

MEMORANDUM ON THE FINANCE BILL 2025

Submitted to the Departmental Committee on Finance and National Planning

By: Kenya We Want

Date: May 14, 2025

TO:

The Clerk of the National Assembly

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Subject: Public Participation Submission on the Finance Bill 2025 (National Assembly Bill No. 19 of 2025)

From:

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1. Introduction

Kenya We Want is a civil society organization committed to promoting democratic governance, economic justice, and citizen empowerment. We welcome the opportunity to participate in the ongoing public consultation on the Finance Bill 2025, in keeping with Article 118 of the Constitution on public involvement in legislative processes.

We acknowledge the necessity for robust revenue-raising measures, fiscal consolidation, and tax system reforms to ensure sustainable public finance management. However, we also believe that taxation must be fair, inclusive, and sensitive to the socioeconomic realities faced by ordinary citizens.

2. General Observations

- **Regressive Tax Measures:** Several proposed amendments are likely to disproportionately affect low- and middle-income households, exacerbating the cost of living. These include increased excise duties on essential goods and services, which may be inflationary.

- Lack of Impact Assessment: The bill introduces multiple changes without publicly available socio-economic impact assessments, making it difficult for stakeholders to gauge long-term implications.
- Administrative Burden on SMEs: New compliance requirements and tax adjustments may add bureaucratic and financial pressure on Micro, Small, and Medium Enterprises (MSMEs), a sector still recovering from pandemic-era economic shocks.

3. Specific Concerns and Recommendations

- a. Excise Duty Adjustments

The proposed increase in excise duty on mobile money transfers, internet services, and digital content will likely raise transaction costs for ordinary Kenyans and small digital entrepreneurs.

Recommendation: Reconsider these increases or introduce progressive thresholds to protect low-income users.

- b. VAT on Bread and Other Basic Commodities

Should the zero-rating of essential goods be removed, the net effect would be higher prices for basic necessities, negatively impacting food security and household welfare.

Recommendation: Retain zero-rating for bread, sanitary products, and other daily essentials.

- c. Tax Administration Reforms

We appreciate efforts to streamline tax laws and remove outdated provisions. However, clarity is needed on how the proposed enforcement powers will respect taxpayers' rights.

Recommendation: Introduce safeguards against arbitrary penalties and ensure due process in audits and compliance checks.

- d. Stamp Duty and Land Transactions

Increased stamp duty on land transfers could further complicate land access for youth and women, undermining housing and agribusiness initiatives.

Recommendation: Exempt first-time land buyers under affordable housing or agribusiness initiatives.

4. Conclusion

Kenya We Want urges Parliament to strike a balance between fiscal responsibility and socioeconomic equity. The Finance Bill 2025 must be people-centered and development-conscious. We call for more public forums, better data transparency, and phased reforms that do not overburden citizens already facing economic hardship.

We remain open to engaging with the committee further and thank you for facilitating public input into this vital legislative process.

Yours faithfully,

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