



22 May 2025

Clerk of the National Assembly  
Main Parliament Buildings, First Floor  
Parliament Road  
P.O. Box 41842 – 00100  
Nairobi

By email: [cna@parliament.go.ke](mailto:cna@parliament.go.ke)

Dear Sir,

**Memorandum: In the matter of consideration by the National Assembly on the Finance Bill, 2025  
(National Assembly Bill No. 19 of 2025)**

We, SC Johnson & Son, Inc. and its affiliated subsidiaries (collectively “SCJ” or “The Company”), refer to the above subject matter where you invited interested members of the public and organizations to submit any representations that they may have on the Finance Bill, 2025 (“the Bill”). These representations have been made pursuant to Article 118 (1) (b) of the Constitution and the National Assembly Standing Order 127 (3).

We have enclosed as **Appendix 1** to this letter our detailed proposals.

**1. Company Background**

SCJ is a fifth-generation family company headquartered in Racine, Wisconsin, USA. Our 13,000 global employees empower SCJ to be a category leader that manufactures and distributes pest control, household cleaning, home storage, air care, and shoe care products. SCJ’s high-quality products and iconic brands include Raid®, Glade®, Windex®, Mrs. Meyer’s®, Autan®, Baygon®, Mr Muscle®, Duck®, and Lysoform®, among many others.

Since 1948, SCJ has been active in the Kenyan market. Establishing a subsidiary in 1968 and launching the “It” brand mosquito coil, SCJ is a leader in malaria prevention and addressing public health issues in Kenya. SCJ has been manufacturing in Kenya from its Nairobi facility for domestic and export consumption for almost four decades. SCJ has received numerous awards in Kenya for being a great place to work and we take pride in the value we add to the Kenyan economy and the contribution our employees make in their communities.

## 2. Malaria

### 2.1. Malaria disease problem

Despite the concerted efforts by the Government of Kenya (“GOK” or “the Government”) to reduce its prevalence, malaria remains a public health and socioeconomic crisis in Kenya. The *Kenya Malaria Indicator Survey 2020 Report*<sup>1</sup> (“KMIS 2020”), authored by the Kenya National Bureau of Statistics, notes that more than 70% of the population is at constant risk from malaria. Most disturbingly, those most vulnerable to the disease, specifically children and pregnant women, could die from this preventable and treatable endemic. Despite efforts to date, the elevated risk of malaria infection prevails in Kenya, as noted in 2017 by the World Health Organisation. They report 70% of the country’s 46 million population, at the time, was at risk of being infected<sup>2</sup>.

Even today, malaria remains a public health threat to Kenya’s population and results in preventable fatalities. KMIS 2020 indicated an infant mortality rate of 39 per 1,000 births between the period 2014 to 2019 due to malaria.

### 2.2. Cost of treating/preventing malaria infection

Malaria morbidity and mortality carries significant societal costs and burdens on the public healthcare system. Treatment, control, and prevention pose a substantial economic burden on the government and individual households, impeding economic growth by reducing the size of the labour force. Moreover, malaria treatments significantly increase health care spending at private and public levels.

The economic costs of malaria can be classified into direct and indirect costs. The direct malaria costs comprise of household and government expenditures on treating and preventing malaria. Household expenditure on malaria treatment consists of individual or family spending on consultation fees, drugs, transport, and the cost of subsistence at a distant health facility, and costs of accompanying family members during hospital stays.

Household expenditure on malaria-related prevention includes costs of buying preventive means, such as mosquito coils, aerosol sprays, bed nets and mosquito repellents. Government expenditure on malaria-related treatment, control and prevention includes spending on maintaining health facilities and health care infrastructure, publicly managed vector control (e.g., insecticide-treated bed nets, indoor residual spraying, larvicide to kill mosquito larvae, community-wide campaigning, etc.), education and research.

The indirect costs of malaria consist of losses in productivity or income due to illness or deaths. Losses due to sickness can be measured as the cost of lost workdays due to illness or caring for sick family members. Losses due to deaths can be calculated as discounted future lifetime earnings of those who die. According to *Mônica V. Andrade et al* in their Journal titled *The Economic Burden of Malaria: A Systematic Review*<sup>3</sup>, 6.5% of household income in Kenyan homes is committed to malaria treatment. The Journal further estimated the total cost of malaria treatment and prevention, including costs associated with productivity loss due to death in Kenya, amounts to more than **USD 300 million (KES 39 billion)**.

