



REPUBLIC OF KENYA

*Approved
SAA
7/4/26*

THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

REPORT ON:

THE SPECIAL ECONOMIC ZONES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL
NO. 8 OF 2026)

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 APR 2026	DAY: Tuesday
TABLED BY:	<i>Hon. Bernard Shinya MP Chairperson</i>
CLERK-AT-THE-TABLE:	<i>Arushiboko</i>

CLERKS CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

APRIL 2026



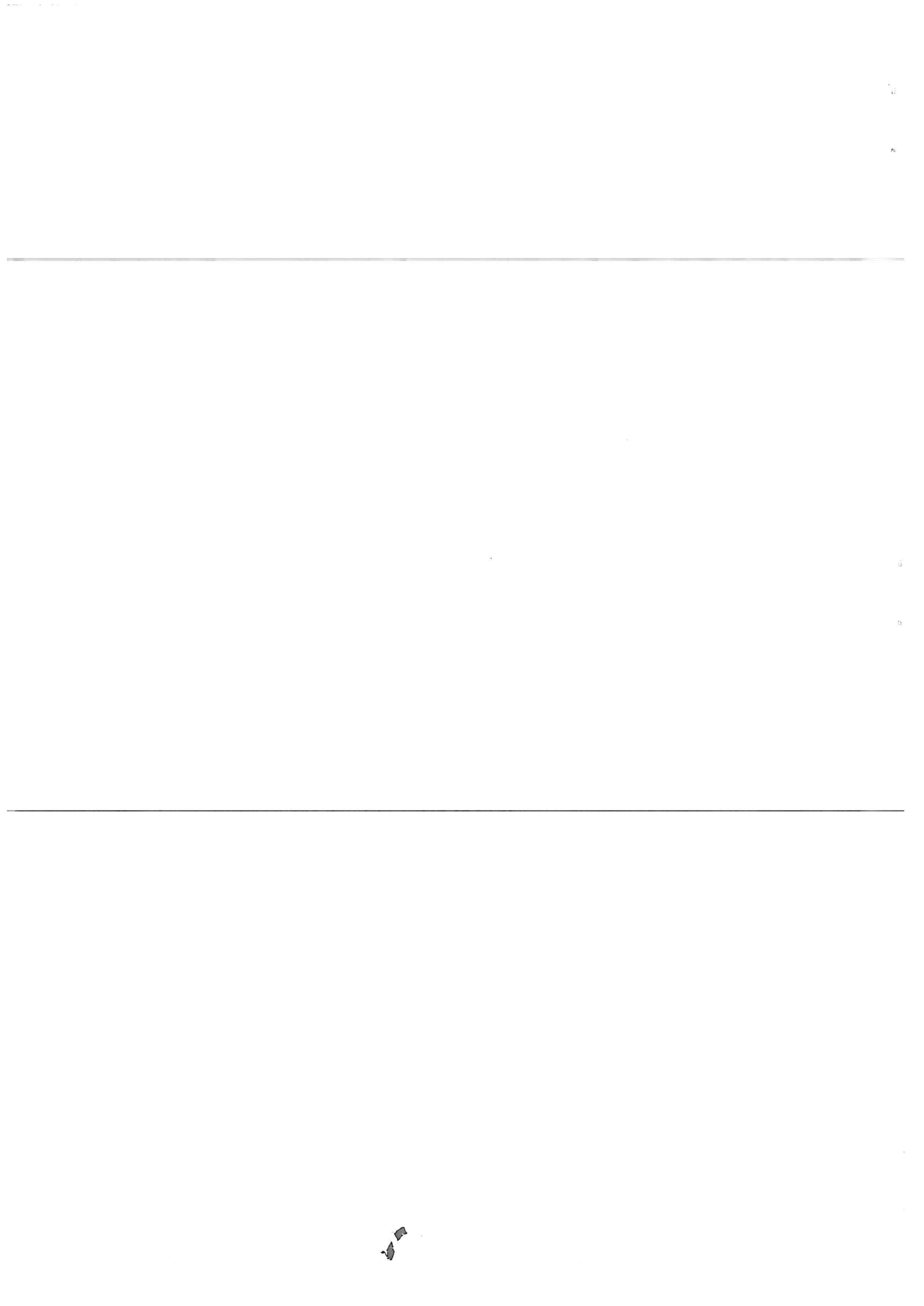


TABLE OF CONTENTS

LIST OF ABBREVIATIONS AND ACRONYMS	4
LIST OF ANNEXURES	6
CHAIRPERSON’S FOREWORD	7
CHAPTER ONE	9
1.0 PREFACE	9
1.1 Establishment of the Committee.....	9
1.2 Mandate of the Committee.....	9
1.3 Committee Membership.....	10
1.4 Committee Secretariat	11
CHAPTER TWO	12
2.0 BACKGROUND OF THE SPECIAL ECONOMIC ZONES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 8 OF 2026)	12
2.1 Legislative Background and Purpose of the Bill.....	12
2.2 Challenges Faced by Petroleum Companies in Upstream and Midstream Operations	12
2.3 Benefits to Companies under the SEZ Framework in Kenya	13
2.4 Historical Context of the Non-Inclusion of Petroleum Operations in the SEZ Framework	14
2.5 Comparative Analysis.....	14
CHAPTER THREE	16
3.0 OVERVIEW OF THE SPECIAL ECONOMIC ZONES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 8 OF 2026)	16
3.1 Introduction.....	16
3.2 Objective of the Bill.....	17
3.3 Potential Impact of the Bill.....	17
3.4 Clause by Clause Provisions of the Bill	17
CHAPTER FOUR	20
4.0 STAKEHOLDER ENGAGEMENT ON THE SPECIAL ECONOMIC ZONES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 8 OF 2026)	20
