



FINANCE BILL 2025 SUBMISSIONS

GALAXY PHARMACEUTICAL LTD

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GALAXY PHARMACEUTICAL OVERVIEW

Galaxy Pharmaceutical Ltd is one of East Africa's leading pharmaceutical import and distribution company. Our firm has unceasingly been evolving since its establishment in 1999 on the belief that we can be a core for delivering outstanding medical and biotechnological healthcare products all across Africa at great value. Below are some of the Key contributions the company has made to the Healthcare Sector.

- **Extensive Distribution Network:** Galaxy Pharmaceuticals has established a vast distribution network across Kenya, ensuring that quality healthcare products are accessible to a wide range of healthcare providers and patients. Some of the notable products cover the following areas:
 - a. Pain management
 - b. Hypertension management
 - c. Diabetes management
- **Commitment to Quality and Innovation:** The company adheres to stringent standards of quality, safety, and efficacy for all products, supported by a high level of research and development. This commitment ensures that many of our products are among the best in their categories
- **Focus on Affordable and Accessible Nutritional and Family Health:** Recognising the importance of nutrition in health and development, Galaxy Pharmaceuticals offers quality nutritional products and vitamins. Additionally, their wide range of healthcare products effectively protects and preserves the well-being of families across East Africa, including underserved and vulnerable communities.
- **Regulatory Compliance and Adaptability:** The company supports suppliers in regulatory aspects and is highly adaptable to the shifting demands and prospects of regulatory agencies in East African countries .



EXEMPT STATUS OF VARIOUS MEDICAMENTS

Section 36 of the Finance Bill 2025

Section A of Part I of the First Schedule to the Value Added Tax Act is amended.....(annotated) Section O by inserting the following new paragraph immediately after paragraph 154.....

155. Inputs or raw materials (either produced locally or imported) supplied to pharmaceutical manufacturers in Kenya for manufacturing medicaments as approved from time to time by consultation with the Cabinet Secretary for the time being responsible for matters relating to health.



IMPACT ON THE MEDICAL INDUSTRY

1. Increases Financial Burden on Vulnerable Populations

Moving the VAT rate of medicaments from zero-rated to exempt directly raises the cost of essential healthcare, disproportionately affecting low-income and chronically ill individuals who depend on regular medication. Since these consumers cannot avoid or substitute critical medicines, they bear the full burden of the tax. This risks reducing access to life-saving treatment, leading to worse health outcomes and higher long-term public healthcare costs.

2. Long Bureaucratic Processes

Requesting government approval to secure input exemptions for pharmaceutical products is a highly inefficient and potentially dangerous approach. Such a process is typically slow, bureaucratic, and ill-suited to the urgent timelines of healthcare supply chains. Medicines and their critical inputs. Any delay caused by prolonged exemption approvals can lead to stockouts, disrupted patient care, and, ultimately, preventable deaths, particularly among vulnerable populations with chronic or acute conditions. Health systems rely on swift, uninterrupted access to medical supplies; forcing them through a politicized or manual approval process risks turning a logistical issue into a public health crisis.

3. Undermines Public Health and Preventive Care Efforts

VAT on medicines could discourage timely treatment and preventive care due to affordability concerns. In addition to the SHA challenges experienced, patients in Kenya may delay purchasing medication, skip doses, or resort to unsafe alternatives.

This not only jeopardizes individual health, but can also increase the spread of communicable diseases, strain emergency services, and undermine national public health goals particularly in a vulnerable country like Kenya where out-of-pocket healthcare spending is already high.



OUR APPEAL

DELETE SECTION 36 OF THE FINANCE BILL 2025 PART O, PARAGRAPH 15

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