

REPUBLIC OF KENYA



REPORT

OF

THE NATIONAL ASSEMBLY	
DATE: 15 NOV 2022	DAY: Tuesday
TABLED BY:	Hon. Silvanus Osiro, MP
CLERK AT THE TABLE:	Chief Whip Majority Halima Seleiman

THE AUDITOR-GENERAL

ON

**REVENUE ACCOUNTABILITY
STATEMENTS**

**FOR THE YEAR ENDED
30 JUNE, 2021**

KENYA REVENUE AUTHORITY



**KENYA REVENUE
AUTHORITY**

REVENUE ACCOUNTABILITY STATEMENTS

FOR YEAR ENDED 30TH JUNE 2021

Tulipe Ushuru, Tujitegemee!

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY
STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

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1. KEY INFORMATION AND MANAGEMENT

(a) Background Information

Kenya Revenue Authority (KRA) is a statutory body established by an Act of Parliament, KRA Act Cap 469 of 1995.

(b) Principal Activities

The Authority's objectives are the assessment and collection of revenue, administration, enforcement of laws relating to and accounting for revenue collected under the Act.

MISSION Building Trust through Facilitation so as to foster Compliance with Tax and Customs Legislation.

VISION A Globally Trusted Revenue Agency Facilitating Tax and Customs Compliance.

CORE VALUES

- Trustworthy
- Ethical
- Competent
- Helpful

(c) Key Management

The Authority's day-to-day management is under the following key organs;

- Office of the Commissioner General,
- Domestic Taxes Department,
- Customs & Border Control Department,
- Corporate Support Services Department,
- Investigations and Enforcement Department,
- Strategy, Innovation & Risk Management Department,
- Legal Services & Board Coordination Department,
- Intelligence & Strategic Operations Department and,
- Kenya School of Revenue Administration (KESRA)

(d) Fiduciary Management

The key management personnel who held office during the financial period ended 30th June 2021 and who had direct fiduciary responsibility were:

- | | |
|---|--------------------------|
| - Commissioner General | Githii Mburu. |
| - Domestic Taxes Department | Rispah Simiyu. |
| - Customs & Border Control Department | Lillian Nyawanda. |
| - Corporate Support Services Department | David Kinuu. |
| - Investigations and Enforcement Department | Edward Karanja. |
| - Regional Coordination Department | David Yego. |
| - Strategy, Innovation & Risk Management Department | Mohamed Omar. |
| - Legal Services & Board Coordination Department | Paul Matuku. |
| - Intelligence & Strategic Operations Department | Terra Saidimu. |
| - Kenya School of Revenue Administration (KESRA) | Fred Mugambi. |
| - Finance Division | Josephat Omondi. |
| - Procurement Division | Grace Murichu. |

(e) Headquarters

Times Tower Building,
Haile Selassie Avenue,
P.O. Box 48240 – 00100, Nairobi, Kenya.

(f) Contacts

Telephone (254) 020-310900, 2810000, 315553
Email callcentre@kra.go.ke , cic@kra.go.ke
Website www.kra.go.ke

(g) Bankers

National Bank of Kenya Limited,
Harambee Avenue Branch,
P.O. Box 41862-00100 Nairobi, Kenya.

Kenya Commercial Bank Limited,
Haile Selassie Branch,
P.O. Box 58992-00200 Nairobi, Kenya.

Cooperative Bank of Kenya Limited,
Co-Op House Branch,
P.O. Box 67881-00200 Nairobi, Kenya.

Housing Finance Group,
Rehani House,
P.O. Box 30088-00100 Nairobi, Kenya.

(h) Independent Auditors

Auditor General,
Office of the Auditor General,
Anniversary Towers, University Way,
P.O. Box 30084,
GOP 00100,
Nairobi, Kenya.

(i) Principal Legal Advisor

The Attorney General,
State Law Office,
Harambee Avenue,
P.O. Box 40112,
City Square 00200,
Nairobi, Kenya.

2. BOARD OF DIRECTORS

a) AMB. DR. FRANCIS MUTHAURA, EGH, MBS



Amb. Dr. Muthaura is the Chairperson for the Board of Directors of Kenya Revenue Authority (KRA). He was appointed as the Chairperson of the Board on 22nd May, 2018.

He holds a Bachelor of Arts Degree in Economics and Political Science and a Post Graduate Diploma in Diplomacy and International Relations from the University of Nairobi.

He was awarded Honorary Doctorate Degrees for Diplomacy and Public Service by Kenyatta University and the Kenya Methodist University of Kenya. He has served as a career diplomat, and held ambassadorial appointments to the European Union in Brussels and the Permanent representative to the United Nations in New York.

He is the founder Secretary General for East African Community; Permanent Secretary in the Ministries of: Information, Transport and Communications; Environment, Water and Natural Resources; Provincial Administration and Internal Security.

He served as the Head of Public Service and Secretary to the Cabinet for nine and half years before retiring from full time public service. He has previously served as a Chairman of the Lamu Port, South Sudan, Ethiopia Transport Corridor (LAPSSET) and BRITAM Holdings Limited.

(a) HON. MRS. ROSE WARUHIU, OGW, EBS



Hon. Mrs. Rose Waruhiu is a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was first appointed as a Member of the Board on 21st October, 2016 and re-appointed for a further term of three (3) years on 21st October, 2019.

She holds a Bachelor of Arts (Economics) degree from Makerere University College, and postgraduate Certificate in Management of Higher Education from the University of Manchester. In 1990, she was appointed a Fellow at the Institute of Politics, Kennedy School of Government, Harvard University.

She worked as a senior Administrator in the University of Nairobi, early in her career, and later as a development Consultant in the private sector. She has worked as a consultant in the public sectors, undertaking assignments in policy formulation and documentation; public management; strategy development; planning and advocacy.

She has served as a Member in the Kenyan National Assembly and the East Africa Legislative Assembly. She served on the boards of Kenya Post Bank, Kenyatta National

Hospital, the National Museums of Kenya and as Vice Chair of the Council of the Jomo Kenyatta University of Science and Technology.

She has held leadership positions in the Women's Organizations and Civil Society serving as Chair/Convener of several initiatives in the pro-democracy movement in Kenya. Within the women movement she was elected Chair of the University Women Association and Vice Chair of National Council of Women.

She is the Chairperson of the Audit and Risk Committee and member of the Human Resources Committee of KRA's Board of Directors.

(b) MR. PAUL ICHARIA



Mr. Paul Icharia is a Member of the Board of Directors of Kenya Revenue authority (KRA). He was first appointed as a member of the Board on 11th November 2016 and re-appointed for a further term of three (3) years on 11th November, 2019.

He holds a Bachelor of Science (BSc) Degree in Finance, from California State University, Sacramento USA and a Master of Business Administration (MBA) in Global Management from the University of Phoenix USA. He is a professional with extensive experience in Financial Services, Business Development and Social Services Development.

He has served in senior positions at the Royal Bank of Canada (RBC) and Citigroup in the United States of America.

Until 30th June, 2020 he was a Member of the Revenue, Strategy and Technology Committee and Human Resources Committee of KRA's Board of Directors. Since 1st July, 2020 he is a member of the Finance, Administration and Procurement Committee of KRA's Board of Directors.

(c) ENG. LEONARD ITHAU



Eng. Leonard Ithau is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was first appointed on 30th May, 2018 and subsequently re-appointed for a further term of three (3) years on 21st October, 2019.

He holds a Bachelor of Science Degree in Civil Engineering from the University of Nairobi and a Master of Science Degree in Construction Management from the University of Birmingham, England.

He has served in the public service at the Kenya Ports Authority (KPA) and in professional service a Project Management Consultant to various private bodies in the Health, Port and Harbours/Rail, Roads, Telecommunications, Oil and Gas, Hospitality, Industrial/Commercial and Housing Sectors. He is currently the Executive Director of Quemec Limited, a project management and advisory consultancy.

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He has over thirty five (35) years' experience in senior project advisory, design and construction management roles on major civil engineering, infrastructure and building works in Kenya and the broader South East Africa region.

He is a Registered Professional Engineer with the Engineers Board of Kenya, a member of the Association for Project Management (UK) and the Institute of Directors (K).

In social service, he is the current District Governor Nominee for Rotary International, District 9212 and a member of the Board of Governors of Karen Technical Training Institute for the Deaf, Nairobi.

He is the Chairperson of the Human Resources Committee and Member of the Audit and Risk Committee of KRA's Board of Directors.

(d) MR. CHARLES MAKORI OMANGA



Mr. Charles Makori Omanga is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was appointed as a Member of the Board on 30th May, 2018 and re-appointed for a further term of three (3) years on 18th June, 2020.

He holds a Bachelor of Science Degree in Management Information Systems from USIU – Africa and Master of Business Administration from the University of Leicester, United Kingdom.

Earlier in his career he served in the private sector as a Relationship and Product Manager at Citibank Kenya; Regional Head, Trade Finance (EA) and Head, Public Sector at the Barclays Bank of Kenya (now Absa Bank) and Head, Corporate Banking, CFC Stanbic Bank Limited (now Stanbic Bank).

He is currently co-Managing Principal, Horizon Africa Capital Limited which is a financial advisory firm dealing in mergers and acquisitions in East Africa. In this role he has developed significant commercial and transactional expertise in various industries.

From a governance perspective, he has also served in various boards in the financial services sector including banking and stock brokerage.

He is a member of the Institute of Certified Investment, Financial Analysts (ICIFA).

He is a Member of the Revenue Strategy and Technology and Human Resources Committees of KRA's Board of Directors

(e) MR. MUKESH K R SHAH



Mr. Mukesh K.R. Shah is a Member of the Board of Directors of Kenya Revenue Authority (KRA). He was first appointed on 30th May, 2018 and was subsequently re-appointed for a further term of three (3) years on 21st October, 2019.

He is a Director and founder of Strategic Consultants Limited, a practice that he established in 1992, which provides specialised consultancy services in the areas of strategic planning, high level advisory to family owned business, business revival and reconstruction and mergers and acquisitions to national and international clients.

He has worked with Price Waterhouse UK and Price Waterhouse Kenya for eighteen years (18) and held the position of partner for over nine (9) years. At Price Waterhouse, he specialized in assurance, accounting and investigations. He was an authority in the audit of banks, financial institutions, oil companies, tour operators and hotels.

He holds directorships of private companies mainly in a professional capacity and is a non-executive Director of NCBA Group Plc and Carbacid Investments Plc companies listed on the Nairobi Securities Exchange and of NCBA Bank Plc, a leading bank in East Africa. He advises the Boards of various other corporate and family owned businesses.

He is a Fellow of the Chartered Association of Certified Accountants (UK), Member of the Institute of Certified Public Accountants of Kenya and Institute of Certified Public Secretaries of Kenya.

(f) MRS. SUSAN MUDHUNE, MBS



Mrs. Susan Mudhune is a Member of the Board of Kenya Revenue Authority (KRA). She was first appointed as a Member of the Board on 30th May, 2018 and re-appointed for a further term of three (3) years on 21st October, 2019.

She holds a Bachelor of Arts (Education) Degree and a Master of Business Administration degree from the University of Nairobi.

She has served in various management positions in the local banking industry for over twenty (20) years, from which she retired in 2001.

She has served as a non-Executive Director in various Boards including Safaricom (K) Limited, a position she held for nine (9) years until 2019. She is a past Chairperson of the Board of Kenya Commercial Bank Group and the Kenya Girl Guides Association. She is currently a non Executive Director of Carbacid Group Limited and chairs the board of Kenya Innovative Finance Facility for Water (KIFFWA) Foundation.

She is a Certified Corporate Governance trainer and a Member of Women Corporate Directors (Kenya Chapter) and Institute of Directors (Kenya).

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She was the Chairperson of the Human Resources Committee and a Member of the Revenue, Strategy and Technology Committee of the KRA's Board of Directors until 30th June, 2020. Since 1st July, 2020 she is the Chairperson of the Finance, Administration and Procurement Committee.

(g) COMMISSIONER GENERAL, FCPA - GITHII MBURU, MGH, CBS



Mr. Githii Mburu was appointed Commissioner General with effect from 1st July, 2019 for a period of three (3) years.

He holds a Bachelor of Commerce Degree (Accounting Option) from Kenyatta University and a Master of Science degree in Public Policy & Analysis from the Jomo Kenyatta University of Agriculture & Technology (JKUAT). He is also a Certified Public Accountant and a Member of the Institute of Certified Public Accountants of Kenya (ICPAK).

He served as the Commissioner for Intelligence & Strategic Operations (I&SO), where he led KRA in establishing and operationalising a formidable intelligence gathering and tax investigations infrastructure which has played a critical role in combating tax evasion and in enforcing KRA's Code of Conduct. He was instrumental in the collection and dissemination of intelligence. In his role as Head of Investigations, he led various tax evasion investigations that have greatly enhanced revenue collection and border security. He led the enforcement team against illicit trade under the Multi-Agency Task Force.

Prior to joining KRA, Mr. Mburu worked as Head of Technical Standards at the Institute of Certified Public Accountants of Kenya (ICPAK) and also worked with CFC Stanbic Bank

EX OFFICIO MEMBERS

(h) MR. MUSA KATHANJE (ALTERNATE DIRECTOR TO THE CABINET SECRETARY, NATIONAL TREASURY)



Mr. Musa Kathanje was appointed to the Kenya Revenue Authority Board as the Alternate to the Cabinet Secretary, National Treasury and Planning on 17th March 2021. He is the Director of Macro and Fiscal Affairs Department at the National Treasury having been appointed to the post in November 2016. He joined the National Treasury in June 2013 as the Head of Macro Division in the then Economic Affairs Department, on secondment from the Central Bank of Kenya where he was the Head of Monetary Policy Analysis Division. He has over 25 years of experience in macroeconomic policy formulation and analysis, fiscal and monetary policies formulation as well as regional economic integration policy gained from both the Central Bank of Kenya (June 1996 to June 2013) and at the National Treasury (June 2013 to date).

He holds both Masters and Bachelor degrees from the University of Nairobi and is currently finalising a Phd in Business Administration - Finance from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya. He also a certificate in macroeconomic modeling under the United Nations/African Research Network for Development Policy Analysis from the University of Pretoria, South Africa.

(i) MS. MARYANN MUTHONI NJAU-KIMANI, EBS, OGW (ALTERNATE DIRECTOR TO THE ATTORNEY GENERAL)



Ms. Maryann Muthoni Njau is a Member of the Board of Directors of Kenya Revenue Authority (KRA). She was appointed as a Member of the Board on 24th March, 2017 as the alternate to the Attorney General of the Republic of Kenya.

She is an advocate of the High Court of Kenya with over thirty (30) years post admission experience in private and public law practice.

She holds a Bachelor of Laws (LLB) degree and a Master of Business Administration degree from the University of Nairobi.

She is Senior Deputy Solicitor General and Secretary - Justice and Constitutional Affairs, the current Head of the State Department of Justice at the Office of the Attorney General and Department of Justice.

She is an accredited mediator and Certified Justice Rapid Response, United Nations-Women Sexual and Gender Based Violence Justice Expert with management, financial, research, consultancy and training experience and skills.

3. MANAGEMENT TEAM

(a) FCPA - Githii Mburu, MGH, CBS



Mr. Githii Mburu was appointed Commissioner General of the Kenya Revenue Authority (KRA) with effect from 1st July 2019.

Prior to his appointment, Mr. Mburu was the Commissioner for Intelligence & Strategic Operations (I&SO), where he led KRA in establishing and operationalizing a formidable intelligence gathering and tax investigations infrastructure which has played a critical role in combating tax evasion and in enforcing KRA's Code of Conduct. He was instrumental in the collection and dissemination of intelligence with an estimated tax recovery of over Kshs. 250 Billion. In his role as head of investigations, he led

various tax evasion investigations that have greatly enhanced revenue collection and border security.

Mr. Mburu joined KRA in May 2007 and has worked in different capacities in strengthening Tax Audit Operations in the Domestic Taxes Department. He rose through the ranks to a Deputy Commissioner for Investigations & Enforcement Department (I&ED). His efforts in I&ED played a vital role in elevating KRA's prominence in combating tax fraud, before he was appointed as Commissioner, Intelligence and Strategic Operations (I&SO).

Prior to joining KRA, Mr. Mburu worked as Head of Technical Standards at the Institute of Certified Public Accountants of Kenya (ICPAK), and also worked with CFC Stanbic Bank.

Mr. Mburu holds a Bachelor of Commerce Degree (Accounting Option) from Kenyatta University and a Master of Science - Public Policy & Analysis from the Jomo Kenyatta University of Agriculture & Technology (JKUAT). He is also a Certified Public Accountant and a Member of the Institute of Certified Public Accountants of Kenya (ICPAK).

(b) Dr. Mohamed Mohamud



Dr Mohamed Omar was appointed Commissioner, Strategy Innovation & Risk Management from 1st October, 2015. His contract was renewed on 1st October 2018 for another term.

He has vast experience in Strategy and Policy, spanning academia and public sector. Before joining KRA, he was the Economic Pillar Director at the Kenya Vision 2030 Delivery Secretariat, where he was responsible for providing leadership and strategic direction to the implementation of the economic pillar flagship projects. Previously, Dr Omar also worked as a lecturer at the University of

Nairobi.

Dr. Mohamud is a holder of Doctors degree of Philosophy from The University of Leeds – UK, Master of Business Administration degree – MBA (E-Business) from The University of

Sheffield, UK and Bachelor of Science degree (BSC-Business & Economics) from Vaxjo University, Sweden.

(c) Mr. Paul Muema Matuku, EBS.



Mr. Matuku is the Commissioner of Legal Services and Board Coordination having been appointed on 15th May 2019. He previously held the position of Deputy Commissioner of Legal Services (now Litigation). Mr. Matuku joined KRA in 1996 as a graduate trainee and has risen through the ranks to his current position as Commissioner of Legal Services and Board Coordination.

Mr. Matuku holds a Bachelor's Degree in Law (LLB) from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law. He is a Certified Public Secretary and a Graduate Fellow of the University of Sydney, Graduate School of Government: Extractive Industries: Effective Governance, Taxation and Financial Management.

He is a member of the Law Society of Kenya, the East African Law Society and the Institute of Certified Secretaries, Kenya.

He was a member of the East African Revenue Authorities Technical Committee for six years where he chaired the Legal Affairs Sub-Committee.

He has been instrumental in the development and management of dispute resolution mechanisms in KRA having overseen the take-over of defense of KRA tax disputes from the Attorney General in the year 2000 and the development and roll out of a more robust Alternative Dispute Resolution mechanism in the year 2015. He has also been instrumental in the promulgation of the National Energy Policy, 2018; Petroleum Act, 2019 and the Model Production Sharing Contract.

(d) Mr. David Yego



Mr. David K.S. Yego, was appointed Commissioner, Regional Coordination Department on 22nd January, 2021 this was on a deployment from Investigations & Enforcement Department where he held the same position. His appointment was a continuation of his three (3) years contract that had been renewed on 24th March 2020.

He has over 15 years' experience in senior management having risen through the ranks from Auditor 1, Internal Audit Department to the current position of Commissioner, Investigations and Enforcement Department. He has worked in various capacities in Customs and Border Control (C&BC) Department and Commissioner General's office.

Mr. Yego holds a Master's Degree in Business Administration (MBA) from the University of Nairobi, Bachelor's Degree in Mathematics and Economics from Kenyatta University and is also a Certified Public Accountant – CPA (K).

(e) Dr. David Kinuu, EBS.



Dr. David Kinuu was appointed Commissioner for Corporate Support Services Department with effect from 1st November, 2019.

Before joining KRA, he had worked at Safaricom Ltd for more than seven (7) years in various capacities, including Head, Human Resources Shared Services and Senior Manager for Facilities, Health & Safety. Dr Kinuu also worked at different managerial roles in Shell Kenya Ltd and Oil Libya Kenya and Mozambique, among other companies.

He holds a PhD and a Masters Degree in Business Administration from the University of Nairobi, a Postgraduate Certificate in Environmental Assessment & Audit from Jomo Kenyatta University of Agriculture & Technology and Bachelors of Science degree in Mechanical Engineering from the University of Nairobi. Dr Kinuu is a member of the Institute of Human Resource Management and the Institute of Engineers of Kenya

(f) Dr. Fred Mugambi Mwirigi



Dr Fred Mugambi Mwirigi was appointed as Head of the Kenya School of Revenue Administration (KESRA) with effect from 15th May, 2019.

Prior to the appointment, he had served as the Deputy Commissioner in charge of Academic and Students Affairs at KESRA since April 2016.