---

<sup>1</sup> The Kenya Malaria Indicator Survey 2020 Report

<sup>2</sup> <https://www.who.int/news-room/feature-stories/detail/in-kenya-the-path-to-elimination-of-malaria-is-lined-with-good-preventions><sup>2</sup>.

<sup>3</sup> The economic burden of malaria: a systematic review

According to the U.S. President’s Malaria Initiative (“PMI”) *Kenya Malaria Profile*, the GOK is committed to improving health service delivery and places a high priority on malaria prevention and control with eventual elimination listed as one of the strategic objectives of the Kenya Health Policy. The GOK Kenya Malaria Strategy (KMS) 2019–2023<sup>4</sup> and its Monitoring and Evaluation Plan aim to reduce and ultimately end malaria incidence and deaths. To achieve this target, the GOK announced its intent to spend **KES 61.9 billion (USD 479 million)** on malaria control and elimination programmes as highlighted in the KMS strategy.

The Parliamentary Budget Office’s publication titled *Unpacking Estimates of Revenue and Expenditure for Financial Year 2023-2024 and the Medium Term*<sup>5</sup> indicates a gross allocation of **KES 4.8 billion (USD 37 million)** for malaria-related expenditure in Financial Year 2023-2024. This clearly underscores the high cost of addressing malaria.

### 2.3. Current intervention measures for malaria

The main interventions highlighted in the KMS aimed at controlling and eliminating malaria include vector control (long-lasting insecticide-treated nets, indoor residual spraying, and larval source management); prevention of malaria in pregnancy; malaria diagnosis and treatment; monitoring, evaluation, and operational research (including epidemic preparedness and response); malaria social and behaviour change; and programme management.

These interventions require significant resources at a time of significant GOK budgetary constraints. It is in the best interest of the citizens of Kenya and the Kenyan government to seek support from all available sources, including private commercial enterprises like SCJ, to augment the support being received from partners like The Global Fund and The Gates Foundation.

SCJ has a history of partnering and supporting the fight against malaria in Kenya. We formerly partnered with the Pyrethrum Board of Kenya and launched community cleaning services in Kibera and Nairobi. Most recently, SCJ has partnered with the Kenya Medical Research Institute (KEMRI) and signed a multi-year Memorandum of Understanding with End Malaria Council of Kenya. We have also partnered with KEMRI to deploy spatial repellents manufactured at SCJ-Nairobi in Busia and Turkana Counties.

### 2.4. GOK’s blueprint in reducing healthcare cost

The GOK in its *Bottom Up Economic Transformation Agenda 2022 – 2027*<sup>6</sup> highlights that domestic pharmaceutical manufacturers have capacity to manufacture a bigger share of pharmaceuticals and consumable medical supplies competitively but are hampered by the high cost of doing business and the tax regime. The GOK further notes that donor funded healthcare programs, including Malaria prevention, are key donor funded programs and the gains already realized as a country must be safeguarded. The GOK notes that it will work with the pharmaceutical industry to address the tax regime and cost of doing business; leverage Universal Healthcare Care to identify and scale up manufacturing of essential supplies competitively; and leverage human capital to work towards a regional pharmaceutical manufacturing hub.

---

<sup>4</sup> Kenya Malaria Strategy (KMS) 2019–2023

<sup>5</sup> Unpacking Estimates of Revenue and Expenditure for Financial Year 2023-2024 and the Medium Term

<sup>6</sup> The Bottom Up Economic Transformation Agenda 2022 – 2027

### 3. SCJ's proposed contribution to reducing malaria prevalence in Kenya

#### 3.1 Investment

Over the past 10 years, SCJ has invested approximately **USD 100 million (KES 12.9 billion)** in developing and testing low-cost spatial repellents it believes are crucial to the prevention of mosquito-borne diseases. In line with the KMS' vector control intervention, SCJ has invested **USD 22 million (KES 2.8 billion)** to expand its existing Kenyan manufacturing facility and purchase equipment to manufacture these low-cost spatial repellents designed to reduce disease transmission, with the goal of getting them into public health channels to help protect more families. It should be noted SCJ will not generate any net profit associated with this initiative.

