having come to the House and pleading with it to exempt motorcycles up to 1250cc from paying duty, we saw everyone abandoning bicycles and moving to motorised vehicles. It is a sector that has grown. It has its challenges which are more of road safety rather than investment and that can be controlled. So, I am in total agreement with that and I want congratulate the Committee for saving the *boda boda* sector. If it works, do not fix it. I do not know what the Cabinet Secretary is trying to fix because *boda boda* people have not complained that they want change in specific rates. If I understood him, he said that it might be cheaper but the *boda boda* people are happy. Let us keep it that way and avoid any disruption.

The other thing I looked at is the proposed amendment, in the same paragraph, where the Cabinet Secretary is attempting to tax new substitute products for cigarettes that are meant to sort out the hygiene or health issues because they will not be burning the tobacco to produce nicotine. It is already sifted and is ingested either through the mouth or some other mechanism without harming any other person near you and harming your own lungs. One of the typical examples is Lyft and there are different variations of it. That is a new product being introduced into the country. In his own wisdom, the Cabinet Secretary decides to tax it at the same rate as the cigarettes. How does he tax a product that has not even been put on the market? He cannot make money from business that does not exist. I agree with the Committee totally that let us have an

introductory rate. Let these products get into the market. As people accept the healthier alternative to smoking and start losing revenue from cigarettes, then you can incrementally push for taxation of the new product but when it has already penetrated the market. Right now, trying to do what he is trying to do will basically shift the investment from Kenya to another country and it will be coming through the backdoor like the electric cigarettes that we find people smoking but nobody knows where they come from and nobody knows how they are taxed. I thank the Committee for that and I support it. We are not going to lose any money because we did not have it in the first place. A product is not being taxed so, if you stop its introduction, it is zero. If you introduce it and get a little money and create a base for future tax increases, it is all the better.

The Committee has also done well in terms of broadening the tax base and capturing all the betting and lottery transactions. However, they went a bit too low in terms of the tax rates. The Committee has proposed 7.5 per cent from 10 per cent. I would have preferred 15 per cent. Perhaps, you might want to look at figures between 10 to 15 per cent rather than going too low to 7.5 per cent because it is a windfall. If you put Ksh100 and get Ksh100,000, you can even share 50 per cent with the public. However, we do not want it to be taxed at 50 per cent. Anything between 10 to 15 per cent might be better than the 7.5 per cent. So, I would like to ask that they consider that.

Congratulations again to the Committee for reversing this issue of the tax records which the Cabinet Secretary wanted to move back to seven years. The seven years is historical. It is when we were analogue. The CS came to this House and justified why they need to move from seven years to five years. So far, I have not heard any justification of why we now need to go back to seven years. Hence, until we get that justification, I would rather we just stick with five years.

I could go on and on, but I am happy that now we have a Bill. The Committee has done well, and they conducted a lot of public participation. I can only congratulate them and urge that we move on together to build this great Republic through some tax measures. On that basis, I believe that we are not going to lose any of the revenue after balancing what has gone up and what has gone down.

With those many remarks, I beg to support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Very well. It is always interesting and good listening to you, Hon. Kimunya, given your expertise in finance and having been a Minister for Finance.

Hon. Members, there being no other Member who is willing and wishing to contribute to the Finance Bill (National Assembly Bill No. 18 of 2021), I call upon the Mover to reply.

Proceed, Hon. Gladys Wanga. Use the microphone next to you.

**Hon. (Ms.) Gladys Wanga** (Homa Bay CWR, ODM): It is now working, Hon. Temporary Deputy Speaker.

Thank you, Hon. Temporary Deputy Speaker. I would like to really thank the Hon. Members of this House for their very vibrant contributions to this debate on the Finance Bill, 2021, which will help in raising revenue for our Budget for the Financial Year 2021/2022.

Members have affirmed their position as defenders of the people who elected us to come and serve them on the Floor of this House.

*(Applause)*

Member after Member has spoken for the very lowest class of the people in our society whom we have come here to represent. I take that with a lot of gratitude because, many times, it is thought that Members of Parliament do not speak for the people who elected them to come to this House. Sometimes, a perception is created that we are serving selfish interests rather than of those electorate who elected us. If you listened to Members of this House speak on this Finance Bill, nobody spoke about not taxing the MPs or the highest office holders. Everybody spoke about taxing the people who have and funding the lowest in the society. So, that is the spirit of this Parliament. It is important that it is understood across the board.

I also thank the National Treasury because if you look at this Finance Bill, it is a very conservative Bill. It does not propose drastic taxation measures to hurt the people too much. There are only a few areas where it touched on the common *mwananchi*. However, if you look at the entire Bill, it does not seek to raise that much in terms of revenue. Any revenue it raises is knocked off by exemptions that it has given to medicament like medicines, vitamins and ventilators. There is a long list of exemptions that have been given. That knocks off any revenue that is being raised. What is good about this Bill is that it is streamlining tax administration.