Dr Mugambi was the founding director of JKUAT's Mombasa Campus, where he served for seven years. He taught at JKUAT for 11 years and rose to the level of senior lecturer. Prior to joining JKUAT, Dr Mugambi taught at the Kenya Methodist University. He also

served as the chairman of a task force appointed by the Education Cabinet Secretary to select the Board of the

Technical and Vocational Education and Training Authority (TVETA), under the Ministry of Education. Dr Mugambi has been involved in consultancy and training tasks for many national and international organisations across six countries. He has published 3 books and over 30 research papers.

Dr Mugambi holds a PhD in Entrepreneurship, and a Master of Science degree in Entrepreneurship from JKUAT, a Bachelor of Business Administration degree from Kenya Methodist University and a Diploma in Small Enterprise Management from Galilee International Management College, Israel.

(g) Dr. Terra Saidimu, EBS



Dr. Terra Saidimu was appointed Commissioner, Intelligence & Strategic Operations with effect from 2nd December, 2019.

He has 15 years of experience in Tax Investigations and Intelligence having served in various positions in the Investigations and Enforcement Department prior to joining the Intelligence and Strategic Operations Department (I&SO) as the head of Intelligence Management Division. Until his appointment as Commissioner, Dr. Saidimu was serving as Deputy Commissioner in Intelligence & Strategic Operations Department.

Dr. Saidimu has made great achievements in multiple areas including leading KRA management in mainstreaming Ethics and Integrity, development and management of a wide range of intelligence tools and practices which have identified taxpayers devising methods to evade taxes. He played a leading role in the ratification of the Multilateral Convention on Mutual Administrative Assistance on Exchange of Information for tax purposes.

Dr. Saidimu holds of Doctors degree of Philosophy in Risk Management from University of Southampton, a Master of Science in Corporate Risk and Security Management, Masters of Business Administration-Finance and a Bachelor of Business & Management-Accounting. He is a member of the Institute of Certified Public Accounts-Kenya (ICPA-K).

(h) Mrs. Rispah Mwangi Simiyu, EBS



Mrs. Rispah Simiyu was appointed Commissioner of Domestic Taxes with effect from 22nd October, 2020. Prior to her appointment, she served as the Deputy Commissioner, Tax Dispute Resolution since April 2018. She previously served as the Regional Tax Manager, East Africa at Standard Chartered Bank with her role covering assignments in the wider Africa and Middle East from 2011 to March 2018, prior to which she was at PricewaterhouseCoopers from where she began her career in Tax. While at Standard Chartered Bank, she served as a member of the Finance and Audit Committee of the Kenya Bankers Association as well as the Chairperson of the Tax Sub-committee for the same institution.

Mrs. Simiyu is a qualified Chartered accountant, a Fellow Chartered and Certified Accountant (FCCA), an Advocate of the High Court of Kenya, Commissioner for Oaths and Notary Public, a member of the Law Society of Kenya and a Certified Public Secretary. She holds a Master of Laws degree from the University of Nairobi and a Bachelor of Laws degree from the University of Dar-es-Salaam.

(i) Lillian Anyango Nyawanda



Mrs. Lilian Anyango Nyawanda was appointed Commissioner, Customs & Border Control effective 15th April 2021.

Mrs. Nyawanda holds a Masters of Business Administration degree from United States International University, Bachelor of Commerce (Finance) degree from The University of Nairobi and a Certificate in Customs and Tax Administration from Kenya School of Revenue Administration.

She is currently pursuing Doctorate in Public Policy & Administration from Walden University. She is a member of National Society of Leadership and Success (Sigma Alpha Pi Honor – September, 2020).

(j) Dr Edward Karanja



Dr. Edward Karanja was appointed the Commissioner for Investigations and Enforcement effective 26th March, 2021. Before his appointment, Dr. Karanja had served as Deputy Commissioner, Investigations and Enforcement Department, in 2019 and in January 2021, as the Acting Commissioner for the Department.

Dr Karanja holds a PhD in in Business Administration from Washington International University (WIU), MBA in Entrepreneurship and Strategic Management from United States International University, Master of Arts in Public Finance from Grips University, Tokyo, Japan and a Bachelor of Arts Degree in Economics and Mathematics from Egerton University.

He is an Associate Member of Certified Fraud Examiners (ACFE), and a fellow of the Institute of Certified Public Accountants of Kenya (ICPAK).

4. CHAIRMAN'S STATEMENT

Foreword

It is a great honour to present the Kenya Revenue Authority (KRA) Annual Report and Revenue Accountability Statements for the Financial Year 2020/21. This is the third and final report within KRA's Seventh Corporate Plan implementation period (2018/2019 to 2020/2021).

The Seventh Corporate Plan theme was '**Revenue Mobilisation through Transformation, Data-driven Decision Making and Tax Base Expansion**'. During the three-year plan period, KRA attained an overall revenue performance rate of **99%** after collecting **Kshs. 4,849.3 Billion** against the Plan's target of **Kshs 4,899.3 Billion**, with an average revenue growth of **5.4%**. This represented revenue to GDP ratio of **15.8%**. Four key lessons were drawn from this Plan: adequate funding should be provided for the prioritised initiatives; business continuity and disaster recovery plans should be developed; realistic targets should be set and interdepartmental collaborations should be enhanced.

The Financial Year 2021/22 marks the inaugural year of executing KRA's 8th Corporate Plan (2021/22 to 2023/24) themed '**Revenue Mobilization through Tax Simplification, Technology-driven Compliance and Tax Base Expansion**'. During the new plan period, the Kenya Revenue Authority aims to: reduce the tax gap and achieve revenue growth above the nominal GDP growth; achieve a high level of customer service and improve the country's competitiveness; reduce the cost of collection, adopt modern technologies and improve the quality of operations and services in order to support the revenue mobilisation strategies; and achieve a competent, performance driven, customer focused, ethical, and motivated staff compliment. Our revenue mobilization focus will be achieved through strengthened compliance and enforcement, tax base expansion, risk-based audit, smart intelligence and investigation as well as integrated border management.

The year 2020 was marked by slowed growth in the global economy, Africa and in Kenya as well. The unforeseen outbreak and spread of the Covid-19 pandemic, and the subsequent containment measures have had a devastating effect on global economies. The crisis has had the greatest impact on growth in tourism dependent economies and commodity exporting countries. Growth in more diverse economies slowed significantly in 2020, but was still positive in many cases.

Kenya's Economy

Similarly, the Kenyan economy was adversely affected by the Covid-19 pandemic. The containment measures deployed not only disrupted normal lives and livelihoods, but equally destabilized businesses and economic activities. As a result, the National Treasury estimated Kenya's economy to have decelerated to 0.6 percent growth in 2020, down from 5.4 percent

growth recorded in 2019. The pandemic led to Kenya's worst economic growth performance since 1992. However, following the easing of containment measures, there has been an improvement in economic activities in the third and fourth quarters of 2020, albeit at a slow pace. The Budget Policy Statement 2021 shows that the economy grew by 5.2 percent in the first quarter of 2020 same as the growth recorded in the first quarter of 2019 mainly supported by the Agricultural Sector. However, the service sector was hampered by the decline in economic activities in most of the country's major trading partners due to the uncertainties associated with Covid-19 pandemic.

In the second quarter of 2020, the economy contracted by 5.5 percent from a growth of 5.1 percent in the same quarter in 2019. The poor performance in the second quarter of 2020 was to a large extent negatively affected by measures aimed at containing the spread of Covid-19 pandemic. However, the economy was supported by improved performance of agriculture, forestry and fishing activities, health services and mining and quarrying activities.

The economy went on a progressive rebound in the third quarter of 2020 following the easing of the restriction measures put in place to contain the COVID-19 pandemic. The economy contracted by 1.1 percent in the third quarter of 2020, compared to a 5.8 percent growth in a similar quarter in 2019. However, this was an improvement compared to the second quarter of 2020. Activities in the financial and insurance, information and communication technology (ICT) and real estate sectors picked up in the second half of 2020. Growth in the financial and insurance, ICT, and real estate, renting and business services sectors strengthened in Q3 2020.

Some of the sectors that were previously adversely affected by Covid-19 but recorded a positive performance in the third quarter of the year 2020 compared to the third quarter of 2019 were Construction, Agriculture and Mining & Quarrying, that had growth rates of 16.2%, 6.3% and 18.2% respectively in 2020 compared to 6.6%, 5% and 3.4% in the same period of 2019.

The contraction was driven by several sectors especially accommodation and restaurant and education which shrank by 57.9% and 41.9% respectively during the quarter. This is attributed to the containment measures that saw closure of hotels and entertainment joints as well as schools.

Overall, GDP contracted by 0.4 percent in the first three quarters of the year 2020, driven by the pandemic's severe impact on services. In 2021 Kenya Economic Update, the World Bank pointed out that Agriculture performed well, aided by adequate rainfall and improved access to inputs, helping Kenya's overall economic performance recover from the impact of Covid-19. Following broad-based growth in important food and cash crops, agricultural growth improved to 6.3 percent in Q3 2020, from roughly 0.9 percent in the same period in 2019.

Agriculture's development was aided by good rainfall, allowing the industry to recover from a drought-affected output level in 2019. Most aggregate demand drivers were stifled by the

pandemic and as a result, private consumption, which accounted for nearly three-quarters of Kenya's production growth in 2019 slowed significantly in 2020 as households cut down on spending due to job loss and wage cuts. The labour market took a hard hit, but has since taken an upturn. The Covid-19 problem had an immediate and severe impact on the job market. Kenya's unemployment rate rose dramatically, nearly doubling to around 16 percent in Q3 2020.

Global Economy

The Covid-19 pandemic and the ensuing containment measures devastated global economies disrupting businesses and economic activities. As a result, the 2021 Budget Policy Statement indicates that the global economy was estimated to have contracted by 3.5% in 2020, down from 2.8 percent growth recorded in 2019. The pandemic has had severe effects on the Sub-Saharan African economies as well, which are estimated to have contracted by 2.6 percent in 2020 from a growth rate of 3.2 percent in 2019. With growing production and availability of vaccine, improved therapies, testing and tracing, local transmissions of the virus are likely to reduce by the end of 2022. Some regions and countries will have low local transmission sooner than others depending on country-specific circumstances.

Revenue Performance

During the Financial Year 2020/21, the Authority collected **Kshs. 1,669.2 Billion** against a target of **Kshs. 1,652.4 Billion**. This represents a performance rate of **101.0%** and revenue growth of **3.9%** over **Kshs. 1,606.9 Billion** collected in the Financial Year 2019/20. The improved revenue growth is largely due to the turnaround of the economic outcomes (such as Gross Domestic Product and international trade) that were adversely impacted by the Covid-19 pandemic in the previous year.

If the National Treasury undertakings amounting to **Kshs. 18.5 Billion¹** in Financial Year 2020/21 were realized, KRA overall revenue collection would have amounted to **Kshs. 1,687.7 billion**. This translates to a performance rate against target of **102.1%** and a growth of **5.0%** over collections in the previous year. It is important to note that this is the first time KRA is meeting its overall target since 2013/14 and its exchequer target since 2007/08.

Exchequer Revenue

¹ The Treasury Undertakings amounting to **Kshs 18.5 Billion** is broken down into **Kshs 5.4 Billion** from Domestic VAT in respect to construction of SGR and **Kshs 13.1 Billion** from various Customs taxes in respect to contraction of SGR, DoD, National Police and Kenya Air Force, among others.

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During the Financial Year 2020/21, the Exchequer Revenue amounted to **Kshs. 1,544.2 Billion** against a target of **Kshs. 1,530.2 Billion**. This represents a performance rate of **100.9%** and a growth of **2.3%** over the Financial Year 2019/20 exchequer revenue collections of **Kshs. 1,509.8 Billion**.

Agency Revenue

In the Financial Year 2020/21, **Kshs. 125.1 Billion** was collected as agency revenue against a target of **Kshs. 122.2 Billion** translating to a performance rate of **102.4%**. The agency revenue grew by **28.8%** as compared to **Kshs. 97.1 Billion** collected in the Financial Year 2019/2020.

Overview of factors underpinning revenue performance in 2020/21

KRA adopted a variety of Revenue Enhancement Initiatives resulting in increased enforcement efforts and deployment of new tax measures aimed at ensuring that non-compliant individuals pay their fair share of taxes. Tax Base Expansion, a key target in the 7th Corporate Plan, is also credited with the strong performance. The newly adopted taxes such as the Digital Services Tax, Minimum Tax, and initiatives such as Voluntary Tax Disclosure, among others enabled KRA to recruit additional taxpayers. Active taxpayers increased from **3.94 Million** to **6.55 Million** during the three-year 7th Corporate Plan period.

Technology was instrumental during the peak of the Covid-19 pandemic. Technology platforms drove revenue mobilization through data led compliance management framework. The automation of KRA processes enabled the Authority to improve taxpayers' services and subsequently collect more revenue, especially during the Covid-19 pandemic.

Taxpayers have also stepped forward to find an amicable solution to problems with KRA since the introduction of the Alternative Dispute Resolution (ADR) mechanism. This enabled KRA to unlock **Kshs. 31.5 Billion** in taxes out of 552 cases concluded during FY 2020/2021, with the main goal of ensuring timely, objective and efficient settlement of tax disputes. The enhanced recovery of tax arrears saw KRA collect **Kshs. 93.7 Billion** in the FY 2020/2021 compared to **Kshs. 84.7 Billion** collected in FY 2019/2020.

The Authority also entrenched a performance management culture, which enhanced accountability and productivity of the staff, thus driving the strong financial year performance. In addition, KRA has also intensified its fight against tax evasion to ensure no revenue is lost.

Stakeholder engagement has become a fundamental pillar in KRA's business processes, with the goal of forming solid partnerships that serve as foundations for trust, which is essential for voluntary tax compliance. As a result, KRA has become more approachable and willing to engage in discussions about issues that mattered to stakeholders. This strategy worked well, not just in terms of developing connections with taxpayers, but also in terms of generating new

ideas and technologies to help improve the tax environment and revenue collection. The Authority also worked with other agencies, as part of a multi-agency team, to help close revenue loopholes.

Global Outlook

Global economy is expected to rebound in 2021. This is predicated on steady but highly uneven global vaccinations in the second half of this year and a gradual relaxation of Covid-19 related restrictions. The World Bank indicates that the global economy is projected to grow at **6 percent** in **2021** and **4.3 percent** in **2022**. Growth is expected to resume in Sub-Saharan Africa this year, reaching **2.8 percent**, and further to **3.3 percent** in **2022** as projected by the World Bank. This pickup is underpinned by stronger external demand from the region's trading partners mainly China and the United States, higher commodity prices and better containment of Covid-19. The World Bank forecasts the global trade to grow at 8.3 percent this year and 6.3 percent in 2022, reflecting a rebound in global output and investment.

Kenya's Outlook

The Covid-19 pandemic is not showing any signs on ending soon which poses a risk. However, the National Treasury projects the Kenyan economy to grow by about **6.6 percent** in **2021**, and **6 percent** over the medium term. According to the World Bank, in the 2021 Kenya Economic Update, the country's economy is expected to sustain recovery and gradually return to growth as a result of an upturn in consumer confidence and business activity, supported by ongoing vaccination efforts and the return of mobility to pre-pandemic levels. The economic recovery will be supported by a stable macroeconomic environment, turnaround in trade as economies recover from the Covid-19 pandemic and expected favourable weather that will support agricultural output. The World Bank expects the Kenyan economy to rebound in **2021**, with a real GDP growth of **4.5 percent**.

Appreciation

On behalf of KRA Board of Directors, I wish to extend my appreciation to the National Treasury and look forward to their continued support in pursuit of KRA's Mission during the 8th Corporate Plan period ***'To Enhance Mobilisation of Government Revenue and to Facilitate Growth in Economic Activities and Trade by Ensuring Compliance with Tax and Customs Laws'***. I would like to take this opportunity to thank my fellow Board Members, KRA management and staff for their tireless efforts in ensuring that the Authority achieved and surpassed its set revenue target in the Financial Year 2020/21.

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I wish to extend my gratitude to the taxpayers who have been supportive and compliant, allowing KRA to collect and surpass its revenue target.

We strongly believe that with your continued support we will weather through the storm of Covid-19 pandemic and work hard towards a sustainable economic growth.



Amb. (Dr.) Francis K. Muthaura, MBS, EGH
CHAIRMAN, KRA BOARD OF DIRECTORS

5. COMMISSIONER GENERAL'S STATEMENT

(a) Introduction

The Financial Year 2020/21 marked the end of KRA's Seventh Corporate Plan running from 2018/19 to 2020/21. The plan that was themed '*Revenue Mobilization through Transformation, Data-Driven decision-making, and Tax Base expansion*' outlined four strategic priorities that sought to enable the government achieve revenue independence and avoid deficit financing.

Notwithstanding the challenging operating economic environment brought about by the COVID-19 pandemic, Kenya Revenue Authority (KRA) defied all odds to surpass its revenue target after eight (8) years, since the FY 2013/14. This is after revenue collection in the FY 2020/21 (July 2020 - June 2021) reached a new record of **Kshs. 1,669,213.4 Million** compared to **Kshs. 1,606,864.9 Million** collected in FY 2019/20.

(b) Operating Environment

According to the 2021 Budget Policy Statement, Kenya's GDP grew by 3.8 percent in the FY 2020/21 compared to 3.0 percent in 2019/20. Key elements of the macroeconomic environment included inflation rate, which decreased from **5.2 percent** in the FY 2019/20 to 5.1 percent in the FY 2020/21. The Kenya Shilling exchange rate to the dollar averaged 108.7 in FY 2020/21 compared to 103.6 in the FY 2019/20. While the value of imports increased by **11.5 percent** from **Kshs. 1,355.5 Million** in FY 2019/20 to **Kshs. 1,510.5 Million** in FY 2020/21. The 91-day Treasury bill rate declined from **6.92 percent** in FY 2019/20 to 6.74 percent in FY 2020/21, indicating a general decline in interest rates in the economy. The Nairobi Securities Exchange (NSE) 20 share index moved from 1,942 points in June 2020 to 1,928 points in June 2021.

(c) Revenue Performance

Kenya Revenue Authority (KRA) defied all odds to surpass its revenue target after eight (8) years, since the FY 2013/14. This is after revenue collection in the FY 2020/21 reached a new record of **Kshs. 1,669,213.4 Million** compared to **Kshs. 1,606,864.9 Million** collected in FY 2019/20. This was achieved despite the challenges experienced in the operating economic environment due to Covid-19 pandemic.

The revised revenue target for the FY 2020/2021 was **Kshs. 1,652,392.9 Million**, which KRA surpassed with a surplus of **Kshs. 16,821.4 Million**. This represents a performance rate of **101%** and revenue growth of **3.9%** compared to the previous financial year. This performance is consistent with the prevailing economic indicators, especially the estimated

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GDP growth of **0.6%** in 2020. During the financial year, KRA also recorded a milestone after revenue collection more than doubled in the last 10 years from **Kshs. 707,360.3 Million** in

FY 2011/12 to **Kshs. 1,669,213.4 Million** in FY 2020/21 representing a growth of **136%** in the last ten years.

In the period under review, the exchequer revenue grew by **2.3%** with a collection of **Kshs. 1,544,167.9 Million** compared to **Kshs. 1,509,751.1 Million** collected in FY 2019/20; representing a performance rate of **100.9%** against the target of **Kshs. 1,530,226.2 Million**.

