**To: THE NATIONAL ASSEMBLY OF KENYA**

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**Subject: OBJECTION TO CLAUSES WITHIN THE FINANCE BILL 2025**

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* **Deleting clause 599A) of the tax procedures act.**

 The finance bill 2025 seeks to give KRA the power to monitor personal data of its citizens, This is an unconstitutional legislation that cannot pass. The Constitution of Kenya as well as the Bill of rights protects the right to privacy of its citizens. The law clearly states that, if need be, KRA can get a court order for such an endeavour as opposed to a blatant sweeper of a legislation, if felt too strongly, let a motion be put forward to amend the privacy of Kenyans so as data can be looked into.

* **Section 28 Clause (b)(na)(i)**

 Hereby, the bill seeks to give foreign companies a 15-20% tax rate if they invest above 3 million shillings, stipulates that a majority of the people working within the company be kenya as well a good move but seeing as local companies at 30% tax rate we need to ask, where is the stand with the local companies? Seeing as the foreign companies get a lower tax rate than the local companies, instead of it being such an extractive process, where are the regulations of foreign companies that will see more Kenyan people benefit from this? This double standard of foreign entities to Kenyan ones should be a  big worry.

* **Expansion of the term *"Royalties" Amendment of Section 2.CAP 470.***

This touches on the software subscriptions and such, here we see the expansion of the term royalties to softwares as well. Software in itself is quite expensive and this will attract an expensive work environment for creatives working in these sectors i.e animators, editors, content creators will see such a sharp increase to an already volatile industry that has gone uncared for for a long time. The expansion is quite a predatory move and should not be seen through. These software distributors are also foreign entities and such a legislation may see the migration of them out of the country.

* **Section 8 of CAP.476**

The innovative Internet users of Kenyans engage with these platforms on a day to day currently without any hurdles and in line with the digital migration that saw the country embrace changes that were in line with the vision 2030 dream. Kenyans found a way to make storytelling a part of their lives, blatant taxation on these platforms will see a decrease in engagements with the already established storytellers and with people lacking more and more disposable income each day people will not be able to subscribe to these places that are a means of entertainment, how does this really stand to benefit this tax bracket?

* **Section 2 Of CAP.472(PART 1)**

By far, this is a diabolical taxation, digital lenders have served as means that the middle class(surprisingly), lower middle class and lower class get by. Digital lenders have loans that by design have lower interest rates than the baks and this is another means for them to make due on their daily life i.e paying for school fees, additional cash flow, rents, food, boda boda loans, paying for healthcare and other things that are required for daily lives. I feel it is paramount for the house to clearly check on this cause there would be no representation of the Kenyan people if this clause is passed. Digital lenders would pass a higher interest to the loanees and this would make it even harder for Kenyans to reach their basic needs and this can be seen clearly by the trend that is the people already defaulting on their loans, so the government should clearly look into solving this problem as taxing the Digital lenders would only create a worse environment for people to meet their daily needs.

* **Section 2 of CAP.472(PART 2)**

Shouldn't better regulation be put for the sale of these items online, with no clear definition of whether a business, freelancer or just a youth trying to launch a business through this avenue will in the long run hurt this business. Mostly, small businesses selling merchandise or just trying appealing to people is an avenue that people use. This again would just be a blatant taxation that takes no consideration on the small businesses or the large populuse of the youth trying to learn business practices. The creative sector is a major benefactor of this and with no sort of care sorted out to them to even the amount made that could be taxed or within periods that tax is meant to be collected is backwards. It's important to note that Kenya, exist in africa, with a rich cultural heritage, people, creatives are some of the people at the forefront of preserving this practises, be it by selling prints, merch, music or whatever your taxation will touch on will kill these small enterprises/people trying their best. Also, people living in the diaspora selling into Kenya, will that be double taxation? Forcing them whether it's the Kenyan market they'll work in or the diaspora. This run parallel to the **Section 5 of CAP.472**

* **VAT Treatment Of Goods And Services**

 Notable changes to previously exempted Goods to 16% taxation. These include;

1. Food supplements - This would drive up the cost of healthcare and fall into unhealthy being as previously exempted supplements become more expensive.
2. Medicines for retail sale - With an already ailing healthcare system, taxing even the wrapping that goes into this will greatly affect the already vulnerable people in hospital .
3. Aid purpose car machinery - Why? Already existing areas that require aid prove to be a difficult task as was seen by the floods that occured in 2024, first responders could not diligently do their work and now taxing this would drive down the amount of aid and emergency respondent we already face.
4. Aircraft appliances - Needless to say this will drive down the air transport system.
5. Construction for under bed capacity of 50 - The current health Cs is not trained in the healthcare profession, taxing and giving power to them to make the guidelines falls short on building the healthcare system in the country and as well as the transfer of high cost of building hospitals shall be transferred onto the visiting sick that shall be seeking healthcare medication.
6. Locally assembled vehicles - What would prompt such a taxation, the trend of taxing locally produced or assembly creates a bad environment for the promotion of Kenyan led industries, this will drive buyers to other options such as importing.
7. Affordable housing - As it stands, the project is born as a means to help afford proper housing to people who cannot afford proper housing. So, is the government planning to tax itself? The fund itself operates as a levy gathered from the paychecks of working kenyans. Taxing the material, will the government have to pay more to suppliers? And will that taxation as well be carried onto being cut from the then already diced paychecks?
8. MIning licenses
9. Sound recording material
10. Hospital weighing machinery  - The current health Cs is not trained in the healthcare profession, taxing and giving power to them to make the guidelines falls short on building the healthcare system in the country and as well as the transfer of high cost of weighing machinery shall be transferred onto the visiting sick that shall be seeking healthcare medication.
11. Raw material for passenger vehicles - Sadly same as the number 6 point, more action should be taken towards creating a better local manufacturing environment.

It is my view that more thought should be put into the daily lives of Kenyans, yes the government needs to collect taxation in order to run affairs as well as development, Creating more taxes on such volatile areas of Kenyan lives begs a question of who really these taxations seek to help. Especially, in areas like trying to bypass privacy acts to look more into local Kenyan affairs by looking into their business is quite a concerning thing for a government to do, faith in the in the institution of government has dwindled greatly and making such laws at the backdrop of Kenyans asking for accountability, a good example, **JUNE 25TH,**seeks to eradicate the citizens voice in their country building as its a much a each Kenyan affair as is the government. It is within your mandate to look into the concerns raised to have Kenyans live dignified lives that are worth what they contribute in terms of taxation as well as legislation.

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