There is a point in time where even if you try to squeeze people more, it will be like squeezing water from a rock. We can look at the loose ends that we can tie up and the loopholes that we can seal to make sure that we do not lose revenue that we could be collecting in the existing time. This Bill tries to do a lot of tying up of tax administration and tax procedures, so that KRA does not lose revenue that it can otherwise collect.

The revenue target for this coming Financial Year is Kshs2.1 trillion. If KRA gets the support it requires, it should be able to surpass that target of Kshs2.1 trillion and collect a lot more. However, Members have said here that we should cut our coat according to our size and seal corruption loopholes because however much money you collect, if you do not spend it prudently at the end of the day it will be like pouring water on a dry crack. It will never fill up. On the other hand, there must be a way of dealing with the issue of corruption. We must spend our money efficiently.

Members have spoken strongly and specifically about bread, flour and motorcycles. I want to clarify that on the motorcycle, the National Treasury is trying to move from charging in actual figures. There was an actual figure of Kshs11,000. For example, if you buy a motorcycle right now for Ksh70,000 you will still pay Kshs11,000. Even if you buy it at a different value, you will still pay that standard amount. So, the National Treasury is trying to move that to a percentage so that it is dependent on the value of the motorcycle that one buys. What happened to that proposal is that it was convoluted. The reporting has been understood to be that there will be an additional tax imposed on motorcycles. To clean that up is difficult. The public perception is that there will be an additional tax. If you try to explain that it will not be an additional tax but changing from actual to a percentage, people will not understand that and vendors can take advantage of motorcycle buyers. As soon as this Finance Bill is passed in Parliament, if a vendor increases the price, he will say “*Ni serikali imeweka.*” and buyers will be taxed more. That is why the Committee took a position of retaining the status quo until such a time that the matter can be properly explained. Once it is understood, we can proceed with that proposal. If you proceed and the matter has not been properly explained, you will have a problem. Members of this House have been in support of that position.

The Committee made some proposals on reducing the number of TVET interns. The Bill proposes 10 interns for one to qualify for the tax rebate. The Committee was trying to propose five so that we can also cover SMEs. Members have spoken and proposed that we retain it at 10

to have more people absorbed rather than having less. If we put the minimum at five, even big companies that can take up to between 15 and 20 people will still take the five and qualify for the tax rebate. The Committee will consider that particular amendment and reverse it as proposed by several Members. The proposal of Members is logical.

I have listened also to the Leader of the Majority Party when he spoke to the issue of investment incentives for those who invest outside Mombasa and Nairobi. We set a figure of Ksh10 billion, but from what the Leader of the Majority Party, it actually makes sense to reduce the figure so that we have investors in Kibwezi, Homa Bay, Ainabkoi, Nandi Hills and across the country. They should not just concentrate here in Nairobi. We want to incentivise them so that they move across the country. Perhaps the figure that we proposed is a bit high and we will consider revising it downwards.

In concluding, I have seen a lot of proposals for amendments as well. Members also spoke strongly about things like LPG and other items. We might want to zero-rate everything, but as I was moving the Motion I said that we are in difficult times. We must strike a balance between raising revenue and cushioning Kenyans. I want to urge Members that even as we get to the Committee of the whole House stage, let us agree to make compromises, so that where we can we carry and where we cannot we leave to fight another day. We should not try to zero-rate so many items just so that we look good and the next day when we will be asking for NG-CDF money or to be facilitated or teachers' salaries, the Government grinds to a halt because we are not able to raise revenue. That is the only plea I would make to Members. Let us remain reasonable as we propose amendments. The Committee is open to look at other amendments but within the fiscal framework, so that we do not create a hole we cannot fill.

Hon. Temporary Deputy Speaker, I was trying to reply till the end of the session so that we do not move to the next item. I think I have done enough. I will use the remaining one minute to thank Members who have stayed for this long. There are Members who have been here the whole afternoon and the whole night. I must thank you for enduring and staying this long serving your country and the people who elected you.

*(Applause)*

I also thank members of the Departmental Committee on Finance and National Planning for their commitment to this matter.

With those many remarks, Hon. Temporary Deputy Speaker, I beg to reply.

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Very well and congratulations Hon. Wanga, Chairperson of the Departmental Committee on Finance and National Planning for the good work. We also thank Members who have stayed up to this time. The public appreciates their representatives sitting till this late hour to conduct serious business.

I confirm that we do not have the numbers to put the Question on Oder No. 9. I do order that putting of the Question be deferred.

*(Putting of the Question deferred)*

## ADJOURNMENT

**The Temporary Deputy Speaker** (Hon. (Ms.) Jessica Mbalu): Hon. Members, the time being 9.30 p.m., this House stands adjourned until Wednesday, 23<sup>rd</sup> June 2021 at 2.30 p.m.

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I thank you all.

The House rose at 9.30 p.m.