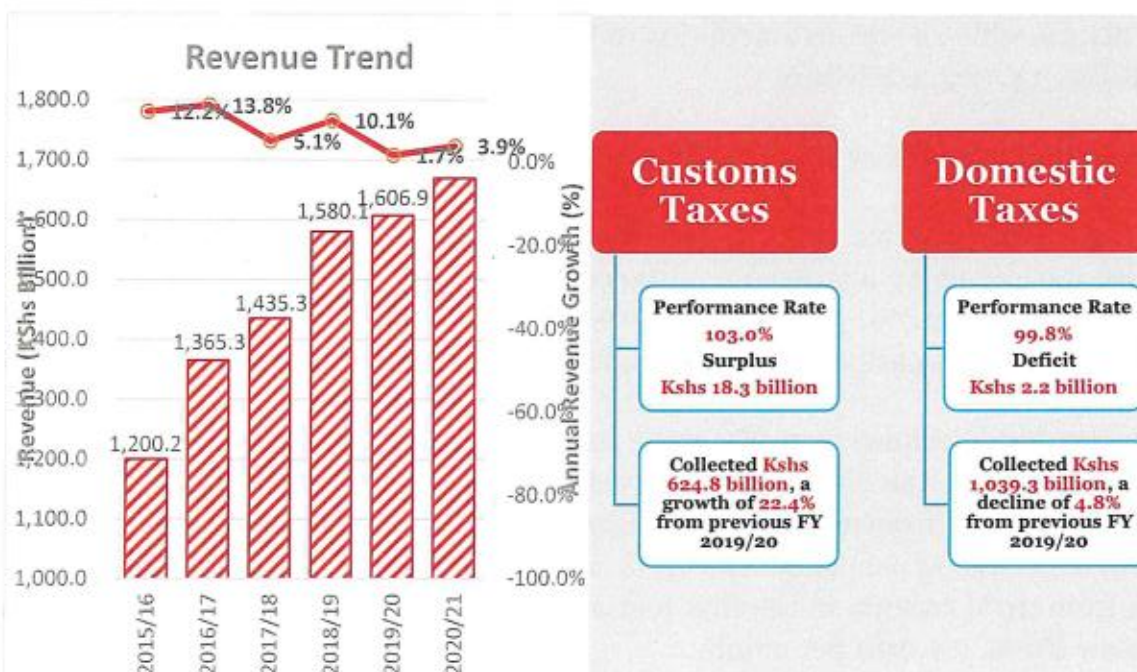


Figure 1: Revenue trends (2015/16 – 2020/21)

Figure 2: FY 2020/21 Performance rate against target

Figure 1 shows consistent revenue growth from 2015/16 to 2020/21, with an average annual revenue growth of **7.8%** in the six-year period and **5.2%** in the last three years. As shown in Figure 2, Customs and Border Control collected **Kshs. 624.8 Billion** in FY 2020/21 against a target of **Kshs. 606.5 Billion** registering a revenue surplus of **Kshs. 18.3 Billion**. Customs revenues grew by **22.4%** over **Kshs. 510.6 Billion** collected in FY 2019/20 and recorded a performance rate of **103.0%**. On the other hand, Domestic Taxes Department collected **Kshs. 1,039.3 Billion** in FY 2020/21 against a target of **Kshs. 1,041.4 Billion**, a revenue deficit of **Kshs. 2.2 Billion**. Domestic tax revenues declined by **4.8%** over **Kshs. 1,092.2 Billion** collected in FY 2019/20 and recorded a performance rate of **99.8%**.

i. Customs and Domestic Taxes Performance

The Domestic Taxes Department (DTD) collected **Kshs. 1,039,267.2 Million** during the FY 2020/21 translating to a performance rate of **99.8%**, while Customs and Border Control (C&BC) collected **Kshs. 624,776.0 Million** surpassing its target of **Kshs. 606,520.2 Million** representing a performance rate of **103.0%** and recording a surplus of **Kshs. 18,255.7 Million**.

Petroleum taxes amounted to **Kshs. 226,688.9 Million** posting a growth of **34.5%** and a surplus of **Kshs. 12,260.9 Million** against the target, while Non-Oil revenue recorded a growth of **20.2%** with collections amounting to **Kshs. 389,877.9 Million**, which was above target by **Kshs. 14,784.4 Million**.

ii. Performance of Key Tax Heads

Corporation Tax: The tax head recorded a growth of **3.7%** in the FY 2020/21. This performance was driven by increased remittance from Energy, Agriculture and Construction sectors that grew by **222.7%**, **33.1%** and **31.9%** respectively. The collection from energy and construction sectors was partly driven by enforcement measures.

PAYE: The tax head declined by **9.3%** in the FY 2020/21, a drop from an average growth of **2.0%** recorded during the same time last year. The decline was driven by reduction in employment emanating from measures taken by mainly private firms to reduce operating costs as a result of the Covid-19 pandemic. The tax head was also affected by the reduction of the top PAYE rate from **30% to 25%** in the first half of the year and a **100%** tax relief for persons earning below **Kshs. 24,000** per month.

Withholding Tax: The tax head recorded a growth of **3.8%** in the FY 2020/21, which is a drop from **18.2%** recorded last year. The performance was negatively impacted by depressed economic growth due to the impact of Covid-19 pandemic.

Domestic Excise: The tax head recorded a growth of **12.0%** in the FY 2020/21, compared to a decline of **6.4%** recorded in the last financial year. The performance turnaround is attributed to gradual reopening of the economy and extended operating hours for bars and restaurants.

Domestic VAT: Domestic VAT recorded a decline of **7.9%**. The performance of the tax head was primarily affected by the Covid-19 pandemic, which saw business turnovers decline. At the same time, the decline was due to reduction of VAT rate from **16% to 14%** during the first half of the fiscal year.

(d) Drivers to Key Achievements in the FY 2020/21

During the period under review, KRA implemented a number of Revenue Enhancement Initiatives that enabled the Authority enhance revenue collection. This was largely driven by enhanced compliance enforcement efforts and the implementation of new tax measures, focused on ensuring that non-compliant taxpayers pay their due taxes.

The good performance is also attributed to Tax Base Expansion (TBE), which was a key deliverable in the 7th Corporate Plan. Through this initiative, KRA recruited more taxpayers arising from the newly implemented taxes including Digital Services Tax and Voluntary Tax Disclosure, among others. Over the Seventh Corporate Plan period, active taxpayers increased from **3.94 million** to **6.55 million**.

The introduction of Alternative Dispute Resolution (ADR) mechanism also saw taxpayers come forward to find amicable solution in disputes with KRA. With the main objective being to ensure, faster, objective and efficient resolution of tax disputes, ADR enabled KRA to unlock **Kshs. 31.5 billion** in taxes out of 552 cases resolved during the FY 2020/2021.

The enhanced recovery of tax arrears saw KRA mobilize **Kshs. 93.7 billion** in the FY 2020/2021 compared to **Kshs. 84.7 Billion** collected in FY 2019/2020.

The technology investment made by the Authority over the years was instrumental during the peak of the Covid-19 pandemic. Technology platforms drove revenue mobilization through data led compliance management frameworks. The automation of KRA processes, especially during the Covid-19 pandemic, enabled the Authority to improve taxpayers' services and subsequently collect more revenue. For example, KRA implemented the use of a Mobile App dubbed *M-service* for specific tax administration processes: registration; tax filing and payment of some tax obligations; and enquiry services. During this period, all goods declared under the Single Customs Territory framework were monitored using the Regional Electronic Cargo Tracking System (RECTS) and all Customs related inquiries and applications were also processed online.

KRA also entrenched a performance management culture that enhanced accountability and productivity of the staff, thus driving the strong financial year performance. In addition, KRA has intensified its fight against tax evasion to ensure no revenue is lost.

During the Financial Year 2020/2021, KRA adopted stakeholder engagement as a key pillar in its business processes with a view of building strong partnerships as foundations for trust, which is key for voluntary tax compliance. This made KRA more approachable and ready to dialogue on issues pertinent to stakeholders. This approach was productive, not only in enhancing good relationships with taxpayers, but also in providing new ideas and innovations useful for improving the tax environment and revenue collection. The Authority also

collaborated with other agencies including being part of the multi-agency team, which support in sealing revenue loopholes.

(e) Outlook

The revenue target for the FY 2021/22 is **Kshs. 1,882,134.7 Million**, of which **Kshs. 1,761,716.9 Million** (93.6%) is Exchequer revenues and **Kshs. 120,417.7 Million** (6.4 %) being the agency revenues that KRA collects. The target represents a growth of **12.8 %** over the revenue collection in FY 2020/21 of **Kshs 1,669,213.4 Million**.

The National Treasury projects that the economy will expand by above 6.6 percent in 2021 and over six (6) percent over the medium term. The performance of Kenya's economy in 2021, like most economies all over the world, will largely be determined by the duration of the disruption of human and economic activities by the Covid-19 pandemic. The outlook is however optimistic with most of the economic activities slowly starting to pick up due to the relaxed Covid-19 restrictions and ease of movement within and outside the country.

Going forward, the Authority is implementing the **8th Corporate Plan** over the period 2021/22 to 2023/24. The plan targets to collect **Kshs. 6,831,210 million** by the end of the three-year period. With the support of taxpayers, the projected economic recovery of 6.6 % in 2021, progressive tax policy framework and a robust tax compliance mechanism, KRA is confident that it will achieve this target and enable the country sustain its economy.

During the plan period, the Authority will pursue revenue mobilization through tax simplification, technology-driven compliance and tax base expansion. In line with the plan's focus, reopening of borders and easing of Covid-19 restrictions, we expect to see the tax revenues rise.

Our Vision remains the same whereas our Mission has been refocused to read, ***'to enhance mobilization of government revenue and to facilitate growth in economic activities and trade by ensuring compliance with tax and Customs laws'***. Given the clarion call by our customers to further simplify our processes and tax laws, we have expanded our Core Values to TECHS with the addition of Simple.

Over this Plan period, KRA's overarching strategic goals will be to:

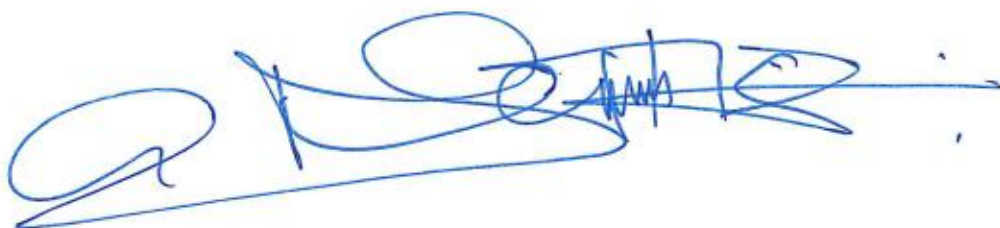
- i. Realize government revenue targets while building a sustainable tax base.
- ii. Achieve exceptional customer service and community outreach.
- iii. Reduce overall cost of collection while improving the quality of operations and services.
- iv. Continue to build a performance-driven and ethical workforce.

(f) Conclusion

In conclusion, I would like to thank KRA Board of Directors, leadership and staff for their hard work that has enabled the Authority effectively execute its mandate as the principal revenue collector for the government of Kenya. Their dedication and commitment led to a positive revenue growth during the FY 2020/21 despite the adverse conditions.

On behalf of the KRA Board of Directors, Management and Staff, I applaud all compliant taxpayers for honouring their tax obligations. Despite the challenges brought about by the COVID-19 pandemic, you still voluntarily paid your taxes and supported the country achieve this great milestone. Your continuous contribution to Kenya's economic sustainability will go a long way in ensuring the sovereignty of this great nation. KRA is determined to make taxpaying experience better for all its customers. The Authority reiterates its commitment to exhibit integrity and professionalism in serving taxpayers. KRA is optimistic that we will perform better in the new financial year.

Finally, I wish to acknowledge the positive support that we continue to receive from the national treasury and planning in facilitating the Authority to delivery on its mandate.

A large, stylized handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end.

FCPA - Githii Mburu, MGH, CBS
COMMISSIONER GENERAL

6. STATEMENT OF KENYA REVENUE AUTHORITY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

KRA had four balanced scorecard perspectives and four objectives within its strategic plan for the period 2018/19 to 2020/21. These strategic perspectives are:

- i. Revenue,
- ii. People,
- iii. Customer, and
- iv. Business process.

KRA develops its annual work plans based on the above four perspectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The KRA achieved its performance targets set for the FY 2020/21 period for its four strategic perspectives as indicated in table 1.

Table 1: Strategic Achievements in FY 2020-21

Strategic Pillar/ Perspective	Objective	KPIs	Activities	Measure	Achievement
Revenue	Meeting the Government's revenue targets through a risk-based compliance framework in an equitable, efficient and effective manner	Total Revenue collected		(Kshs. Mn)	1,669,200
		On-time payment		%	88
		Active Tax payers		No.	6,547,934
		Professionals recruited	Recruit through the implementation of a strategy to improve compliance in the professional sector	No.	4,977
		Registered companies recruited	Identification of registered companies that are active but non-compliant	No.	100,372

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Strategic Pillar/ Perspective	Objective	KPIs	Activities	Measure	Achievement
		Landlords recruited	Recruit through the implementation of a Real Estate Strategy	(No.)	32,169
		Systems integrated	Integrate with other systems (iCMS & iSupport)	(No.)	4
		HNWI recruited	Implement compliance management model	(No.)	22
		Quality profiles forwarded to Departments	Robust intelligence collection and investigation	(No.)	1,301
		Cases investigated	Enhance intelligence driven investigation	(No.)	81
		Disputes resolved in ADR out of total disputes	- Independent review of Taxpayer Objections - Regular stakeholder engagements for ADR - Adhere to ADR regulations anchored on Section 112 of the Tax Procedures Act 2015 - Review the ADR Framework: Review of ADR Framework	%	55.9
		Collectable debt/Total revenue	- Fully utilize the debt module in iTax - Fast track the debt recovery process timelines - Implement Corporate debt	(%)	5.9

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Strategic Pillar/ Perspective	Objective	KPIs	Activities	Measure	Achievement
			management structure		
			Use of Data Analytics		
People	A competent, performance driven, customer focused and motivated staff	Employee satisfaction		(%)	65.7
		Corruption perception index	Implement a Corporate Integrity Program: - Creation of awareness for the Stakeholders - Efficient Inter-agency Collaboration - Train Auditors on Corruption related audits - Staff investigation - System reviews and automation - Identify and review guidelines on National Values and Ethics - Conduct lifestyle audits, vetting and background checks	(%)	34.2
		Staff recruited	Recruit additional staff	(No.)	599
		Training satisfaction	Implement training and skills enhancement programme: Develop a policy on attraction and retention of high priority and critical skills	(%)	63.9

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Strategic Pillar/ Perspective	Objective	KPIs	Activities	Measure	Achievement
			• Develop a Public Service Competency Framework guiding training and development • Define the high priority and critical skills • Identify 3-5 key technical areas per department • Develop and implement specialised training curriculum • Develop & implement ATP • Establish a fund to support self-development • Develop institutional curriculum on Results Based Management (RBM)		
		Leadership score	• Develop a pool of successors for all critical roles • Develop & implement a structured staff development program • Evaluate trainings in line with Kirk – Patrick framework • Develop KRA curriculum on transformational leadership training • Train staff on Transformative and Value-based Leadership	(%)	62.4

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Strategic Pillar/ Perspective	Objective	KPIs	Activities	Measure	Achievement
		Knowledge sharing culture score	Institutionalise Knowledge management • Capacity building of the knowledge leaders • Implement awareness programme • Implement knowledge retention & transfer initiative • Grow the knowledge base	(%)	55
		Employee Engagement (Sikika survey)	Implement Corporate culture change management	(%)	86
		WE satisfaction index	Implement a work environment improvement program: • Standardization of work environment • Deployment of a strategic property portfolio development program • Review, develop and deploy efficient and cost-effective facilities and logistics services • Implement an Integrated Security Solution • Implement an Asset and facility	(%)	71.6

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Strategic Pillar/ Perspective	Objective	KPIs	Activities	Measure	Achievement
			management system • Develop & implement Employee-Self Service • Implementation of Shared Services • Develop institutional curriculum on Occupational Safety and Health (OSH) • Train staff on occupational safety and health (OSH)		
Customer	Achieve a quantum leap in customer service	Taxpayer satisfaction rate	Implement Customer Service Improvement framework	(%)	72.2
		Customer perception of KRA staff adherence to core values	Service Access Expansion Strategy • Design and implement a Customer Engagement Framework and tax awareness strategy	(%)	71.7
		SLA implementation: Processing of TCC and refunds	• Implement initiatives to improve KRA's Business Value • Implement initiatives to improve KRA's Operational Excellence • Adopt a multi-channel led but cost optimal approach to customer service deliver	(%)	62

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Strategic Pillar/ Perspective	Objective	KPIs	Activities	Measure	Achievement
		Implement Initiatives for combating illicit trade	Implement initiatives to reduce illicit trade initiatives • Undertake baseline survey • Operationalize National Inter-agency framework • Strengthen PVoC program • Operationalize 3 OSBPs • Introduce Non-Intrusive verification tools • Integrate international and regional customs systems • Implement Real-Time Monitoring System (RTMS) • Operationalize three (3) Joint Operation Centres • Establish strategic inland roadblocks and patrols • Acquire and operationalize mobile command units and body worn cameras • Implement Manifest Monitoring System in all stations	(%)	100

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Strategic Pillar/ Perspective	Objective	KPIs	Activities	Measure	Achievement
		Paying Taxes	• Integrate iTax with other systems • Collect Revenue on behalf of County Government of Nairobi • Fast-track implementation of the electronic audit selection process • Integrated stamp duty collection system with iTax	Rank	92 ²
		Trading Across borders	• Port Charter implementation • iCMS full implementation, roll out and integration with Single Window System	Rank	117 ³
		Imports under marine/ sea cargo processed under PAP	• Implement integrated scanner strategy • Implement RECTS • Joint verification of cargo at 4 International Airports and 7 OSBPs • Scaling up of ICD Embakasi operations	(%)	15.06
		Refunds clearance	Implement VAT Refunds Strategy: • Integrate iTax-Refunds with iCMS • Implement TIMS • Review and automate the current manual	(Days)	104

² Doing Business 2020

³ Doing Business 2020

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
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Strategic Pillar/ Perspective	Objective	KPIs	Activities	Measure	Achievement
			refunds risk rating framework		
			- Undertake Refunds Business Process Reengineering - Lobby National Treasury to change the VAT refund process so that VAT is paid net of refunds - Restructuring export refund process - Enhance Capacity in the division - Credit utilization across tax heads in iTax		
		Initiatives to reduce uncertainty in the administration of tax statutes	- Apply legislation in line with the letter and spirit of the law - Ensure the presence of a well-functioning mediation process. - Guidelines and safeguards for early identification and sanction of non-compliant taxpayers - Use proportionality in enforcement (Intensity of Enforcement)	(%)	100
Business Processes	Data intelligence driven business processes	Cost of collection		(%)	1.22
		On-time filing		(%)	97
		Automation levels	Implementation of the 3 rd KRA Wide ICT	(%)	95.71

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Strategic Pillar/ Perspective	Objective	KPIs	Activities	Measure	Achievement
			Strategy (2018/2019 – 2020/2021)		
		Data Utilization Index	Implementation of Data Governance Framework	(%)	71
		Business Continuity and ISO Maintenance	- Enhance ICT Disaster Recovery preparedness through upgrade of Times Towers Data Centre - Achieve ISO 9001:2015 Recertification - Maintain sector specific Accreditation to ISO 17025:2017 for Testing and Calibration laboratories - Implement an Integrated Management System (IMS) of ISO Standards - Conduct QMS management reviews, – surveillance audits, and surveillance audits verification - Identifying prioritized services and establish business continuity requirements: - Pursuing certification to ISO 22301:2012 BCMS	(%)	100
		Organizational	Organization Structure alignment	(%)	100

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Strategic Pillar/ Perspective	Objective	KPIs	Activities	Measure	Achievement
		Restructuring	- Streamline Corporate Policy Unit - Transforming the Legal Services and Board Coordination Department - Implement BEA Framework.		

7. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the structure and processes used to direct and manage an organization in order to enhance corporate performance, accountability, fairness and transparency and accountability. It also entails the balancing of the interests of all stakeholders of the organization.

The Kenya Revenue Authority Board of Directors is the governing body of the Authority. The Board of Directors is responsible for the governance of the Authority and is accountable to the Cabinet Secretary, National Treasury to ensure compliance with the Kenya Revenue Authority Act, The Mwongozo Code of Conduct for State Corporations, international best practice and business ethics. The Directors attach great importance to the need to conduct business and operations of the Authority with integrity, professionalism and in accordance with generally accepted international corporate governance practice. The Authority is committed to the implementation of good corporate governance practices as outlined by promotion of ethical leadership, accountability and ensure the sustainability of the organization.

The Board's responsibilities are broadly set out in Section 6 (6) of the Kenya Revenue Act CAP 469 of the Laws of Kenya.

Board Meetings

The Board meets on a monthly basis to review Management performance, including revenue collection, operational issues and future planning. The Directors are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational, revenue and compliance issues. All the Directors are independent of Management and free from any business relationship that could materially interfere with the exercise of their independent judgment. The Board held monthly meetings during the period under review.

Board Committees

The Board had four (4) standing Committees during the period under review, which met regularly under the Terms of Reference set out by the Board.

Human Resources Committee

The Committee is responsible for monitoring and appraising the performance of Senior Management, reviewing of human resource policies, approval of remuneration policy for employees and making recommendations on Senior Management appointments to the Board. The Committee met eight (8) times and its Members were:

- i. Eng. Leonard Ithau,
- ii. Mr. Charles Omanga,
- iii. Hon. Ms. Rose Waruhiu and
- iv. Commissioner General.