4.1 STAKEHOLDER SUBMISSIONS ON THE SPECIAL ECONOMIC ZONES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 8 OF 2026)	21
4.1.1 Viva Africa Consulting LLP.....	21
4.1.2 Anjarwalla and Khanna LLP/African Legal Network (ALN)	21
4.1.3 Association of Special Economic Zones (ASEZ).....	21
4.1.4 Kenya Private Sector Alliance (KEPSA)	22
4.1.5 TRIFIC Special Economic Zone	22
4.1.6 Kenya Association of Manufacturers (KAM)	22
4.1.7 National Environment Management Authority (NEMA).....	22
4.1.8 Oil and Gas Contractors Association of Kenya (OGCA-K)	23
4.1.9 Petroleum Institute of East Africa (PIEA)	23

4.1.10 Tsavo Oilfied Services	23
4.1.11 Petroleum Outlets Association of Kenya (POAK)	23
4.1.12 Gulf Energy.....	23
4.1.13 Special Economic Zones Authority (SEZA).....	24
4.1.14 State Department for Investment Promotion.....	24
4.1.15 Kenya Revenue Authority (KRA).....	24
4.1.16 State Department for Lands and Physical Planning.....	24
4.1.17 Kenya National Chamber of Commerce and Industry (KNCCI).....	24
4.1.18 Council of Governors (CoG)	25
4.1.19 Kenya Oil and Gas Association (KOGA).....	25
4.1.20 Eni Kenya	25
4.1.21 Independent Continental Youth Advisory Council on AfCTA (ICOYACA).....	25
4.1.22 Emsi Associates	26
4.1.23 Bureau of Special Services Limited	26
4.1.24 Blue Logistics Group.....	26
4.1.25 Bhachu Industries Limited.....	26
4.1.26 Mo Rapid Solutions Limited	26
4.1.27 Idar Groups Security Services Limited	26
4.1.28 Etom Services Limited	27
4.2 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS ON STAKEHOLDER COMMENTS.....	27
CHAPTER FIVE	37
5.0 COMMITTEE OBSERVATIONS.....	37
CHAPTER SIX	38
6.0 COMMITTEE RECOMMENDATION.....	38
REFERENCES.....	39