#### 3.2 Intended purpose of investment and public health model

The spatial repellents will not be sold to the Kenyan public but instead will be channelled to global health partners, such as The Gates Foundation or the World Health Organization, who will then distribute the repellents to the Kenyan population at no cost to the end user. SCJ may also consider donating the spatial repellents directly to the Kenyan population without charge. The global health partners will reimburse SCJ solely for the costs incurred in manufacturing the spatial repellents.

#### 3.3 Product name and capacities

The spatial repellent being manufactured in Kenya is **Guardian™**. The product is a purpose-built tool designed solely for limiting mosquito-borne disease without requiring electricity or a flame to work and can be used during times when bed nets may not be used. Based on recent and ongoing clinical trials, the results of which can be shared upon request, Guardian™ will provide protection for up to one year. Guardian™ will provide long-term protection to families living in lake and coastal endemic zones that have the highest prevalence of malaria and other endemic zones that experience seasonal malaria transmission, especially during the rainy seasons.

#### 3.4 Cost Estimations

The Company's recent and continuing investments in its manufacturing facility can be summarized as follows:

- a. Significant up-front investments to expand the manufacturing facility to accommodate up to three high-speed manufacturing lines (**USD 2.7 million (KES 349 million)**).
- b. Purchase and installation of two high-speed lines (October 2024 and February 2025; **USD 2.1 million (KES 271 million)**) with capacity to purchase and install another line.
- c. Significant annual operating costs ranging between **USD 15 million (KES 1.9 billion)** and **USD 34 million (KES 4.4 billion)** depending on total manufacturing capacity and expected output (e.g., whether the manufacturing facility will run two or three shifts).
- d. Raw materials to be used for manufacturing the spatial repellents are expected to be sourced primarily from India, China, Kenya, and the US.
- e. Notably, SCJ has invested capital of **USD 19 million (KES 2.5 billion)** since December 2023 in support of this initiative.

SCJ expects the supply of spatial repellents will significantly reduce costs incurred by both local households and the Government relating to the treatment and prevention of malaria. Further, the

Company aims to create significant jobs for local residents and boost the local economy by manufacturing in Kenya.

#### 4. Our request for tax exemptions

##### 4.1. Imminent hurdles to SCJ's contribution to reducing malaria prevalence

A key obstacle to SCJ's continued contribution to reducing malaria prevalence in Kenya is the immense tax burden that SCJ will bear in the process of manufacturing spatial repellents in Kenya. These taxes, which are further discussed in Appendix 1 to this letter, include:

- i. Value Added Tax
- ii. Import Declaration Fee (IDF) and
- iii. Railway Development Levy (RDL)

To reach scale and maintain a long-term supply of spatial repellents, SCJ must receive tax exemption on this non-profit making initiative. Paying the above taxes on the raw materials purchased locally or imported for the manufacture of the repellents and in the production process would not only reduce the funding available for SCJ to be able to maximize production of the repellents but would also subsequently hamper efforts of reducing the population exposed to the risk of malaria infection. These direct taxes would also reduce the number of jobs that could be created by the increased production levels.

Similarly, subjecting the repellents up-front to the **ultimately refundable** VAT at the standard rate of 16% will limit the funds available to the global health partners to acquire more repellents from SCJ and limit the reach to the larger Kenyan population. This is because the funds used to pay for the VAT up-front and passed on by SCJ to the global health partners could be used to acquire more repellents and distribute to broader populations.

##### 4.2. Our tax proposals in reducing malaria prevalence in Kenya

###### 4.2.1. Proposals considered in Finance Bill, 2024

SCJ had extensive consultations with various stakeholders including the National Treasury, Ministry of Health, Kenya Revenue Authority and the Parliamentary Committee on Finance and National Planning regarding the cost of reducing malaria prevalence in Kenya. As a result of these consultations, SCJ's request for exemptions from VAT, IDF and RDL on plant and machinery, raw materials used in the manufacture of spatial repellents, and the spatial repellents were granted and included in the Finance Bill, 2024 under the following Paragraphs:

*34. The First Schedule to the Value Added Tax Act is amended —*

*(a) in Part I—*

*(i) in Section A—*

*(U) by inserting the following new paragraphs immediately after paragraph 147—*

148. *Inputs and raw materials used in the manufacture of mosquito repellent on recommendation by the Cabinet Secretary responsible for matters relating to health.*