Finance, Administration and Procurement Committee

The Committee is responsible for review of the Authority's annual budget, Procurement and Disposal Plans and related policies. The Committee met eight (8) times and its Members were:

- i. Ms. Susan Mudhune,
- ii. Mr. Paul Icharia,
- iii. The Attorney General and
- iv. Commissioner General.

Audit and Risk Committee

The Committee is responsible for review of audit reports, compliance with relevant laws, procedure and standards, quality of financial reporting and oversight on internal control and risk, among others. The Committee assists the Board in discharging its supervisory and good corporate governance responsibilities. The Committee met five (5) times and its Members were:

- i. Hon. Ms. Rose Waruhiu,
- ii. Eng. Leonard Ithau,
- iii. The Attorney General and
- iv. Principal Secretary – National Treasury.

Revenue, Strategy and Technology Committee

The Committee is responsible for review of the Authority's strategic implementation of the Corporate Plan and Reform Programme. It also serves as a forum to encourage continuous research and review of tax policy proposals; regulatory framework and revenue collection. The Committee met twelve (12) times and its Members were:

- i. Mr. Mukesh Shah,
- ii. Mr. Charles Omanga,
- iii. Principal Secretary – National Treasury and
- iv. Commissioner General.

Board of Trustees

The Authority has a Staff Pension Scheme which is supervised, managed and administered by a Board of Trustees. The Authority, as sponsor of the Scheme, is represented by the following Board Members:

- i. Mr. Paul Icharia (Chairman),
- ii. Mr. Mukesh Shah,
- iii. Ms. Susan Mudhune and
- iv. Commissioner Corporate Support Services.

Board Matters

Attendance to board meetings by members	In the Financial Year 2019/2020: There were Seventeen (17) Board Meetings Board Meetings attended by Members. <table><tr><th>Meetings</th><th>No. of Meetings</th></tr><tr><td>Full Board</td><td>17</td></tr><tr><td>Finance, Administration and Procurement Committee</td><td>6</td></tr><tr><td>Human Resources Committee</td><td>9</td></tr><tr><td>Revenue, Strategy and Technology Committee</td><td>7</td></tr><tr><td>Audit Committee</td><td>6</td></tr></table>	Meetings	No. of Meetings	Full Board	17	Finance, Administration and Procurement Committee	6	Human Resources Committee	9	Revenue, Strategy and Technology Committee	7	Audit Committee	6
Meetings	No. of Meetings												
Full Board	17												
Finance, Administration and Procurement Committee	6												
Human Resources Committee	9												
Revenue, Strategy and Technology Committee	7												
Audit Committee	6												
Succession plan	Appointment is by the President (for the Board Chairman) and Cabinet Secretary – The National Treasury (for Members).As per the Kenya Revenue Authority Act Section 6(2)(a) and Section 6(2)(e). Expiry of term is usually communicated to The National Treasury at least 3 months before expiry of Term												
Existence of a board charter	There is an existing Board Charter, which was reviewed and approved by the Board on 18th March, 2021.												
Process of appointment and removal of directors	As per the Kenya Revenue Authority Act Sections 7 and 8.												
Roles and functions of the Board	As per the Kenya Revenue Authority Act Section 6(6).												
Induction and training	The Directors undertook a virtual audit and risk workshop facilitated by, on 27th and 28th October, 2021 facilitated by consultants from the International Monetary Fund and Governance Optimized.												
Board and member performance	The Board Performance Self-Assessment for Financial Year 2020/2021 was carried out on 4th September, 2020 and facilitated by the State Corporations Advisory Committee.												
Conflict of interest	Conflict of interest is declared in all Board and Board Committees Meeting and recorded as part of the proceedings.												
Board remuneration	As per the relevant Government Circular: Sitting Allowance: Letter dated 11th February, 2011 Ref ZZ MOF 131/04												
Ethics and conduct	This is provided for under chapter 3 of the Board Charter, which quotes policies and acts that the board members as public officers are subject to.												
Governance audit	The Governance Audit has not taken place. The State Corporations Advisory Committee (SCAC) vide their letter Ref No. OP/SCAC.9/175A dated 20th February, 2020 indicated that the SCAC was in the process of accrediting Governance Auditors and they would share the list once the process was complete. The Authority awaits further guidance.												

8. MANAGEMENT DISCUSSION AND ANALYSIS

(a) Revenue performance and Growth FY 2015/16 – FY 2020/21

KRA continues to implement her mandate of assessing, collecting and accounting for all revenues per specific laws governing it. At the same time, the Authority, advises on matters relating to the administration of, and collection of revenue under the written laws or the specified provisions of the written laws while performing such other functions concerning revenue as the Minister for Finance may direct. In the following sections, the report presents the revenue collected, contribution from the two main departments, and collection against target for the last six years. It also gives an overview of some anticipated risks and their mitigation measures.

In figure 1, revenue collection trends from FY 2015/16 to FY 2020/21 is presented. The figure shows consistent revenue in this period, with an average annual revenue growth of 7.8% in the six-year period and 5.2% in the last three years. As shown in Figure 2, Customs and Border Control collected **Kshs. 624.8 billion** in FY 2020/21 against a target of **Kshs. 606.5 billion** registering a revenue surplus of **Kshs. 18.3 billion**. Customs revenues grew by 22.4% over **Kshs. 510.6 billion** collected in FY 2019/20 and recorded a performance rate of **103.0%**. On the other hand, Domestic Taxes Department collected **Kshs. 1,039.3 billion** in FY 2020/21 against a target of **Kshs. 1,041.4 billion**, a revenue deficit of **Kshs. 2.2 billion**. Domestic tax revenues declined by 4.8% over **Kshs. 1,092.2 billion** collected in FY 2019/20 and recorded a performance rate of 99.8%.

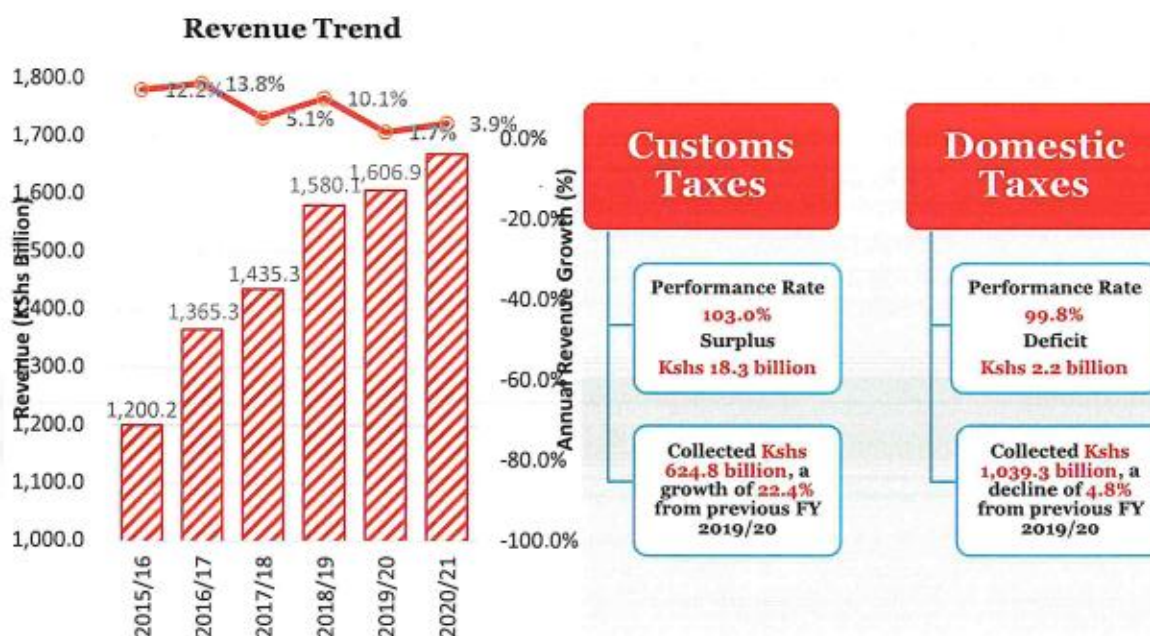


Figure 1: Revenue trends (2015/16 – 2020/21)

Figure 2: FY 2020/21 Performance rate against target

(b) Revenue Performance against Target FY 2015/16 – FY 2020/21

In figure 3, we present the historical performance of revenue against revised targets. It is noted that, the target has been revised over the years to adjust for changes in the macroeconomic environment that dictates the level of revenue collection. For the last eight years, KRA has consistently missed her target by an average of 3%. However, in the FY2020/21 the target was surpassed by 1.01% despite the challenges in the operating environment.



Figure 3: FY 2015/16 - FY2020/21 Actual Collection against Revised Target

(c) Risks and Mitigation in 8th Corporate plan

While KRA remains optimistic in implementing her mandate, we take cognisance of the risks that can lead to challenges in implementation of this mandate. For this reason, risk mitigation measures have been put in place to ensure effective risk management. Some of the anticipated risks are discussed in the section that follows.

i. Non-registration of taxpayers

To mitigate this risk KRA's Eighth corporate plan seeks to implement the Tax Base Expansion (TBE) strategy through recruitment of new taxpayers and additional obligations. The target for new taxpayers will be in real estate, businesses in the Turnover Tax (ToT) regime, registered companies, agriculture sector, professionals and High Net-Worth Individuals (HNWI). These are expected to raise the number of active taxpayers from 6.5 million to 8.2 million, implying an additional 1.7 million taxpayers. This will be achieved through the following: i) Taxation of the Informal Sector; ii) Use Geographic Information System for Block Management System; iii) Increase compliance by HNWI to promote equity; iv) Taxation of the digital economy; v) Strategic collaboration and partnerships for revenue mobilization.

ii. Data integrity risk

This is the risk that data stored and processed by Information Technology (IT) systems are incomplete, inaccurate or inconsistent across different IT systems. This risk will be mitigated by cleaning the taxpayer database. A clean taxpayer database is critical for revenue mobilisation as it ensures that the taxpayers have the correct obligations and ledger balances. KRA will implement the following key strategies to ensure the integrity of the tax register: i) Assure data quality; and ii) Increase data coverage in internal processes/systems.

iii. Smuggling risk

This comes about due to the instability and underdevelopment of some neighbouring countries thus facilitating smuggling across porous borders. This risk is mitigated through the following strategies: i) Use of East Africa Community Centralized Platform for information and data exchange interface; ii) Work with multi-agency task force to tackle security, smuggling and illicit trade; and iii) Improve border management.

iv. Taxpayer/Customer experience risk

KRA undertakes to offer an easier interpretation of tax laws to ease compliance and service delivery. This will be done through: i) Simplification of tax processes, forms and technology links, to make it easy to comply; and ii) Implementation of tax policy reforms to ensure stability and clarity of tax laws.

(d) Risk caused by COVID-19 Pandemic

The COVID-19 pandemic has continued to exert pressure on economic activity and implicitly tax revenue collection. This is informed by slow economic activity, staff layoffs by employers, the containment measures and their resulting effects among others. Consequently, in order to cushion the citizenry from the adverse effects of COVID-19, the government in April 2020; through the Tax Laws Amendment Act, 2020, introduced some tax measures aimed at increasing the disposable income for Kenyan's. This negatively affected the collections in addition to the shrinking tax base. In December 2020, the Tax Laws Amendment Act (No. 2), 2020 reversed some of the measures contained in the Tax Laws Amendment Act, 2020. This was informed by improvements in the operating environment and opening up of the economy after gradual lifting of the containment measures. It was then expected that this would positively impact on revenue. It is observed that the COVID-19 impact on revenue collection has been declining over time but continues to negatively affect revenue collection.

The COVID-19 impact is expected to be mitigated by the ongoing vaccination programme where the Government aims to vaccinate 10 million adults by the end of 2021. As a result, we anticipate a speed up in the reopening of the economy and increased economic activity that is critical for tax purpose. At the same time, KRA is determined to ensure effective implementation of initiatives to expand the tax base including digital service tax, and enhanced recruitment of taxpayers for instance, landlords, informal sector taxpayers, professionals, registered companies, and individuals trading online. Besides, a continual review of existing active taxpayers coupled with a revamped audit function is

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
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expected to foster compliance. Among others, the Authority is also keen on implementing paperless processes especially in customs in order to enhance efficiency in trade facilitation and simplified processes.

(e) KRA Project Portfolio

KRA is implementing the following projects with the goal of effectively delivering its primary mandate of revenue mobilization. The projects are at different stages of completion and are shown in Table 2.

Table 2: KRA's Project Portfolio

Stage	Number of Projects	Projects
Completion & Closure (90% - 100%)	3	1. Anonymous Reporting System 2. iCMS 3. iScan
Execution (16% - 89%)	14	1. mService 2. DWBI (insight) 3. TIMS 4. Case Management System 5. iTax Take over 6. Nairobi County Revenue Management System 7. Regional Electronic Cargo Tracking System (RECTS) 8. East African Regional Transport, Trade and Development Facilitation Project (EARTTDFP) 9. Refurbishment of Secondary Data Centre 10. IP Telephony II 11. WAN Optimisation and Kilindini Network Upgrade 12. IDEA 13. Tenable Security 14. Electronic Queue Management System
Start-up (0-15%)	7	1. Horn of Africa Gateway Development Project (HoAGDP) 2. Ushuru Pensions Towers Phase II Fit out 3. Integrated Access & Identity Management Solution 4. Digital Forensics Laboratory 5. Security Operations Centre 6. Intelligence Analytical Tools 7. Oracle Vault Capacity Building
Completed Projects	4	1. eJuris (iLaw) 2. Imposter Detection System 3. VDI (Centralised End User Computing) 4. New Data Centre
Requiring Funding to Implement	2	1. Integrated Security System (Physical Security) 2. Automatic Exchange of Information System

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
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9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Employee welfare

	Policies Guiding the Hiring Process	Gender Ratio - Yes	Stakeholder Engagements - Yes	Improvement Frequency
1	Recruitment and Selection Policy	3.0 (g); of the policy states that the Authority shall comply with the gender and disability mainstreaming policies Current status In FY 2020/2021, the total number of staff recruited was 835, out of which 48% (400 staff) were female and 52% (435 staff) were male.	a) All recruitments are initiated and requisitioned for by the user department or division and approved by the respective HOD. b) They are required to provide an approved departmental staff establishment and updated job description. c) The DC, HR reviews all the recruitment requests in line with the approved staff establishments and budgetary allocations. d) The Commissioner, CSSD approve the recruitment process, including job adverts, for KRA '1'-'7'. d)The CG reviews and approves recruitment requests for KRA '8'-'9' in line with the approved staff establishment and budgetary allocations e) The recruitment and selection process for KRA '8'-'9' may be facilitated through a recruitment agency or consultant while KRA '1'-'7' are facilitated through the DC, HR.	On need basis
2	Disability Mainstreaming Policy	1.2; The Authority is an equal opportunity employer and does not discriminate against Persons With Disabilities.	a) The Authority maintains PWDs disaggregated data for policy formulation, policy reviews and implementation of relevant programs. b) The Authority encourages the participation and involvement of PWDs in social and welfare programs c) The Authority evaluates emergency and safety procedures to ensure they take into account the needs of persons with disability. This includes making sure all emergency exits are wide enough for wheel chair users. d)6.7 The Authority has constituted a Disability Mainstreaming Committee and nominated members to the committee including persons with disabilities (PWDs).	On need basis

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	Policies Guiding the Hiring Process	Gender Ratio - Yes	Stakeholder Engagements - Yes	Improvement Frequency
			e) We share our Job adverts with the Council (NCPWDs) to cast the net wide.	
3	Gender Mainstreaming Policy	The following Clauses states that the Authority will; 7.4; Ensure 30% representation of women in recruitment, selection, acting appointment and promotion. 7.5; Implementation of gender sensitive action in the areas of recruitment, selection, promotion and striking a balance between work life and social life. 7.6; Implementation of gender sensitive policies in terms of working conditions. Current status As at 14th July 2021, the overall gender representation in the Authority was as follows: <i>Total number of staff – 8,029 (100%); Female Staff – 3,661 (46%); Male Staff – 4,368 (54%)</i>	Gender Mainstreaming Committee comprising of 9 members was set up on 23rd October, 2020 to assist the Authority achieve its commitments on gender mainstreaming issues which include; • Set up and operationalization of a Gender Management System. • Mainstreaming Gender in the Authority's workplace Policies, Plans and Programs. • Undertaking capacity building on Gender. • Submission of quarterly reports using the prescribed format to the State Department for Gender with a copy to the National Gender and Equality Commission.	On need basis
4	Work Environment Standard Policy	1.3 The Authority is committed to promote and maintain high standards of health and safety of employees, customers and the general public 1.6.6. Safety and health audits: The Authority ensures that work environment audits are conducted in all work places at least once in a year	i) The Authority ensures regular sensitizations on safety and health. ii) Reporting accidents and incidences to DOSH when they occur i) Work environment audits are initiated by Human Resource Division and reports submitted to relevant Heads of Department (HoDs) for implementation of recommendations to ensure a safe and healthy work environment ii) Regular Work Environment Spot checks are conducted and recommendations submitted to relevant departments for implementation to ensure compliance.	On need basis On need basis

10. CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT

Introduction

Organizations world over contribute to the national and global economy and thus directly and indirectly improve livelihoods of communities around them.

The Kenya Revenue Authority (KRA)'s Corporate Social Responsibility (CSR) aims to achieve an endearing, sustainable and meaningful partnership with the publics that it interacts with to enhance the focus on KRA's core mandate that is revenue mobilization.

KRA plays a key role in the country's development agenda and is central in achieving the national policy objectives outlined in various policy documents that include Vision 2030, the 'Big Four' Agenda and the Sustainable Development Goals (SDGs). The outlined objectives are related and the pillars include healthcare and environmental initiatives.

During the 2019/2020 Financial Year, KRA carried out various CSR initiatives in line with the national priorities aimed at achieving economic prosperity and achieved the following milestones:

Health Pillar Initiatives

During 2019/2020 financial year, KRA focused its Taxpayers Month CSR (TPM, CSR) initiatives on the Health pillar. Through the KRA Regional Offices, KRA renovated a pediatric ward at Rongo Level 4 hospital & a male ward at the Naivasha Level 5 hospital.

In support of the fight against cancer, KRA participated at the Faraja white water rafting annual fundraising event. The event was scheduled to take place at Tana River, Sagana, Muranga. However, due the Covid-19 Pandemic the participation of staff in the water rafting activity was suspended.

Environmental Pillar Initiatives

In regards to environment, KRA involved staff and other stakeholders to plant trees in support of the Government of Kenya initiative on increasing the forest cover.

KRA planted 6,400 trees at Mukuru Promotional Centre schools (Nairobi), 5, 000 trees with Save our Rivers Initiative in Nkubu (Meru County), 600 trees at KESRA (Mombasa), 500 trees at Ruiru sports club (Kiambu) and 1000 trees at Railways Golf Club (Nairobi). Over 13,500 trees were planted during the financial year 2019/2020.

World Rally Championship (WRC), Safari rally Secretariat which is a GOK project had partnered with KRA to plant 18,000 trees at Kasarani Super spectator stage to mark the return of World Rally Championship in Kenya after 18 years' absence. However, this event was postponed to October rains due to the outbreak of Covid-19 Pandemic.

Sports Marketing Pillar Initiatives

On Sports Marketing, KRA focused on Golf with the aim of improving partnership with taxpayers.

KRA sponsored/co-sponsored five (5) golf tournaments; KRA golf tournament at Ruiru Sports Club, Captains Prize at Railways Golf Club, Rotary Club of Karen tournament at Karen Golf Club, upstream oil and gas golf tournament at Vet lab Golf tournament and Qatar Airways Golf tournament at Muthaiga Golf Club. Over 50 Staff golfers participated in these tournaments.

Ushuru FC continued to play at the National Super League. The team played 26 matches across the country and finished position 6. COVID-19 Pandemic halted all football activities.

KRA Choir performance

The KRA Choir performance was exemplary. The choir performed at various internal and external functions. The external functions were at the invitation of the Permanent Presidential Music Commission. They performed at Siaya County during Jamhuri Day. The choir also did live Christmas carols in media houses. The Choir also participated in Madaraka day celebrations through recorded music.

Staff Engagement

KRA involved staff directly by participating in the staff football tournament & national tree planting. Staff also participated in the Madoka Half Marathon, Beyond Zero Marathon and Stanchart Marathon. Staff participated in various Regional CSR engagements during the year.

Conclusion.

In conclusion, staff involvement and stakeholders' engagement in CSR helped to improve the overall KRA stakeholder relationship and reputation.



FCPA - Githii Mburu, MGH, CBS
COMMISSIONER GENERAL

11. REPORT OF THE BOARD DIRECTORS

The Directors submit their report together with the audited Revenue Accountability statements for the year ended June, 2021 which show the state of Kenya Revenue Authority's affairs.

Principal activities

The principal activities of the Authority continue to be assessment and collection of revenue, administration, enforcement of laws relating to and accounting for revenue collected under the relevant Acts.

Results

The results of the Authority for the year ended June, 2021 are set out on pages 52 to 84.

Directors

The Members of the Board who served during the year are shown on page 5 to 11. During the year, director Bernard Ndung'u, MBS (Alternate Director to the Cabinet Secretary, National Treasury) retired and replaced by Director Musa Kathanje as the Alternate Director to the Cabinet Secretary, National Treasury with effect from 17th March, 2021.

Auditors

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.



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By Order of the Board

Board Secretary

Date: 27th June 2022

12.STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 82 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, a receiver of revenue shall prepare an account of the revenue received and collected by the receiver during that financial year. As the collector of revenue, the Kenya Revenue Authority prepares the Revenue Accountability statements, which give a true and fair view of the state of affairs of the collections at the end of the financial year. The Directors are also required to ensure that the Authority keeps proper accounting records, which disclose with reasonable accuracy the collections, by the Authority.

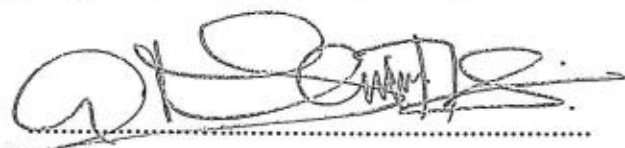
The Directors are responsible for the preparation and presentation of the Authority's Revenue Accountability Statements, which give a true and fair view of the collections by the Authority for and as at the end of the financial year ended on June 30th, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the collections by the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Revenue Accountability statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's Revenue Accountability Statements, which has been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The KRA Act. The Directors are of the opinion that the Authority's Revenue Accountability statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30th, 2021. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's Revenue Accountability Statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Revenue Accountability Statements

The Authority's Revenue Accountability Statements were approved by the Board of Directors on 27th June 2022 and signed on its behalf by.....



**FCPA - GITHII MBURU, MGH, CBS
COMMISSIONER GENERAL**



**AMB. DR. FRANCIS K. MUTHAURA, EGH, MBS
CHAIRMAN**

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2021 - KENYA REVENUE AUTHORITY

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Revenue Accountability Statements that considers whether the revenue accountability statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, legal notices, circulars, guidelines and manuals and whether public resources are collected in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE REVENUE ACCOUNTABILITY STATEMENTS

Opinion

I have audited the accompanying revenue accountability statements of Kenya Revenue Authority set out on pages 52 to 88, which comprise the statement of financial position as

Report of the Auditor-General on Revenue Accountability Statements for the year ended 30 June, 2021 - Kenya Revenue Authority

at 30 June, 2021, and the statement of revenue collections and transfers, statement of targets versus actual performance per tax head for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the revenue accountability statements present fairly, in all material respects, the financial position of the Kenya Revenue Authority as at 30 June, 2021, and of its revenue performance for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Kenya Revenue Authority Act, Cap 469 of the laws of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Revenue Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Outstanding Revenue and Refund Claims

As previously reported, Note 18.17(A) to the revenue accountability statements as at 30 June, 2021 continues to reflect an outstanding revenue balance of Kshs.1,601,133,022,443 compared to an outstanding revenue balance of Kshs.1,459,029,075,950 reported as at 30 June, 2020. Management has indicated that out of the debt of Kshs.1,601 billion in June, 2021, only an amount of Kshs.90 billion or approximately 5.6% is estimated to be collectible while the balance of Kshs.1,510 billion or approximately 94.4% is considered uncollectible and doubtful. Management has also indicated that the exercise of validating the debt, as a pre-requisite for updating taxpayers ledgers, is ongoing and various measures have been put in place with a view of reducing the debts. These measures includes implementing aggressive debt recovery initiatives, enhanced manual reconciliations, vacation of erroneous debts, enhanced and comprehensive data cleaning and validation processes on taxpayers records, automation and roll out of debt module in iTax to transform the overall debt processes, establishment of a full time project team to fast track debt validation of legacy system debts, and strengthening of the tax appeal processes, among other measures. However, should the strategies implemented fail to yield results, the outstanding revenue balance will keep on increasing as indicated.

Further, Note 18.17(B) discloses an outstanding refund claims of Kshs.109,871,066,350 as at 30 June, 2021 compared to an amount of Kshs.106,698,847,364 reported as at 30 June, 2020. Management has indicated that various measures including re-organization and additional staffing of the refunds unit, timely resolution of system

challenges, legislative changes and seeking for enhanced funding from The National Treasury for payment of approved claims have been put in place to hasten processing of refunds. However, should the Authority fail to get enhanced funding from The National Treasury, the refund claims will keep on escalating as indicated.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the revenue statement. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of the revenue accountability statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of revenue accountability statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the revenue accountability statements, Management is responsible for assessing the Authority's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

Management is also responsible for the submission of the revenue accountability statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the revenue accountability statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the revenue accountability statements are in compliance with the authorities, which govern them, and that public revenue is collected and transferred in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the revenue accountability statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the revenue accountability statements.

In addition to the audit of the revenue accountability statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the revenue accountability statements are in compliance with the authorities that govern them and that public

revenue is collected in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the revenue accountability statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement caused by error or fraud in amounts that would be material in relation to the revenue accountability statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatement and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Authority's revenue policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the revenue accountability statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the revenue accountability statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the revenue accountability statements, including the disclosures, and whether the revenue accountability

statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the revenue accountability statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 June, 2022

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 2021**

13. STATEMENT OF THE REVENUE COLLECTION AND TRANSFERS.

	Notes	Actual for the year ended 30th June 2021 KShs	Actual for the year ended 30th June 2020 KShs
Current Year Collections (FY 2020-2021)			
1 (a) Treasury collections			
Taxes on Income, Profits and Capital Gains	18.1	695,469,244,027	722,787,508,012
Taxes on Property	18.2	513,249,062	473,811,884
Taxes on Goods and Services	18.3	652,109,779,513	599,579,487,761
Taxes on International Trade & Transactions	18.4	152,798,745,859	131,908,470,898
Other Taxes not elsewhere classified (Stamp Duty)	18.5	12,956,830,112	9,115,869,554
Sales of Goods and Services (Traffic Fees)	18.6	4,584,147,694	3,591,864,603
Railway Development Levy	18.7	28,503,689,719	23,257,703,993
Betting Tax	18.8	2,999,764,116	1,961,608,473
Surplus Funds	18.9	5,066,696,942	19,203,574,194
Total Treasury Collections		1,555,002,147,045	1,511,879,899,372
(b) Agency collections	18.10(A)	124,933,702,789	97,152,342,179
(c) National Industrial Training (NITA) Levy	18.10(B)	101,850,583	-
(d) AIA Revenue(Miscellaneous Revenue)	18.11	10,290,847	5,548,413
Total Collections for the Year excluding Nairobi County Government Collections		1,680,047,991,264	1,609,037,789,964
Nairobi County Government Collections	18.12	9,757,562,638	1,846,166,015
Unallocated Revenue Balance	18.19 (A)	180,870,179	234,924,800
Funds available for transfer from prior years	18.19 (B)	13,106,723,396	18,122,531,360
Total Collections for the year including NCCG & Unallocated Revenue Balance		1,703,093,147,476	1,629,241,412,139
2 Exchequer Receipts for VAT Refunds		2,500,000,000	10,000,000,000
3 Total funds available for Transfer during the year		1,705,593,147,476	1,639,241,412,139
Accounted for as follows:			
Transfers			
Transfers to Treasury and Fund Accounts	18.13	1,528,992,868,400	1,498,571,378,814
Transfers to Principals	18.14(A)	120,818,815,211	96,429,319,265
AIA-Revenue	18.14(B)	9,805,404	5,805,150
Transfers to County Revenue Fund A/C and related Charges	18.14(C)	9,765,943,979	1,822,741,877
Agency commissions and 14%/16%VAT deducted	18.15	2,847,083,504	2,291,973,557
Refund Payments	18.18(A)	25,858,071,180	26,632,134,582
Transfer to NITA Levy Account	18.14(D)	101,798,033	-
Total transfers and commissions		1,688,394,385,711	1,625,753,353,245
Cash in Transit		17,198,761,765	13,488,058,895

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

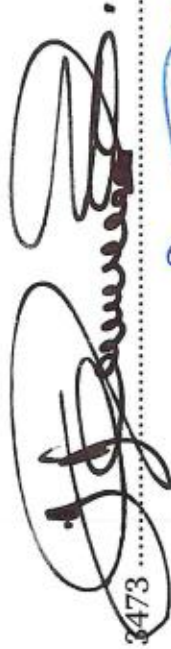
Note: Surplus funds excludes funds remitted directly to the National Treasury by Various government agencies being Kshs. 10,277,185,000 and Ksh. 13,425,397,137 for financial years 2020/2021 and 2019/2020 respectively.

14. STATEMENT OF THE FINANCIAL POSITION AS AT 30TH JUNE 2021.

	Notes	Actual as at 30th June 2021 KShs	Actual as at 30 th June 2020 KShs
1 FINANCIAL ASSETS			
CASH AND CASH EQUIVALENT			
Closing Balance- Exchequer	18.16 (A)	11,577,423,967	7,455,041,114
Closing Balance- Agency	18.16 (B)	837,332,457	619,359,427
Closing Balance- AIA	18.16(C)	760,436	504,766
Closing Balance-Nairobi County Government	18.16(D)	15,042,797	23,424,138
Closing Balance- Refund Payment Account	18.18(A)	4,587,279,378	5,154,804,649
Closing Balance- Nita levy	18.16 (E)	52,550	-
Balance on Unallocated Revenue	18.19(A)	180,870,179	234,924,800
Total cash and cash equivalent		17,198,761,765	13,488,058,895
2 FINANCIAL LIABILITIES		Actual as at 30th June 2021	Actual as at 30th June 2020
Account payables			
The National Treasury	18.16 (A)	11,577,423,967	7,455,041,114
Payables to Principals, Commission and 16%/14% Vat:	18.16 (B)	837,332,457	619,359,427
Payment Accounts	18.18(A)	4,587,279,378	5,154,804,649
AIA Payable to KRA (Miscellaneous)	18.16 (C)	760,436	504,766
Nairobi County Government	18.16 (D)	15,042,797	23,424,138
NITA Levy	18.16 (E)	52,550	-
Balance on Unallocated Revenue	18.19 (a)	180,870,179	234,924,800
Total Accounts Payables		17,198,761,765	13,488,058,895

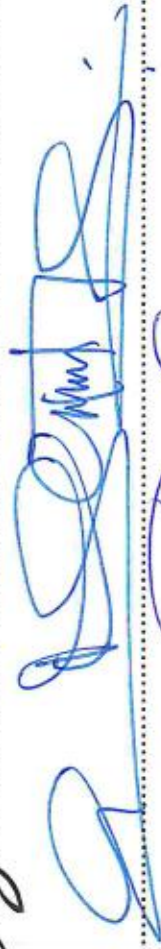
**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 2021**

The Revenue Accountability Statements set out herein were signed on behalf of the Board of Directors by ;



Josephat Omondi

Head of Finance - ICPAK No. 3473



FCPA -Githii Mburu, MGH, CBS

Commissioner General



AMB. DR. Francis K. Muthaura, MBS, EGH

Chairman

The notes set out hereto form an integral part of the Revenue Accountability Statements

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 2021**

15. STATEMENT OF TARGET VS ACTUAL PERFORMANCE BY TAX HEAD

TAX HEAD	Original Budget amount as per Treasury Estimates of Revenue Grants and Loans for the year ended 30th June 2021	Target Revision effected	Revised Budget amount as per Treasury Estimates of Revenue Grants and Loans for the year ended 30th June 2021	Actual Receipts for period ended 30th June 2021	Target Realised for period ended 30th June 2021	Actual Receipts for period ended 30th June 2020	Year on year Growth
	Kshs	Kshs	Kshs	Kshs	%	Kshs	%
Collections							
Treasury collections							
Taxes on Income, Profits and Capital Gains							
Income Tax from Individuals (PAYE)	376,991,468,857	(16,174,202,447)	361,025,000,000				
Contribution from Govt Employees to WCPS	207,733,590	(32,208,666)	175,524,924	363,348,743,351	101%	400,754,595,293	-9.3%
Income Tax from Corporations	308,322,483,180	33,240,856,140	241,563,339,320	329,562,932,737	97%	317,535,530,662	3.8%
Capital Gain Tax	6,059,102,230	(4,794,549,329)	1,264,552,901	2,557,567,939	202%	4,497,382,057	-43.1%
Sub totals	691,580,787,857	12,239,895,698	704,028,417,145	695,469,244,027	99%	722,787,508,012	-3.8%
Taxes on Property							
Rent of Land(Land rent)	884,332,266	(256,751,096)	627,581,170	513,249,062	82%	473,811,884	8%
Sub totals	884,332,266	256,751,096	627,581,170	513,249,062	82%	473,811,884	8%
Taxes on Goods and Services							
Receipt from VAT on Domestic Goods and Services	282,904,819,996	(65,258,836,826)	217,645,983,170	217,711,875,908	100%	228,601,155,747	-5%
VAT on Imported Goods and Services	218,746,768,516	(13,253,924,522)	205,492,843,994	211,071,962,113	103%	167,912,844,961	26%
Anti-adulteration Levy	3,429,128,750	(279,861,079)	3,149,267,671	2,760,089,708	88%	2,761,788,714	0%
Excise Taxes	241,917,956,925	(23,453,618,167)	218,464,338,758	220,565,851,785	101%	200,303,698,339	10%
Sub totals	746,998,674,187	102,246,240,594	644,752,433,593	652,109,779,513	101%	599,579,487,761	9%
Taxes on International Trade & Transactions							

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 2021**

Customs Duties (Import duty)	106,942,074,741	(4,344,304,500)	102,597,770,241	108,616,237,518	106%	98,348,534,054	10%
Import Declaration and Inspection fees	28,784,617,346	6,857,792,002	35,642,409,348	44,182,508,341	124%	33,559,936,844	32%
Sub totals	135,726,692,087	2,513,487,502	138,240,179,589	152,798,745,859	111%	131,908,470,898	16%
Other Taxes Not Classified Elsewhere							
Stamp duty	11,273,182,403	768,124,935	12,041,307,338	12,956,830,112	108%	9,115,869,554	42%
Sub totals	11,273,182,403	768,124,935	12,041,307,338	12,956,830,112	108%	9,115,869,554	42%
Surplus Funds	12,338,000,000	-	12,338,000,000	5,066,696,942	40%	19,203,574,194	-74%
Sub totals	12,338,000,000	-	12,338,000,000	5,066,696,942	40%	19,203,574,194	-74%
Sale of goods and Services (Traffic Revenue)							
Second Hand Motor Vehicle Tax	236,004,471	(33,233,475)	202,770,996				
Licences under Traffic Act	2,466,597,934	(398,565,682)	2,068,032,252				
Fees under Traffic Act	1,931,160,194	(254,185,372)	1,676,974,822	4,584,147,694	116%	3,591,864,603	28%
Sub totals	4,633,762,599	685,984,529	3,947,778,070	4,584,147,694	116%	3,591,864,603	28%
Railway Development Levy							
Other Receipts not Classified elsewhere (RDL)	27,157,697,812	6,073,615,469	33,231,313,281	28,503,689,719	86%	23,257,703,993	23%
Sub totals	27,157,697,812	6,073,615,469	33,231,313,281	28,503,689,719	86%	23,257,703,993	23%
Betting Taxes							
Sub totals	14,000,000,000	(11,974,824,408)	2,025,175,592	2,999,764,116	148%	1,961,608,473	53%
Total Treasury Collections	1,644,593,129,211	93,568,677,023	1,551,232,185,778	1,555,002,147,045	100%	1,511,879,899,373	3%
Agency collections							
Airport Revenue	10,681,079,823	-	10,681,079,823	3,059,390,644	29%	11,175,896,685	-73%
Aviation Revenue	4,417,261,740	-	4,417,261,740	3,319,280,585	75%	4,859,621,876	-32%
Petroleum Development Fund	2,287,016,383	21,282,983,617	23,570,000,000	25,879,926,923	110%	2,044,457,213	1166%
Road Maintenance Levy							
Road Maintenance Levy Annuity Fund	14,426,000,000	-	14,426,000,000	87,315,731,714	111%	74,457,890,778	17%

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 2021**

Taxes -from Other general government units(RML)	61,283,000,000	2,770,520,758	64,053,520,758				
Subtotal -Road Maintenance Levy	75,709,000,000	2,770,520,758	78,479,520,758	87,315,731,714	111%	74,457,890,778	17%
K.A.A. Concession Fees	135,393,544	-	135,393,544	144,904,072	107%	119,623,493	21%
Road Transit Toll Levy	1,026,066,694	-	1,026,066,694	1,185,487,458	116%	911,541,586	30%
Sugar Levy	-	-	-	1,103,659	0%	240,649	359%
Petroleum Regulatory Levy	1,031,560,768	-	1,031,560,768	1,251,686,348	121%	1,072,618,605	17%
Merchant Superintendent Shipping Levy	1,765,620,156	-	1,765,620,156	1,686,317,232	96%	1,535,218,237	10%
KEBS Levy	583,165,440	-	583,165,440	503,370,848	86%	559,853,198	-10%
Traffic Fees-Agency	476,005,734	-	476,005,734	586,264,510	123%	415,278,318	41%
Housing Levy	113,875		82,658	238,797	0%	101,541	135%
Total Agency Collections	98,112,284,156	24,053,504,375	122,165,757,314	124,933,702,789	102%	97,152,342,179	29%
NITA Levy				101,850,583	-		-
AIA Revenue (Miscellaneous)	5,257,000	3,845,000	9,102,000	10,290,847	113%	5,548,413	85%
Sub-totals (Agency , AIA Revenue & NITA Levy)	98,117,541,156	24,057,349,375	122,174,859,314	125,045,844,219	102%	97,157,890,592	29%
Total Revenue Collections	1,742,710,670,367	69,511,327,648	1,673,407,045,092	1,680,047,991,264	100%	1,609,037,789,964	4%

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

NOTES.

1. The original targets were revised to accommodate factors prevailing in the economy, specifically to take into account the negative impact of the COVID-19 and the measures taken to ease the burden on the Taxpayers such as reduction of VAT and PAYE rates.
2. The comparative targets between the current and prior year also differ because of changes in macroeconomic parameters and tax policy measures.
3. The current year's gross actual collections against the revised targets reflect a Performance of 101%. This good performance is attributed to a number of revenue enhancement initiatives implemented by the Authority during the period that enabled enhancement of revenue collection despite operating in a challenging economic environment brought about by the COVID-19 pandemic. Notable performance areas were as follows;
 - i. Income Tax from Individuals (PAYE & WCPS) performed at Kshs 363.3 billion against a revised target of Kshs 361.2 billion with a performance of 101%. This performance is mainly attributed to the enforcement initiatives that resulted in increased remittances. However, PAYE registered a decline of 9.3% compared to the previous year due to the impact of COVID-19 that resulted to loss of employment and reduction of PAYE rates from 30% to 25% to ease the impact of COVID-19 .
 - ii. Income Tax from Corporations performed at Kshs 329.6 billion against a target of Kshs 341.6 billion with a performance of 97%. The performance is mainly attributed to reduced remittance from Finance, Insurance and manufacturing sectors. In particular installment remittances were impacted by the COVID-19 containment measures on reduction of Corporation Tax rate from 30% to 25% in the first half the of the financial year. In addition, withholding taxes remittances from the Management, Professional Fees, Interest and Contractual fees were also impacted negatively by COVID-19. However, Corporation taxes registered a growth of 3.7% compared to the previous year.
 - iii. Capital Gains Tax performed at Kshs. 2.6 billion against a target of Kshs. 1.3 billion registering a performance of 202%. This performance was largely driven by enhanced enforcement activities.
 - iv. Taxes on properties (Land Rent) performed at 82% for the period ended 30th June 2021 with a revenue growth of 8.3% compared to the previous year. This under performance is mainly attributed to the impact of COVID-19 pandemic containment measures, which hindered physical verification of properties whose land rents were due for payment and closure of the land registries to allow roll-out of the National Lands Information Management systems (LIMS).
 - v. VAT on Domestic Goods and Services performed at Kshs 217.7 billion against a target of Kshs 217.6 billion with a performance of 100%.