149. *Mosquito repellent.*

46. *The Second Schedule to the Miscellaneous Fees and Levies Act is amended—*

*(a) in Part A —*

*(ii) by inserting the following new paragraph immediately after paragraph (xxx)—*

*(xxxi.) inputs, raw materials and machinery used in the manufacture of mosquito repellent on recommendation by the Cabinet Secretary responsible for matters relating to health;*

*(b) in Part B —*

*(ii) by inserting the following new paragraph immediately after paragraph (xvi)—*

*(xvii.) inputs, raw materials and machinery used in the manufacture of mosquito repellents on recommendation by the Cabinet Secretary responsible for matters relating to health;*

#### **4.2.2. Our request**

In light of the aforementioned, we kindly request your favourable consideration and support of our submissions to amend the relevant tax laws to exempt VAT, IDF and RDL. The exemption of the above-mentioned taxes represents a significant step toward making spatial repellents available to the majority of Kenya's most susceptible population exposed to malaria infection at no cost. We have enclosed as **Appendix 1** to this letter our detailed proposals.

Please feel free to reach out to the undersigned should you require additional information or clarification regarding our submissions.

Yours faithfully,

For: SC Johnson

Signature:



Todd Carlson:

Senior Director – International Tax

Appendix 1: Proposals for consideration by the National Assembly on The Finance Bill (National Assembly Bill No. 19 of 2025)

No	Tax head	Details of applicable taxes	Recommended change	Justification
1	VAT on mosquito repellents	Repellents are not listed as VAT exempt or zero-rated products in the VAT Act; therefore, the supply of the repellents in Kenya shall be subject to VAT in Kenya at the rate of 16%.  The exportation of the repellents shall qualify as zero-rated supplies.	Amend Part I of the First Schedule of the VAT Act, 2013 by introducing a new paragraph as follows:  <i>“Mosquito repellent”</i>	GOK should consider exempting from VAT, repellents used in the fight against malaria. The recommended change will ensure affordability of the repellents for Kenyans in the endemic regions.  Kenya already exempts from VAT, malaria diagnostic kits of tariff code 3822.11.00 and medicaments of tariff code 3004.60.00 containing antimalarial active principles in a bid to lower the cost of treating malaria. In the words of Benjamin Franklin ‘an ounce of prevention is better than a pound of cure,’ we urge the Government to consider directing equal or more efforts on prevention of malaria by lowering the costs of products used in the prevention such as repellents.  This will reduce the pressure on Kenya’s health facilities as well as avert the lost productivity due to sickness.
2	VAT on goods including machinery, raw materials and	SCJ Kenya will import machinery and inputs such as transflutherin, solvent, film, fabric, and pouches for manufacture of repellents. All these inputs are subject to VAT at 16% when	Amend Part I of the First Schedule to the VAT Act, 2013 to introduce a new paragraph as follows:	Imposition of VAT on capital goods, inputs and raw materials purchased by SCJ for use to manufacture the repellents will

**Appendix 1: Proposals for consideration by the National Assembly on The Finance Bill (National Assembly Bill No. 19 of 2025)**

inputs used in the manufacture of mosquito repellents	<p>imported into Kenya. Further, the Company will incur indirect manufacturing costs, such as machine repair and maintenance, packaging material, electricity, and utilities, to run the production facility.</p> <p>All the aforementioned goods and services are subject to 16% when supplied in Kenya.</p>	<p><i>“Inputs, raw materials and machinery used in the manufacture of mosquito repellents on recommendation by the Cabinet Secretary responsible for matters relating to health.”</i></p>	<p>result in the repellents being more expensive to the global health partners who will distribute them in the endemic areas where they are most needed.</p> <p>GOK should consider exempting from VAT, machinery, inputs and raw materials used in the manufacture of repellents used in the fight against malaria. The recommended change will ensure affordability of the repellents for public health partners distributing the repellents to Kenyans in the endemic regions.</p> <p>Additionally, VAT exemption will ensure additional cash flow to be used to expand production and reach more people in the endemic areas in need of the repellents.</p> <p>GOK has already implemented similar reprieves for the prevention of plant and human diseases where VAT is exempted under Paragraph 90 and 145 of the First Schedule to the VAT Act. These provisions read as follows:</p>
---	---	---	--



Appendix 1: Proposals for consideration by the National Assembly on The Finance Bill (National Assembly Bill No. 19 of 2025)