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE
ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

- vi. VAT on Imported Goods and Services registered a performance of Kshs 211 billion against a target of Kshs 205 billion, with a performance of 103%. The performance is attributed to increased import volumes during the year.
- vii. Excise Taxes performed at Kshs 220.6 billion against a target of Kshs 218.5 billion with a performance of 101% and a growth of 10.1% compared to the previous year. This performance is mainly attributed to growth in oil import volumes by 15.7% in the year. In addition, domestic Excise performance registered recovery on Excisable production on beer and cigarettes as the Government gradually eased the restrictions on operating hours for bars and restaurants.
- viii. Customs Duties (Import duty) performed at Kshs 108.6 billion against a target of Kshs 102.6 billion with a performance of 106%. Likewise, the performance on Import Declaration and Inspection Fees was Kshs, 44.2 billion against a target of Kshs 35.6 billion resulting to a performance of 124%. The performances were driven a 9.5% growth in overall imports.
- ix. Stamp Duty performed at Kshs 12.9 billion against a target of Kshs 12.0 billion with a performance of 108%. This performance was largely driven by enhanced enforcement measures.
- x. Surplus funds reflected a collection of Kshs 15.2 billion against a target of Kshs 12.3 billion and registered a performance of 124%. This performance is attributed to intensified follow up on remittances from the Regulatory Authorities that resulted to remittances of Kshs. 5 billion and Kshs. 10.2 billion directly to KRA and The National Treasury respectively.
- xi. Sale of goods and Services (Traffic Revenue) registered a collection of Kshs 4.6 billion against a target of Kshs 3.9 billion with a performance rating of 116%. This performance is attributed to the roll out of the new digital license by the National Transport and Safety Authority (NTSA) to replace the old booklets coupled with the increased value on the Three year License from Kshs. 1,400 to Kshs. 3,000 .This three driving license cost more than the earlier one for the same period.
- xii. Betting taxes performed at 148% with a collection of Kshs 3.0 billion against a target of Kshs 2.0 billion. This is attributed to the gradual resumption of football and other betting activities following gradual easing of the COVID-19 restrictions.
- xiii. Agency collections registered a performance of 102% for the period ended 30th, June, 2021. This is mainly attributed to increased oil imports during the year.

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

16. STATEMENT OF TARGET VS ACTUAL PERFORMANCE BY DEPARTMENT

	Department	Target - Treasury	Actual Receipts for period ended 30th June 2021	% target realised FY 2020/21	Actual Receipts for period ended 30th June 2020	Year on year Growth
		KShs	KShs	%	KShs	%
	Revenue collection					
1	Treasury collections					
	Customs Services Department	485,413,716,651	500,932,217,181	103%	414,465,107,241	21%
	Domestic Taxes Department	1,040,864,691,056	1,028,425,782,170	99%	1,078,702,927,528	-5%
	Traffic Revenues	3,947,778,070	4,584,147,694	116%	3,591,864,603	28%
	Total Treasury collections	1,530,226,185,777	1,533,942,147,045	100%	1,496,759,899,372	2%
	Provision for Refunds (CSD)	660,000,000	660,000,000	100%	720,000,000	-8%
	Provision for Refunds (DTD)	20,400,000,000	20,400,000,000	100%	14,400,000,000	42%
	Gross Treasury collections	1,551,286,185,777	1,555,002,147,045	100%	1,511,879,899,372	3%
2	Agency collections					
	Customs Services Department	121,115,605,482	123,854,119,481	102%	96,182,657,535	29%
	Domestic Taxes Department	583,248,098	605,460,228	104%	559,954,739	8%
	Traffic Revenues	476,005,734	586,264,510	123%	415,278,318	41%
	Total Agency collections	122,174,859,314	125,045,844,219	102%	97,157,890,592	29%
	Total Revenue Collections	1,673,461,045,091	1,680,047,991,264	100%	1,609,037,789,964	4%

17. ACCOUNTING POLICIES

a. Reporting Entity

The Kenya Revenue Authority has prepared the Revenue Accountability Statements.

b. Basis of Preparation

The Revenue Accountability Statements comply with the requirements of the Public Financial Management Act of 2012 and the cash basis of International Public Sector Accounting Standards.

The accounting policies have been consistently applied to all the financial periods presented.

The Revenue Accountability Statements are presented in Kenya Shillings (Kshs), being the currency of legal tender in Kenya that is the functional and reporting currency of the Government of Kenya.

c. Reporting periods

The Government of Kenya Fiscal Year runs from 1st July to 30th June. The Revenue Accountability Statements covers the financial period 1st July 2020 to 30th June 2021. The comparative figures reflect the 12 months ended 30th June 2020.

d. Significant accounting policies

The Revenue Accountability Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated:

(i) Receipts

Revenue is recognized at the point of collection. Only taxes billed/assessed and collected are recognized as receipts under the cash basis of accounting. Revenue billed/assessed during the year but not yet collected is disclosed as receivable for purposes of disclosure.

(ii) Transfers

The transfers relates to payments made from the collection accounts to the Treasury receiver of revenue account. It also related to transfers made to the various principals.

(iii) Provisioning for refund

A total of Kshs **24,503,623,449** was set aside for purpose of refund of claims during the year on items specified under table 18.18 (A) below. During the year, an additional funding of Kshs. **2,500,000,000.00** was received from the National Treasury on VAT refunds to ease the impact of COVID- 19 pandemic on businesses.

(iv) Agency funding

The Authority receives an allocation from The National Treasury as determined by the Cabinet Secretary each year, not exceeding 2% of the revenue estimated in the Financial Estimates for each financial year to be collected by the Authority. This is the main source of revenue for recurrent expenditure of KRA.

In addition, the Authority also charges a commission of 2% on collections made on behalf of other principals. The commission is deducted at source plus 16% VAT (Reduced to 14% from April 2020 to December, 2020) thereon before remittance to the principals.

(v) Cash and equivalents

Cash and equivalents comprises of cash in transit.

(vi) Comparative Figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

(vii) Subsequent events

There have been no events subsequent to the financial year-end with a significant impact on the Revenue Accountability Statements for the quarter ended 30th June , 2021.

18. NOTES TO THE REVENUE ACCOUNTABILITY STATEMENT

18.1 Taxes on Income, Profits and Capital Gains

TAX HEAD	Actual Receipts for year ended 30th June 2021	Actual Receipts for year ended 30th June 2020
	KShs	KShs
1 Income Tax from Individuals (PAYE & WCPS)	363,348,743,351	400,754,595,293
SubTotal	363,348,743,351	400,754,595,293
2 Income Tax from Corporations		
a) Other Income Taxes	318,234,304,438	307,356,100,448
b) Turnover Tax	63,486,512	32,335,410
c) Capital Gains Tax	2,557,567,939	4,497,382,057
d) Rental Income	10,764,105,375	10,147,094,804
e) Digital Service Tax (DST)	501,036,412	-
SubTotal	332,120,500,676	322,032,912,719
Total	695,469,244,027	722,787,508,012

18.2. Taxes on Property

TAX HEAD	Actual Receipts for year ended 30th June 2021	Actual Receipts for year ended 30th June 2020
	KShs	KShs
Land Rent	513,249,062	473,811,884
Total	513,249,062	473,811,884

18.3 Taxes on Goods and Services

TAX HEAD	Actual Receipts for year ended 30th June 2021	Actual Receipts for year ended 30th June 2020
	KShs	KShs
1 VAT on Domestic Goods and Services	217,711,875,908	228,601,155,747
2 VAT on Imported Goods and Services		

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

	a) VAT - Imports(General Rate)	188,631,653,989	151,987,084,400
	b) VAT Oil at 8%	22,440,308,124	15,925,760,561
	c) Anti-adulteration Levy	2,760,089,708	2,761,788,714
	SubTotals	431,543,927,729	399,275,789,422
3	Excise Receipts (Air time + domestic + import+Fin.services)		
	a) Gross Excise Duty	106,457,729,782	89,344,298,675
	b) Excise Duty Domestic	62,405,292,404	55,720,900,497
	c) Excise Tax on Airtime	29,296,601,610	28,841,180,281
	d) Excise Tax on Money Transfer	21,647,563,948	24,352,662,314
	e) Excise Tax on Betting	758,664,042	2,044,656,572
	SubTotals	220,565,851,785	200,303,698,339
	Total	652,109,779,513	599,579,487,761

18.4. Taxes on International Trade & Transactions

	TAX HEAD	Actual Receipts for year ended 30th June 2021 KShs	Actual Receipts for year ended 30th June 2020 KShs
1	Customs Duties(Import Duty)	108,616,237,518	98,348,534,054
2	Other Taxes on International Trade and Transactions (IDF Fee)	44,182,508,341	33,559,936,844
	Total	152,798,745,859	131,908,470,898

18.5. Other Taxes not elsewhere classified (Stamp Duty)

	TAX HEAD	Actual Receipts for year ended 30th June 2021 KShs	Actual Receipts for year ended 30th June 2020 KShs
1	Stamp Duty	12,956,830,112	9,115,869,554
		12,956,830,112	9,115,869,554

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

18.6. Sales of Goods and Services

TAX HEAD	Actual Receipts for year ended 30th June 2021	Actual Receipts for year ended 30th June 2020
	KShs	KShs
1 Traffic revenue	4,584,147,694	3,591,864,603
Total	4,584,147,694	3,591,864,603

18.7. Railway Development Levy

TAX HEAD	Actual Receipts for year ended 30th June 2021	Actual Receipts for year ended 30th June 2020
	KShs	KShs
Railway Development Levy	28,503,689,719	23,257,703,993
Total	28,503,689,719	23,257,703,993

18.8. Betting Tax

TAX HEAD	Actual Receipts for year ended 30th June 2021	Actual Receipts for year ended 30th June 2020
	Kshs.	KShs
Betting Tax	2,999,764,116	1,961,608,473
Total	2,999,764,116	1,961,608,473

18.9. Surplus Funds

S/N	TAX HEAD	Actual Receipts for year ended 30th June 2021	Actual Receipts for year ended 30th June 2020
		KSH	KSH
1	National Transport Services Authority	-	52,241,724
2	Capital Markets Authority	286,000,000	92,706,000
3	Competition Authority Of Kenya	42,624,757	147,831,639

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

4	Energy Regulatory Commission	-		302,417,556
5	Retirement Benefits Authority	199,018,355		123,818,000
6	Kenya Dairy Board	-		207,648,142
7	National Campaign Against Drug Abuse Authority Board	14,042,034		2,953,526
8	Kenya Bureau Of Standards	-		1,245,000,000
9	Communications Authority Of Kenya	1,517,015,600		10,218,396,369
10	Tourism Regulatory Authority	1,428,503		66,737,384
11	Insurance Regulatory Authority	681,742,430		357,000,000
12	Export Processing Zone Authority	-		43,793,311
13	Kenya Civil Aviation Authority	1,356,394,038		4,746,731,572
14	National Construction Authority	772,218,746		979,455,923
15	Water Resources Management Authority	7,000,000		1,000,000
16	Kenya Maritime Authority	114,701,539		615,843,048
17	National Environment Management Authority (Nema)	32,383,800		-
18	The Sacco Societies Regulatory Authority (Sasra) Kenya	42,127,140		-
	SUBTOTAL	5,066,696,942	19,203,574,194	
	SURPLUS FUNDS REMITTED DIRECTLY TO NATIONAL TREASURY			
1	Agricultural Food Production	-		104,741,000
2	Capital Markets Authority	-		407,294,000
3	Central Bank of Kenya	7,500,000,000		4,000,000,000
4	Constituency Development Funds	-		400,000,000
5	Council of Legal Education	-		215,000,000
6	East Africa School of Aviation	-		301,070,840
7	Insurance Regulatory Authority	-		1,400,000,000
8	Kenya Airports Authority	-		200,000,000
9	Kenya Industrial Property Institute	-		10,000,000
10	Kenya Petroleum Refineries	-		33,560,014
11	Kenya Plant Health Inspectorate Services (KEPHIS)	-		7,250,000
12	Kenya Post Office Savings bank	-		5,000,000
13	Kenya Roads Board	-		2,832,224,755
14	Kenya School of Government	-		25,000,000
15	Kenya Veterinary Vaccines Institute	-		200,000,000
16	National Drought Management Auth.	-		2,122,820,528
17	Pharmacy & Poisons Board	-		471,000,000
18	Public Procurement Oversight Authority	-		400,000,000
19	Retirement Benefits Authority	-		226,182,000

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

20	Tourism Finance Board		-	64,254,000
21	Communications Authority Of Kenya		2,777,185,000	-
	SUBTOTAL		10,277,185,000	13,425,397,137
	GRAND TOTAL		15,343,881,942	32,628,971,331

Note:

Surplus funds relate to surrendered end of year unexpended voted or excess Appropriation in Aid by the Accounting Officers of the State Corporations as per the Public Finance Management Act. During the year, Surplus amount of Ksh. 10,277,185,000 was remitted directly to The National Treasury.

18.10. (A) Agency collections

	TAX HEAD	Actual Receipts for year ended 30th June 2021	Actual Receipts for year ended 30th June 2020
		KShs	KShs
1	Airport Revenue	3,059,390,644	11,175,896,685
2	Aviation Revenue	3,319,280,585	4,859,621,876
3	Petroleum Development Fund	25,879,926,923	2,044,457,213
4	Road Maintenance Levy	87,315,731,714	74,457,890,778
5	K.A.A. Concession Fees	144,904,072	119,623,493
6	Road Transit Toll Levy	1,185,487,458	911,541,586
7	Sugar Levy	1,103,659	240,649
8	Petroleum Regulatory Levy	1,251,686,348	1,072,618,605
9	Merchant Superintendent Shipping Levy	1,686,317,232	1,535,218,237
12	KEBS Levy	503,370,848	559,853,198
13	Traffic Fees-Agency	586,264,510	415,278,318
14	Housing Levy	238,797	101,541
	Total	124,933,702,789	97,152,342,179

18.10 (B) NITA Levy

	Actual Receipts for year ended 30th June 2021	Actual Receipts for year ended 30th June 2020
	KShs	KShs
NITA Levy	101,850,583	-

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

18.11. AIA Miscellaneous Revenue

	Actual Receipts for year ended 30th June 2021	Actual Receipts for year ended 30th June 2020
	KShs	KShs
Miscellaneous	10,290,847	5,548,413
Total	10,290,847	5,548,413

Note: Miscellaneous Revenue mainly comprises of collections on overtime fees and sale of Tamperproof seals for the year ended 30th June 2021. This is an Appropriation-In-Aid for Kenya Revenue Authority.

18.12 Nairobi County Government Collections

Revenue Stream	Actual Receipts for year ended 30th June 2021			Actual Receipts for year ended 30th June 2020		
	TARGET	ACTUAL	%	TARGET	ACTUAL	%
Land Rates	5,058,000,000	2,772,029,171	55%	901,950,000	458,319,269	51%
Parking fees (total)	2,800,000,000	1,573,968,020	56%	783,291,667	247,480,569	32%
Single Business Permits	2,562,102,000	1,314,275,582	51%	547,000,000	162,689,825	30%
Plans and Inspections (Building Permits)	1,650,000,000	726,576,022	44%	661,708,277	126,009,904	19%
Billboards and advertisements	1,200,000,000	746,605,152	62%	415,625,000	147,116,139	35%
House and Stall Rent	600,000,000	547,005,607	91%	183,113,000	143,411,249	78%
Fire Inspection Certificates	450,000,000	174,109,586	39%	130,350,000	20,853,778	16%
Food Handlers Certificates	210,000,000	124,755,150	59%	90,500,000	21,419,081	24%
Markets	480,972,000	374,269,069	78%	144,783,333	82,008,119	57%
Other Incomes	1,448,926,000	1,403,969,279	97%	590,166,507	436,858,082	74%
Total	16,460,000,000	9,757,562,638	59%	4,448,487,783	1,846,166,015	42%

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

18.13. Transfer to receivers of Revenue – Treasury

	TAX HEAD	Actual Transfers for year ended 30th June 2021	Actual Transfers for year ended 30th June 2020
		KShs	KShs
1	Income Tax from Individuals (PAYE)	363,125,334,452	400,276,063,669
2	Income Tax from Corporations	326,202,251,009	335,112,983,649
3	Land Rent	521,693,300	474,133,841
4	VAT on Domestic Goods and Services	197,103,763,996	214,477,864,422
5	VAT on Imported Goods and Services	213,811,135,356	170,970,136,234
6	Excise Domestics	108,073,096,331	79,049,181,737
7	Excise Airtime	-	-
8	Excise on Financial Services	4,962,785,149	30,836,204,100
9	Excise Imports	105,050,636,109	89,343,337,482
10	Customs Duties(Import)	108,135,360,322	98,817,037,362
11	Other Taxes on International Trade and Transactions (IDF Fee)	44,117,705,921	33,098,922,916
12	Stamp Duty	12,977,728,203	9,090,391,733
13	Railway Development Levy	28,504,273,688	23,421,650,520
14	Traffic revenue	4,546,499,704	3,598,719,695
15	KRA- Tax on Winnings-KSh (Sports Fund Coll Account)	6,793,907,917	10,004,751,454
16	Surplus Funds(Banked in Income tax A/c)	5,066,696,942	-
	Total	1,528,992,868,400	1,498,571,378,814

18.14. Agency Transfers

(A) Transfers to Principals by Bank Account

The following is a breakdown of the transfers from holding accounts to principals;

S/NO.	Principal	Agency accounts	Agency Accounts Nos.	Actual transfers for year ended 30th June 2021	Actual transfers for year ended 30th June 2020
				KShs	KShs
1	Kenya Airports Authority	Airport Revenue (APSC)	1000007451	2,651,327,374	11,259,201,634

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

2	National Treasury	Petroleum Devt Fund (PDF Levy)	1000007435	24,925,249,268	2,016,099,111
3	Kenya Roads Board	Road Transit Toll Levy	10000007818	1,109,456,585	902,825,527
4	Sugar Directorate (Agriculture and Food Authority)	Sugar Development Levy (SDL)	1000007729/1000008113	1,078,233	14,219,266
5	Kenya Airports Authority	K.A.A. Concession Fees	1000008121	139,266,495	117,589,828
6	Kenya Civil Aviation Authority	Aviation Revenue (DCA Aviation)	1000007826	3,391,715,880	4,768,905,520
7	Energy Regulatory Commission	Petroleum Regulatory Levy	1000009004	1,208,605,401	1,055,472,246
8	Kenya Maritime Authority	Merchant Superintendent Shipping Levy (MSS)	1000008598	1,646,632,839	1,482,113,114
9	Kenya Roads Board	Road Maintenance Levy (RML)	1000007516	84,698,536,625	73,948,326,322
10	Kenya Bureau of Standards	KEBS Levy	1000007702	487,838,763	516,192,736
11	National Transport & Safety Authority	Traffic - Agency	1000007486	559,107,749	348,373,961
	Total			120,818,815,211	96,429,319,265

(B) Transfers to KRA (AIA- Miscellaneous Revenue)

AIA	Actual Transfers for year ended 30th June 2021	Actual Transfers for year ended 30th June 2020
Miscellaneous	KShs	KShs
	9,805,404	5,805,150
Total	9,805,404	5,805,150

Note: Miscellaneous Revenue in this table refers to transfers made to KRA during the year. It incorporates remittances relating to prior financial year as well.

(C) Transfers to-Nairobi County Government Fund & related Charges

AGENCY ACCOUNTS	Actual Transfers for year ended 30th June 2021	Actual Transfers for year ended 30th June 2020
	KShs	KShs
1 Nairobi County Government	9,765,943,979	1,822,741,877

(D) NITA Levy

AGENCY ACCOUNTS	Actual Transfers for year ended 30th June 2021	Actual Transfers for year ended 30th June 2020
	KShs	KShs
1 NITA levy	101,798,033	-

18.15. Agency Commission and 14%/16% VAT

Agency accounts		Actual Transfers for year ended 30th June 2021	Actual Transfers for year ended 30th June 2020
TAX HEAD		Total Commission+ 16%/14%VAT	Total Commission+ 16%/14%VAT
		KShs	KShs
1	Airport Revenue (APSC)	65,613,421	267,265,241
2	Petroleum Development Fund (PDF Levy)	583,822,963	47,944,910
3	Road Transit Toll Levy	28,102,113	21,416,443
4	Sugar Development Levy (SDL)	25,425	337,683
5	K.A.A. Concession Fees	3,506,063	2,790,046
6	Aviation Revenue (DCA Aviation)	76,916,047	116,305,980
7	Petroleum Regulatory Levy	30,090,134	25,085,541
8	Merchant Superintendent Shipping Levy (MSS)	41,270,542	35,157,658
9	Road Maintenance Levy (RML)	1,993,579,013	1,752,593,570
10	KEBS - Levy	11,488,814	13,079,161
11	Traffic Fees - Agency Fees	12,668,968	9,997,326
	Total	2,847,083,504	2,291,973,557

18.16. Closing Balances

The following is the movement in the closing balances:

A. Closing Balances -Treasury Collections

S/NO	Treasury Collections	Closing Balance as at 30 th June 2021	Closing Balance as at 30 th June 2020
		KShs	KShs
1	Income Tax from Individuals (PAYE)	341,405,239	146,328,374
2	Income Tax from Corporations	6,732,554,684	4,200,029,416
3	Land Rent	531,376	1,536,593
4	VAT on Domestic Goods and Services	773,465,674	582,140,657
5	VAT on Imported Goods and Services	241,282,005	231,006,837
6	Excise Domestics	982,026	3,002,248
7	Excise Imports	1,375,178,042	437,812,618
8	Excise Financial Services	20,000	-
9	Customs Duties(Import)	1,333,719,491	1,051,623,214
10	IDF Fee	508,482,937	444,263,661

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

11	Stamp Duty	115,727,766	132,963,973
12	Railway Development Levy	44,714,872	42,270,968
13	Traffic revenue	109,262,361	49,151,575
14	KRA- Tax on Winnings-KSh (Sports Fund Coll Account)	97,495	132,910,980
	TOTAL	11,577,423,967	7,455,041,114

B. Closing Balance Analysis – Agency Collections, commissions & 14%/16% VAT

S/NO	AGENCY ACCOUNTS	Closing Balance as at 30 th June 2021 KShs	Closing Balance as at 30 th June 2020 KShs
1	Airport Revenue (APSC)	46,972,240	8,351,521
2	Petroleum Development Fund (PDF LEVY)	308,635,095	7,143,162
3	Road Transit Toll Levy	2,727,507	2,217,968
4	Sugar Development Levy (SDL)	-	17,956,880
5	K.A.A. Concession Fees	3,982,475	606,950
6	Aviation Revenue (DCA Aviation)	202,911,836	381,439,328
7	Petroleum Regulatory Levy	1,170,083	465,097
8	Merchant Superintendent Shipping Levy (MSS)	1,001,299	1,704,486
9	Road Maintenance Levy (RML)	84,245,904	33,486,948
10	KEBS - Levy	96,340,749	91,411,695
11	Traffic Revenue Fees (Agency)	88,694,246	74,210,901
12	Housing fund	651,022	364,491
	Total	837,332,457	619,359,427

C. Closing Balance Analysis – AIA Revenue

S/NO	AIA REVENUE	Closing Balance as at 30 th June 2021 KShs	Closing Balance as at 30 th June 2020 KShs
1	Miscellaneous	760,436	504,766
	Total	760,436	504,766

Note: This relates to Miscellaneous Revenue in the closing Bank balances

D. Closing Balance as at 30th June 2021 -Nairobi County Government collections

S/NO	Bank Name	Bank Account No.	Closing Balance as at 30 th June 2021 Kshs.	Closing Balance as at 30 th June 2020 Kshs.

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

1	Co-operative bank	1141709410000	7,001,245	8,479,469
2	National bank	107122521100	7,214,448	14,944,669
3	Equity Bank	17770279910476	827,104	-
	Total		15,042,797	23,424,138

E. Closing Balance Analysis – NITA Levy

S/NO		Closing Balance as at 30th June 2021	Closing Balance as at 30th June 2020
		KShs	KShs
1	NITA Levy	52,550	-
	Total	52,550	

Note on closing balances:

The closing balances at the agent banks comprise collections that were within the T+2-transfer arrangement. The variances in amounts across the revenue items is dependent on the level of activities and remittances on the last two days of the month.

18.17. (A) Statement of Outstanding Revenue as at 30th June 2021

	Department	Outstanding Revenue 30th June 2021	Outstanding Revenue 30th June 2020
		Kshs.	Kshs.
1	Custom Services & Border Control Department	13,950,370,047	7,606,832,732
	Sub-totals	13,950,370,047	7,606,832,732
2	Domestic Taxes Department -Legacy	177,787,778,906	177,787,778,906
	-iTax	1,409,394,873,491	1,273,634,464,312
	Sub-totals	1,587,182,652,397	1,451,422,243,218
	Total	1,601,133,022,443	1,459,029,075,950

Note:

- The growth in Outstanding revenue from **Kshs 1,459,029,075,950** to **Kshs 1,601,133,022,443** is attributed to increases in Customs Services & Border Control and i-Tax debt. The growth in Customs Services & Border Control debt is attributed to additional debt arising from new information received during the debt validation process while the increase in i-Tax debt is attributed to accruing interest and penalties .
- Legacy Outstanding Revenue of Kshs. 177,787,778,906**
The legacy outstanding revenue was **Kshs.177,787,778,906** as at March 2019 when Legacy system was shut down to pave way for data cleaning, facilitate transition to i-Tax system and address identified system security risks. Nevertheless, the system has recently been re-opened to facilitate the Corporate Data Office (CDO) in updating the validated data into the taxpayer's ledgers.

The validation process as a pre-requisite for updating taxpayer's ledgers is still on-going and hence the debt status still remains the same until the whole process of data cleaning is concluded

3. (a) Challenges in Debt Management

- i. Erroneous/Mis-declarations by Taxpayers during filing leading to invalid debts.
- ii. Objections and court cases that affect collections efforts
- iii. Semi-automated debt processes complicating debt processing
- iv. High number of Tax debtors compared Versus staff numbers
- v. Erroneous/incomplete Ledger data inherited from the Legacy system
- vi. Lack of and slow integration by other government agencies systems to iTax to facilitate seamless update of payment information into the Ledgers.

(b) Measures in Place to Improve Outstanding Debt Arrears

- i. Continuous strengthening of the Corporate Taxpayer Account Management Division that is charged with debt management by improving structures and staff capacity (numbers and training).
- ii. Automation and roll out of debt module in iTax to transform the overall debt processes.
- iii. Implementation of a project approach to deal with huge debts owed by nil and non-filers for the various tax heads.
- iv. Building capacity on gathering intelligence information to facilitate effective utilisation of debt enforcement actions such as Agency Notices and distraint (auction of property) to deal with difficult and hard-core debt cases.
- v. Establishment of a full time project team to fast track debt validation of legacy system debts and creation of specific debt validation teams at TSOs.
- vi. Strengthening of the Tax appeal processes including objections, ADR and TAT to enhance timely resolution of the many cases tying huge debt
- vii. Enhanced and comprehensive data cleaning and validation processes on Taxpayer records/Ledgers

(B) Statement of Outstanding Refund claims as at 30th June 2021

DEPARTMENT	TAX HEAD	Outstanding Refund claims as at 30th June 2021 (Kshs)	Outstanding Refund claims as at 30th June 2020 (Kshs)
Domestic Taxes	VAT	27,307,600,084	28,442,975,831
	Income Tax	82,416,546,208	78,125,176,501
	Excise Duty Domestic	141,790,057	34,296,362
	Subtotal	109,865,936,349	106,602,448,694
Customs Services	Import Duty	2,074,900	52,499,903
	Excise Duty	3,055,101	43,898,767
	Subtotal	5,130,001	96,398,670
	GRAND TOTAL	109,871,066,350	106,698,847,364

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

Note;

The increased outstanding refund claims is attributed to the increases registered on Income Tax and Excise Domestic refund claims. The increase in Income Tax claims is due to claims worth Kshs 24 billion that were affected by a system challenge encountered towards end of the financial year but which has since been resolved. On the other hand, the increase in Excise Duty- Domestic is attributed to one (1) claim of Kshs 94 million that was in process as at end of the year.

18.18. A) Central Bank of Kenya (CBK) Refund Payment Accounts Movement Schedule for year ended 30th June 2021

Payment Account	Opening Balance	Provision for Refund	Receipts/Returned payments	Total Amount available	Total Refunds	Remittances to Principals	Amount for Error correction	Closing bank Balances
Customs Services Payments Account	4,401,338,662*	660,000,000	94,291,837,822	99,353,176,484	1,239,993,740	93,487,360,037	52,087,396	4,573,735,311
Income Tax Payments Account	41,870	941,223,449	31,930	941,297,249	941,297,024	-	-	224
Value Added Tax Payments Account	774,750,436	22,900,000,000	-	23,674,750,436	23,674,750,436	-	-	-
Stamp Duty Payment Account	13,173,822	2,400,000	-	15,573,822	2,029,980	-	-	13,543,842
Excise Duty Domestic Payment account	1	-	-	1	-	-	-	1
TOTAL AGENCY	5,189,304,790	24,503,623,449	94,291,869,752	123,984,797,991	25,858,071,180	93,487,360,037	52,087,396	4,587,279,378

Note;

1. The above tables **18.18 (A)** reflects funds movement in the Refunds Payment Accounts held at the Central bank of Kenya. The funds and disbursements on each account is explained as follows;
 - i. The Customs Payment Account receives funds allocated for payment of customs refunds and Agency revenues that are subsequently remitted to the agency principals.
 - ii. The Income Tax Payment Account receives funds allocated for Income Tax refunds and reflects payment made for approved Income Tax Refund claims.

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

- iii. The VAT Payment Account receives funds allocated for VAT refunds and also reflects payments made for approved VAT refund claims.
 - iv. The Stamp Duty Payment Account receives funds allocated for both Stamp Duty and Land Rent refunds and also reflects payment made for approved refund claims.
 - v. The Excise Duty Payment Account receives funds allocated for both Excise refunds and also reflects payment made for approved refunds claims.
2. The Customs Service Payment Account balance as at June 2020 is Kshs. 4,401,338,662. However, an amount of Kshs 34,500,141 was reclassified from the closing balance to Unallocated revenue balance in FY 2019-2020. The adjustment is shown below;

Adjustment	Amount (Ksh.)
Prior year(FY 2019-2020) Closing balance in Customs Payments Account	4,366,838,521
Add: Adjustments of unallocated Revenue	34,500,141
Adjusted Refund account opening balance (FY 2020-2021)	4,401,338,662*

B) STATEMENT OF TARGETS VERSES ACTUAL REFUNDS FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2021

Refund Account	Actual for the year ended 20th June 2021		Actual for the year ended 20th June 2020	
	Provision for Refunds	Actual Refund Payments Kshs.	Provision for Refunds Kshs.	% utilization
Customs Services Payment Account	660,000,000	1,239,993,740	754,000,000	109%
Income Tax Payment Account	941,223,449	941,297,024	300,000,000	111%
Value Added Tax Payment	22,900,000,000	23,674,750,436	24,400,000,000	104%
Stamp Duty Payment Account	2,400,000	2,029,980	6,000,000	0%
TOTAL	24,503,623,449	25,858,071,180	25,460,000,000	105%

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

18.19 (a) Unallocated Revenue for Period ended 30th June 2021

BANK NAME	BANK ACCOUNT NO.	Amount(Kshs)
Standard Chartered Bank Kenya Limited	0108023908300	2,000
Ecobank	6580000121	367,408
Sidian Bank Limited	010011000038	6,000
Absa	2031960749	4,462,894
Co-operative Bank of Kenya Limited	01136001340300	430,003
Coop bank -Coop House	01136006150700	0
Coop bank -Customs and Excise(Nkurah)	01136006150701	8,574,309
Kenya Commercial Bank Limited	1108976298	157,649,577
Kenya Commercial Bank Limited	1108976999	190,536
Kenya Commercial Bank Limited	1107699460	102,935
Equity Bank Limited	240299657063	729,610
Stanbic Bank Kenya Limited	100002716307	504,232
Access bank	18,942,001.00	1,806,405
National Bank of Kenya Limited-Customs PRE-IDF	01002305340900	5,991,702
Mpesa paybill .	572572	118,013
HFC	7040000604-0	16
TOTAL		180,935,640
DEBITS (BANK ERRORS & CHARGES)		
NCBA		(7,318)
Co-operative Bank of Kenya Limited	01136001340300	(9,252)
Absa	2031960749	(48,341)
Imperial Bank	ITAX-L121422/7224000607	(550)
TOTAL		180,870,179

Note:

Unallocated Revenue relate to payments remitted to KRA collection accounts but with missing mandatory information especially Taxpayer details, PRN Numbers or where the PRN Number was already expired. Follow up is being made with the respective taxpayers and the bank to provide the missing information to allow utilization. Debit balances relates to bank errors and erroneous charges, which are followed up and regularized by banks in subsequent periods. All the above debits were regularized in July, 2021 except for the amounts of Kshs 550 for Imperial Bank, which is currently under statutory management/receivership.

NOTES TO THE REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

18.19 (b) Funds available for Transfer from Prior years

	FY 2020-2021	FY 2019-2020
Opening Cash in Transit	13,488,058,894	18,479,342,920
Prior year adjustments	(381,335,498)	(356,811,560)
Funds Available for Transfer from Prior years	13,106,723,396	18,122,531,360

19. APPENDICES

(i) Customs Services Department

The following is a detailed collection analysis of Customs Services Department

a) Statement of Target Vs Actual Performance by Department

Tax Head	Target - Treasury	Actual Receipts FY 2020/21	% Target realized FY 2020/21	Actual Receipts FY 2019/20	Year on year Growth
	Kshs.	Kshs.	%	Kshs.	%
Exchequer					
Gross Import Duty	102,597,770,241	108,616,237,518	106%	98,348,534,054	10%
Gross Excise Duty - Imports	105,960,112,116	108,436,237,518	102%	89,344,298,675	21%
VAT - Imports	208,642,111,665	213,832,051,821	102%	170,674,633,675	25%
Import Declaration Fees	35,642,409,348	44,182,508,341	124%	33,559,936,844	32%
Railway Development Levy	33,231,313,281	28,503,689,719	86%	23,257,703,993	23%
Sub-Gross total Exchequer	486,073,716,651	503,570,724,917	104%	415,185,107,241	21%
Less: Prov. for Refunds	180,000,000	180,000,000	100%	180,000,000	0%
Less: Prov. for Refunds	480,000,000	480,000,000	100%	540,000,000	-11%
Net total Exchequer	485,413,716,651	502,910,724,917	104%	414,465,107,241	21%
Agency					
Airport Revenue	10,681,079,823	3,059,390,644	29%	11,175,896,685	-73%
Aviation Revenue	4,417,261,740	3,319,280,585	75%	4,859,621,876	-32%
Petroleum Development Fund	23,570,000,000	25,879,926,923	110%	2,044,457,213	1166%
Road Maintenance Levy	78,479,520,758	87,315,731,714	111%	74,457,890,778	17%
K.A.A. Concession Fees	135,393,544	144,904,072	107%	119,623,493	21%
Road Transit Toll Levy	1,026,066,694	1,185,487,458	116%	911,541,586	30%
Sugar Levy	-	1,103,659		240,649	359%
Petroleum Regulatory Levy	1,031,560,768	1,251,686,348	121%	1,072,618,605	17%
Merchant Superintendent Shipping Levy	1,765,620,156	1,686,317,232	96%	1,535,218,237	10%
Miscellaneous	9,102,000	10,290,847	113%	5,548,413	85%
Sub-total Agency	121,115,605,482	123,854,119,481	102%	96,182,657,535	29%
Total CSD	606,529,322,133	626,764,844,398	103%	510,647,764,776	23%

(ii) DOMESTIC TAXES DEPARTMENT

The following is the detailed collection analysis for Domestic Taxes Department;
Statement of Target Vs Actual Performance by Department

Tax head	Target - Treasury	Actual Receipts FY 2020/21	% Target realised FY 2020/21	Actual Receipts FY 2019/20	Year on year Growth %
	Kshs.	Kshs.	%	Kshs.	%
Exchequer					
VAT-Gross Collection	218,005,983,170	217,711,875,908	100%	228,601,155,747	-5%
Less Provision for Refunds	20,400,000,000	20,400,000,000	100%	14,400,000,000	42%
VAT Domestic	197,605,983,170	197,311,875,907	100%	214,201,155,746	-8%
P. A. Y. E	361,200,524,924	363,348,743,351	101%	400,754,595,293	-9%
Other Income Taxes	328,961,142,976	318,234,304,438	97%	307,356,100,448	4%
Digital Service Tax (DST)	-	501,036,412			
Turnover Tax	122,995,230	63,486,512	52%	32,335,410	96%
Capital gain Tax	1,264,552,901	2,557,567,939	202%	4,497,382,057	-43%
Rental Income	12,179,201,114	10,764,105,375	88%	10,147,094,804	6%
Excise Duty Domestic	62,148,127,456	62,405,292,404	100%	55,720,900,497	12%
Excise Tax on Airtime	28,929,220,710	29,296,601,610	101%	28,841,180,281	2%
Excise Tax on Financial Services	21,426,878,477	21,647,563,948	101%	24,352,662,314	-11%
Excise Tax on Betting Services	-	758,664,042	-	2,044,656,572	-63%
Betting Tax	2,025,175,591	2,999,764,116	148%	1,961,608,473	53%
Stamp Duty	12,035,307,338	12,956,830,112	108%	9,115,869,554	42%
Land Rent	627,581,170	513,249,062	82%	473,811,884	8%
Surplus Funds	12,338,000,000	5,066,696,942	124%	19,203,574,194	-74%
Sub-Total Exchequer Revenue	1,040,864,691,057	1,028,425,782,170	99%	1,078,702,927,527	-5%
Agency Revenue					
KEBS - Levy	583,165,440	503,370,848	86%	559,853,198	-10%
NITA Levy	-	101,850,583			
Housing Levy	82,658	238,797	0%	101,541	135%
Sub Total of Agency Revenue	583,248,098	605,460,228	104%	559,954,739	8%
TOTAL DTD	1,041,447,939,155	1,029,031,242,398	100%	1,079,262,882,266	-5%

iii) ROAD TRANSPORT DEPARTMENT

The following is the detailed collection analysis for Traffic Revenue;
Statement of Target Vs Actual Performance by Department

Tax head	Target - Treasury	Actual Receipts FY 2020/21	% Target realized FY 2020/21	Actual Receipts FY 2019/20	Year on year Growth
	Kshs.	Kshs.	%	Kshs.	%
Exchequer	3,947,778,070	4,584,147,694	116%	3,591,864,603	28%
Agency	476,005,734	586,264,510	123%	415,278,318	41%
Total RTD	4,423,783,804	5,170,412,204	117%	4,007,142,921	29%

iv) Reconciliation between the Financial year 2020/21 KRA collections and the Published Treasury Figures (Kenya Gazette Vol. CXXII-No. 152 of 19th July, 2021)

Reconciliation item	Kshs	Kshs
Gross Treasury collections as per the KRA Records (Notes 13 & 15)		1,555,002,147,045
ADD:		
KRA Collections for Financial year 2021-2022 received by The National Treasury in the current Financial year 2020-2021	18,142,195,208	
Refunds amount received directly from The National Treasury	2,500,000,000	
Prior year adjustments and net Mispostings included in The National Treasury Figures	144,117,656	
		20,786,312,864
LESS:		
Provision for Refunds (Note 18.18 A&B)	(24,503,623,449)	
Collections remitted to Fund Accounts	(39,709,952,197)	
Closing Cash-in Transit	(11,577,423,967)	
KRA Collections for July 2020 included in The National Treasury Figures for Financial year 2019-2020	(7,357,232,725)	
Items classified as Non Tax the National Treasury Figures		
Traffic Revenue	(4,600,186,084)	
Land Rent	(520,265,797)	(88,268,684,219)
Treasury Printed figure		1,487,519,775,690