				<p>90. <i>Inputs for the manufacture of pesticides upon recommendation by the Cabinet Secretary for Agriculture.</i></p> <p>145. <i>Taxable goods, inputs and raw materials imported or locally purchased by a company which is:</i></p> <p>a) <i>engaged in business under a special operating framework arrangement with the Government; and</i></p> <p>b) <i>incorporated for purposes of undertaking the manufacture of human vaccines or other manufacturing activities including refining; and whose capital investment is at least ten billion shillings subject to approval of the Cabinet Secretary for the National Treasury, on recommendation of the Cabinet Secretary for health.</i></p>
--	--	--	--	--

**Appendix 1: Proposals for consideration by the National Assembly on The Finance Bill (National Assembly Bill No. 19 of 2025)**

<b>3</b>	VAT on services supplied to manufacturers of mosquito repellents	<p>SCJ Kenya will incur costs on services, such as transport, warehouse, and consultancy services, during the manufacture and distribution of mosquito repellents.</p> <p>All the aforementioned services are subject to VAT at 16% when supplied in Kenya.</p>	<p>Amend Part II of the First Schedule to the VAT Act, 2013 to introduce a new paragraph as follows:</p> <p><i>“Taxable services supplied to manufacturers of mosquito repellents on recommendation by the Cabinet Secretary responsible for matters relating to health.”</i></p>	<p>Imposition of VAT on services supplied to SCJ will result in the repellents being more expensive to the global health partners who will distribute them to the vulnerable people in the endemic areas who are in need of the repellents.</p> <p>GOK should consider exempting from VAT taxable services supplied to manufacturers of repellents used in the fight against malaria. The recommended change will ensure affordability of the repellents distributed to Kenyans in the endemic regions.</p> <p>Additionally, VAT exemption will ensure additional cash flow to be used to expand production and reach more people in the endemic areas in need of the repellents.</p>
<b>4</b>	IDF and RDL on inputs, raw materials and machinery used in the manufacture of mosquito repellents.	<p>Inputs, raw materials, and machinery are subject to IDF and RDL at the rate of 2.5% and 1.5% of the customs value, respectively.</p> <p>The Second Schedule of the Miscellaneous Fees and Levies Act (MFLA) does not provide for exemption of IDF and RDL on inputs, raw materials and machinery used in the manufacture of mosquito repellents.</p>	<p>Amend Part A of the Second Schedule of the MFLA to introduce the following paragraph:</p> <p>a) <i>“Inputs, raw materials and machinery used in the manufacture of mosquito repellents on recommendation by the Cabinet Secretary responsible for matters relating to health.”</i></p>	<p>We note that the Government introduced similar incentives through the Finance Act 2022 to encourage investment in the construction of human vaccines facilities.</p> <p>The MFLA exempts the following goods from IDF and RDL:</p>

Appendix 1: Proposals for consideration by the National Assembly on The Finance Bill (National Assembly Bill No. 19 of 2025)

		<p>Amend Part B of the Second Schedule of the MFLA to introduce the following paragraph:</p> <p>b) <i>“Inputs, raw materials and machinery used in the manufacture of mosquito repellents on recommendation by the Cabinet Secretary responsible for matters relating to health.”</i></p>	<ul style="list-style-type: none"> <li>• <i>Inputs and raw materials imported by manufacturers of pharmaceutical products on the recommendation of the Cabinet Secretary responsible for matters relating to health;</i></li> <li>• <i>Goods imported for use in the construction and maintenance of human vaccine manufacturing plants as approved by the Cabinet Secretary for the National Treasury on recommendation of the Cabinet Secretary for Health;</i></li> <li>• <i>Goods, inputs, and raw materials imported by a company which is –</i> <ul style="list-style-type: none"> <li>a) <i>engaged in business under a special operating framework arrangement with the Government; and</i></li> <li>b) <i>incorporated for purposes of undertaking the manufacture of human vaccines or other manufacturing activities including refining; and whose</i></li> </ul> </li> </ul>
--	--	---	--

Appendix 1: Proposals for consideration by the National Assembly on The Finance Bill (National Assembly Bill No. 19 of 2025)

				<i>capital investment is at least ten billion shillings, subject to approval of the Cabinet Secretary for the National Treasury, on recommendation of the Cabinet Secretary for health.</i>
--	--	--	--	---