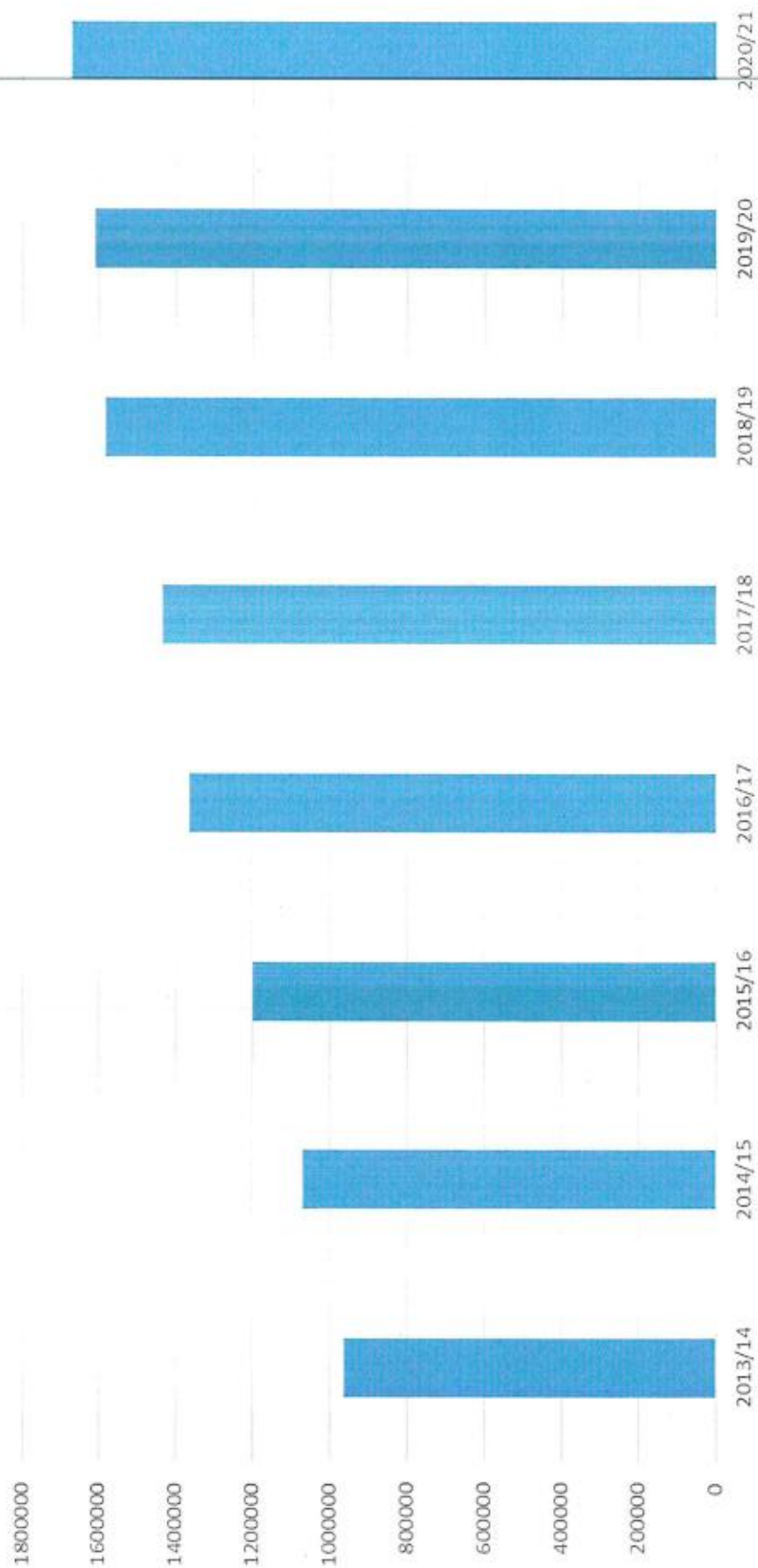
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v) Collections trend for the financial years 2013/14 to 2020/21 (Net figures in Kshs Millions)

DEPT	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
C&BC								
Exchequer	289,689	313,291	325,272	352,939	375,888	423,227	414,465	500,932
Agency	42,142	45,132	60,731	90,585	94,180	102,110	96,183	123,854
Total C&BC	331,831	358,423	386,003	443,524	470,068	525,337	510,648	624,786
DTD								
Exchequer	626,335	705,718	808,702	917,061	961,406	1,049,912	1,092,126	1,038,691
Agency	1,966	1,508	1,543	581	506	511	560	605,46
Total DTD	628,301	707,226	810,245	917,642	961,912	1,050,423	1,092,686	1,039,297
TRD								
Exchequer	2,959	2,964	2,859	3,060	2,961	3,834	3,592	4,584
Agency	732	982	1,052	1,042	405	468	415	586.26
Total DTD	3,691	3,946	3,911	4,102	3,366	4,302	4,007	5,170
Exchequer	918,983	1,021,973	1,136,833	1,273,060	1,340,255	1,476,973	1,510,183	1,544,207
Agency	44,840	47,622	63,326	92,208	95,091	103,089	97,158	125,046
Total	963,823	1,069,595	1,200,159	1,365,268	1,435,346	1,580,062	1,607,341	1,669,253

KRA Revenue Performance FY 2013/2014 - FY 2020/2021 (Annual Revenue collections in

Kshs. (Millions)



vi) PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDIT RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Au dit Ref	Audit title	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Time																																								
CSSD	Outstan ding Revenue and Refund Claims	As previously reported, Note 14.16(A)(i) to the revenue accountability statements as at 30 June, 2020 continues to reflect an outstanding revenue balance of Kshs.1,459,029,075,950 (2019- Kshs.415,212,646,945) Management has indicated that the exercise of validating the debt is on-going and various strategies have been implemented with a view of reducing the debts. The strategies implemented include enhanced recovery of debt revenue, undertaking taxpayer's ledger corrections and reconciliations, reversal of erroneous penalties and interests and processing of tax waiver applications, among other measures. However, should the strategies	There has been positive reduction in iTax debt stocks arising from intensified collection efforts by the Kenya Revenue Authority. Hence, with regards to the 2019/20 debt, major successes in reduction have been noted thereby reducing growth on the same. This is attested by the reductions reflected in the below table within the financial year 2020/21 and the half year 2021/22 Table1: Debt reduction amounts in year 2020/21 and half year 2021/22 <table><tr><th>Debt Category</th><th>FY 2020/21</th><th>FY 2021/22 Half Year</th><th>Total</th></tr><tr><td>Manual Reconciliations</td><td>160,785,138,886</td><td>108,368,582,167</td><td>269,153,721,053</td></tr><tr><td>Debt Collections (Enforcement)</td><td>36,945,120,701</td><td>23,532,584,878</td><td>60,477,705,578</td></tr><tr><td>Debt collections (Normal)</td><td>50,177,130,628</td><td>35,484,404,043</td><td>85,661,534,670</td></tr><tr><td>Other Enforcement Collections</td><td>6,668,270,532</td><td>-</td><td>6,668,270,532</td></tr><tr><td>Vacation of Erroneous Debt (Penalties & Interest)</td><td>1,102,225,833</td><td>11,449,632,406,455</td><td>11,450,734,632,289</td></tr><tr><td>Returns</td><td></td><td></td><td></td></tr><tr><td>Amendment (Erroneous Declarations)</td><td>1,592,984,108,374</td><td>160,775,110,435,166</td><td>162,368,094,543,540</td></tr><tr><td>Waivers</td><td>319,051,459</td><td>9,235,270</td><td>328,286,730</td></tr><tr><td>Total Debt Reduction</td><td>1,848,981,046,413</td><td>172,392,137,647,979</td><td>174,241,118,694,391</td></tr></table>	Debt Category	FY 2020/21	FY 2021/22 Half Year	Total	Manual Reconciliations	160,785,138,886	108,368,582,167	269,153,721,053	Debt Collections (Enforcement)	36,945,120,701	23,532,584,878	60,477,705,578	Debt collections (Normal)	50,177,130,628	35,484,404,043	85,661,534,670	Other Enforcement Collections	6,668,270,532	-	6,668,270,532	Vacation of Erroneous Debt (Penalties & Interest)	1,102,225,833	11,449,632,406,455	11,450,734,632,289	Returns				Amendment (Erroneous Declarations)	1,592,984,108,374	160,775,110,435,166	162,368,094,543,540	Waivers	319,051,459	9,235,270	328,286,730	Total Debt Reduction	1,848,981,046,413	172,392,137,647,979	174,241,118,694,391	Deputy Commissioner - Corporate Tax Account Management (CTAMD)	Ongoing	
Debt Category		FY 2020/21	FY 2021/22 Half Year	Total																																										
Manual Reconciliations		160,785,138,886	108,368,582,167	269,153,721,053																																										
Debt Collections (Enforcement)		36,945,120,701	23,532,584,878	60,477,705,578																																										
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Other Enforcement Collections		6,668,270,532	-	6,668,270,532																																										
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Amendment (Erroneous Declarations)		1,592,984,108,374	160,775,110,435,166	162,368,094,543,540																																										
Waivers		319,051,459	9,235,270	328,286,730																																										
Total Debt Reduction	1,848,981,046,413	172,392,137,647,979	174,241,118,694,391																																											

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	implemented fail to yield results, the balance will keep on increasing as indicated	NB: Please note that the tabulated amounts constitute the total reduction on both old and new debts. In addition to the strategies cited under this observation, the Authority has also recruited additional staff to purposely deal with VAT debt amounting to Kshs.104, 979,325,780 on Nil and Non-filers. The initiative, which commenced in August 2021 has so far registered a reduction of VAT debt by Kshs.37, 991,370,462. Further, 8,775 VAT Nil and Non Filer Taxpayers were identified and cleared for deregistration, hence no new VAT debt amounts shall accrue from these cases. The above performance indicates that the employed strategies are yielding positive results and KRA is on track in reducing the debt stock levels.		
2	Further, Note 14.16(B) discloses an outstanding refund claims balance of Kshs.106,698,847,364 as at 30 June, 2020 compared to Kshs. 86,150,238,705 reported as at 30 June, 2019. Management has indicated that various measures including re-organization and additional staffing of the refunds unit, timely resolution of system challenges and seeking for enhanced funding from The National Treasury for payment of approved claims have been put in place to hasten processing of refunds. However, should the Authority fail to get enhanced funding from The National Treasury, the refund claims will keep on	The steep increase in outstanding refund claim amounts is mainly attributed to the increased income tax refund claims arising from changes in law. Specifically, the provisions of section 47 of the Tax Procedures Act 2015 implied that any Income Tax overpayment could only be utilized by way of refund application as opposed to earlier practice where the Commissioner would transfer such overpayments to offset liabilities in other periods after approval. The National Treasury, being our principal has over the years facilitated defrayment of refund claims through enhanced allocations or additional funding despite global challenges occasioned by Covid-19 pandemic and the general competing funding needs. The funding allocation has over the period been boosted as follows; a) Income Tax Refunds i. Enhancement of Income Tax Refund allocations from Kshs 75 million per quarter in year 2019 to Kshs 90 million per quarter in the 2021/22 financial year. ii. Additional allocations of Kshs 1.8 billion between year 2019 and January, 2022 to reduce the backlog of Income tax refunds b) VAT Refunds i. Enhancement of VAT Refund allocations from Kshs 1.2 billion per month in year 2019 to Kshs 1.7 billion per month in the 2021/22 financial year. ii. Additional allocations of Kshs 13 billion and January, 2022 to reduce the backlog of VAT refunds c) Excise Refunds The Excise refund claims worth Kshs 34,296,362 that was part of the outstanding refunds of Kshs.106,698,847,364 outstanding refunds as at 30th June, 2020 have been substantially reduced. The balance of 11,803,475 will soon be cleared once issues of audit and disputes are resolved. In view of the above, the current reduction status of the 30th June, 2020 outstanding refunds is as reflected in the table below; Reduction Status on the Outstanding refund claims as at 31st December, 2021	Deputy Commissioner - Corporate Tax Account Management (CTAMD)	Ongoing

KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

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KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021

enhanced to close up the shortfall.	4.) Enhanced staff productivity: KRA has been committed to continuous improvement of staff knowledge, skills, organizational culture that is expected to positively impact on revenue collection through; • Improved performance management, which has resulted in accountability by staff and entrenched an agile performance improvement system that supports the mandate and strategic direction of the authority. • Adopting strategies that attract and retain competent staff while entrenching positive organisational culture. • Improved work environment through the provision of working tools equipment and office space while ensuring a conducive work environment for all staff. 5.) Post Clearance Audit: Implementation of the identified Post Clearance Audit activities is an ongoing revenue enhancement initiative. 6.) Enhanced Scanning: This intervention is aimed at detecting concealment. In this regard, KRA has enhanced scanning levels by increasing staff numbers in the scanner management unit. 7.) Verification: The key activity under this initiative is conducting intelligence-led verification of cargo across all regions to prevent revenue leakages. 8.) Dissemination of intelligence profiles: The intelligence function disseminates intelligence profiles that have resulted in positive yields thus enhancing revenue collection. 9.) Alternative Dispute Resolution: This has reduced the time taken to resolve tax disputes through the court process and therefore faster release of revenue held in dispute. Following the aforementioned revenue enhancement strategies and their implementation, the Authority continues to record positive revenue impact. For instance; in the Financial Year 2020/21, KRA collected revenue amounting to Kshs 1.669 trillion against a target of Kshs 1.652 trillion. This implied a revenue growth of 3.9% against FY 2019/20 and a performance rate of 101.02% against the target. In addition, the current revenue performance illustrates an upward trajectory going beyond the set target. In the period July 2021 to January 2022, KRA collected Kshs 1,133.6 Billion against the target of Kshs 1,078.2 billion (performance rate of 105.1%). This performance, therefore, indicates that the mechanisms being implemented to enhance revenue collection are working as expected and KRA is on track in funding the budget for service delivery to the public as envisioned.	
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**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY
STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021**

(vi) OPERATIONS OFFICES & BRANCHES

The operations of the Authority are carried out at the following branches;

Name of Station	Address	Telephone Number
Nairobi Region		
Sameer Business Park	P.O. Box 46285-00100 Nairobi	0202396006/8
KESRA Centre, Nairobi	P.O. Box 30332-00100, Nairobi	0715877539
Ushuru Pensions Tower (CBC)	P. O. Box 48240 -00100 Nairobi	0709011501/2/3
Ushuru Pension Plaza	P. O. Box 48240 -00100 Nairobi	0709011501/2/3
Nairobi Railway Club	P. O. Box 48240 -00100 Nairobi	0202398470/8534, 0771628105
JKIA, Forodha House	19070 - 00501 Embakasi	0206822854-8
Namanga OSBP	9-00207, Namanga	0722602465, 0722787396
Loitokitok	P.O.Box 44 - 00209, Loitokitok	723450186
Inland Container Depot Embakasi	P.O.Box 19070 - 40100 Embakasi	0712863504, 0203546092
Wilson Airport	P. O. Box 48240 -00100 Nairobi	0206005635-6
Western Region		
Kisumu	P. O. Box 3636 - 40100 Kisumu	057-2020509/10
Forodha, Kisumu	P. O. Box 94 - 40100 Kisumu	0572022832/5
Kisumu Pier	P. O. Box 94 - 40100 Kisumu	0572024009
Kisumu KPC	P. O. Box 94 - 40100 Kisumu	0572024998
Kisumu Airport	P. O. Box 94 - 40100 Kisumu	0776016121
Kisumu PPO	P. O. Box 94 - 40100 Kisumu	057202488
Bungoma	P. O. Box 2576 - 50200 Bungoma	0552030840
Kakamega	P. O. Box 1776 - 50100 Kakamega	0562030358
Kisii	P. O. Box 2 - 058 Kisii	0582030908/925
Kopanga	P. O. Box 67 - 40400 Suna, Migori	0733770010
Nyamtiro	P. O. Box 94 - Kehancha	0733770008
Muhuru Bay	P. O. Box 24 - 40409 Muhuru Bay	0711635560
Usenge	P. O. Box 15532 - 00100 Usenge	0700930622
Sio Port	P.O.Box 6-50401, Sio Port	0733770606
Lwakhakha	P. O. Box 16 Lwakhakha	0725358018
Mbita	P.O BOX 262-40305, Mbita	0737729688
Isebania	P. O. Box 22 - 40414, Isebania	059-7252507, 0733770008
Malaba	P.O.Box 235, Kamuriae	055-54026, 055-54174, 0713141513
Busia	P. O. Box 54-50400	055-22040, 055-22218, 0202442296
SOUTHERN REGION		
Mombasa	P. O. Box 90601- 80100	0412314044/5
Ngomeni	P. O. Box 90601-80100 Mombasa	0746133685
Lamu	P. O. Box 30 - 80500 Lamu	0792973791
Voi	P. O. Box 644 - 80300 Voi	043203119
Malindi	P. O. Box 10- 80200	0422130955/0422130256
Diani	P. O. Box 90601 - 80100 Mombasa	0740131070/0742986134
KESRA Mombasa	P. O. 95705 - 80106 Mombasa	0736424200
Kilifi	P. O. Box 95707 - 30315 Kilifi	0709747429
Shimoni	P. O. Box 50 Shimoni	0791480247
Vanga	P. O. Box 7 - 80402 Lungalunga	0732255571/0724479067
Taveta OSBP	P. O. Box 197-80302, Taveta	0741443164/0741443176
Mazeras	P. O. Box 90601- 80100	0746133673
Kiunga	P. O. Box 30, Kiunga	0712250558
Port Operations	P. O. Box 95300- 80107, Kilindini	041225811/0412225812
Mombasa Airport	P. O. Box 90603- 80100	0791480247/0775232705
NORTH RIFT REGION		

**KENYA REVENUE AUTHORITY ANNUAL REPORT AND REVENUE ACCOUNTABILITY
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Eldoret	P. O. Box 402 - 30100 Eldoret	053-2062300/2062607
Eldoret KPC	P. O. Box 402 - 30100 Eldoret	0202003797/0202003799
Eldoret EIA (Eldoret Airport Warehouse)	P. O. Box 402 - 30100 Eldoret	053-2061299
Eldoret EIA (Eldoret Airport Bargage Hall)	P. O. Box 402 - 30100 Eldoret	053-2062839
Eldoret EIA (Scanner)	P. O. Box 402 - 30100 Eldoret	053-2061299
Eldoret Postal Corporation	P. O. Box 402 - 30100 Eldoret	0774914443
Kitale	P. O. Box 2673 - 30200 Kitale	0202398707/0207859501
Lodwar	P. O. Box 438 - 30500 Lodwar	0202398852/0778016179
Suam River	P. O. Box 524 - 30200 Suam	0202001070
Lokichoggio	P. O. Box 121 - 30503 Lokichoggio	0774914485
Lokichoggio Airport	P. O. Box 121 - 30503 Lokichoggio	0774914485
Nadapal	P. O. Box 121 - 30503 Lokichoggio	0774914490
SOUTH RIFT REGION		
Nakuru	P. O. Box 270 Nakuru	0512213926, 0512213927, 512213883, 0512213891
Maralal	P. O. Box 114 Maralal	0202397073, 0776746515
Kericho	P. O. Box 796 Kericho	052220104, 0711590909
Kericho-DC'S Office	P. O. Box 796 Kericho	0798482065, 0798482065
Nyahururu	P. O. Box 446 Nyahururu	0522021122
Narok	P. O. Box 1161 Narok	0770972346, 0770591459, 0709678601
Naivasha	P. O. Box 1645 Naivasha	0798482066
Nakuru-PPO	P. O. Box 270 Nakuru	0770972346, 0770591459, 0709678601
Nakuru-KPC	P. O. Box 270 Nakuru	0502030085, 0502030086
NORTHERN REGION		
Embu	P. O. Box 495 - 60100 Embu	0774502982
Elwak	P. O. Box 218-70200 Elwak	0778010929
Mandera	P. O. Box 96 - 70301 Mandera	0730716071
Garissa	P. O. Box 1145 - 70100 Garissa	0774356219
Wajir	P. O. Box 218-70200 Wajir	0774356219
Machakos	P. O. Box 756-90100 Machakos	0709016403
Kitui	P. O. Box 195 - 90200 Kitui	0776018838
Meru	P. O. Box 256-60200, Meru	0773394344
Isiolo	P. O. Box 722-60300, Isiolo	0771095882
Moyale	P. O. Box 6-60700 Moyale	202000237, 0773394344
Diffu	P. O. Box 218 - 70200 Wajir	0773394344
Kajiado	P. O. Box 720 - 01100 Kajiado	020200249
Liboi	P. O. Box 218-70200	C/o Wajir office
CENTRAL REGION		
Nyeri	P. O. Box 677 - 10100 Nyeri	061-2030726-9, 0732697130, 0702697805
Nanyuki	P. O. Box 1787-10400, Nanyuki	062 - 2030000, 062 - 2031874
Kerugoya	P. O. Box 142 - 10300, Kerugoya	060 - 2021003, 709 - 752 722
Murang'a	P. O. Box 426-10200, Murang'a	060-2030700-4
Thika	P. O. Box 893-01000, Thika	067 - 2221701-5, 741 - 852
Kiambu	P. O. Box 2007-00900, Kiambu	0709752723, 0770804037, 0774779403, 0770806787