LIST OF ABBREVIATIONS AND ACRONYMS

AfCFTA	-	African Continental Free Trade Area
ALN	-	African Legal Network
ASEZ	-	Association of Special Economic Zones
BPO	-	Business Process Outsourcing
BV	-	<i>Besloten Vennootschap</i>
Cap.	-	Chapter
Capt.	-	Captain
CBS	-	Chief of the Burning Spear
CEO	-	Chief Executive Officer
CoG	-	Council of Governors
CS	-	Cabinet Secretary
DDC	-	Directorate of Departmental Committees
EACOP	-	East African Crude Oil Pipeline
EGH	-	Elder of the Golden Heart
EITI	-	Extractive Industries Transparency Initiative
EMCA	-	Environmental Management and Co-ordination Act
EPRA	-	Energy and Petroleum Regulatory Authority
EPZs	-	Export Processing Zones
FDI	-	Foreign Direct Investment
FTZ	-	Free Trade Zone
FZEs	-	Free Zone Enterprises
ICOYACA	-	Independent Continental Youth Advisory Council on AfCTA
ICT	-	Information, Communication and Technology
ITA	-	Income Tax Act
KAM	-	Kenya Association of Manufacturers
KANU	-	Kenya African Union
KEBS	-	Kenya Bureau of Standards
KEPSA	-	Kenya Private Sector Alliance
KNCCI	-	Kenya National Chamber of Commerce and Industry
KOGA	-	Kenya Oil and Gas Association
KRA	-	Kenya Revenue Authority
LLP	-	Limited Liability Partnership
LPG	-	Liquefied Petroleum Gas
MSME	-	Micro, Small and Medium Enterprise
NEMA	-	National Environment Management Authority
NEPZA	-	Nigeria Export Processing Zones Authority
ODM	-	Orange Democratic Movement
OGCA-K	-	Oil and Gas Contractors Association of Kenya
OGFZA	-	Oil and Gas Free Zones Authority
PIEA	-	Petroleum Institute of East Africa
PINs	-	Personal Identification Numbers
POAK	-	Petroleum Outlets Association of Kenya
RDL	-	Railway Development Levy

Rtd.	-	Retired
SEZA	-	Special Economic Zones Authority
SEZs	-	Special Economic Zones
TIC	-	Trade, Industry and Cooperatives
TRIFIC	-	Two Rivers International Finance & Innovation Centre
UDA	-	United Democratic Alliance
USD	-	United States Dollar
VAT	-	Value Added Tax
WDM-K	-	Wiper Democratic Movement Kenya
WHT	-	Withholding Tax

LIST OF ANNEXURES

1. Adoption Schedule of the Report
2. Minutes

 - Minutes of the 25th Sitting
 - Minutes of the 24th Sitting
 - Minutes of the 23rd Sitting
 - Minutes of the 21st Sitting
3. Copy of the Newspaper Advertisement
4. Copy of the Letters Inviting Stakeholders for the Meeting
 - Ref: NA/DDC/TIC/2026/011
 - Ref: NA/DDC/TIC/2026/012
 - Ref: NA/DDC/TIC/2026/010
 - Ref: NA/DDC/TIC/2026/013
 - Ref: NA/DDC/TIC/2026/014
 - Ref: NA/DDC/TIC/2026/015
 - Ref: NA/DDC/TIC/2026/016
 - Ref: NA/DDC/TIC/2026/017
 - Ref: NA/DDC/TIC/2026/018
 - Ref: NA/DDC/TIC/2026/019; and
 - Ref: NA/DDC/TIC/2026/020
5. A Copy of the Special Economic Zones (Amendment) Bill (*National Assembly Bill No. 8 of 2026*)
6. Matrix of the Bill
7. Witness Attendance Register for the Stakeholder Engagement Meetings

CHAIRPERSON'S FOREWORD

This report presents the proceedings of the Departmental Committee on Trade, Industry and Cooperatives on its consideration of the Special Economic Zones (Amendment) Bill (*National Assembly Bill No. 8 of 2026*), which was published on 26th February 2026. The Bill underwent its First Reading on 12th March 2026 and was subsequently committed to the Departmental Committee on Trade, Industry and Cooperatives for consideration and reporting to the House, pursuant to the provisions of Standing Order 127.

Comprising seven (7) clauses, the Bill seeks to implement resolutions made by the Houses of Parliament upon consideration and adoption of the *Report of the Joint Committee of the National Assembly Departmental Committee on Energy and the Senate Standing Committee on Energy on Consideration of the Field Development Plan and Production Sharing Contracts for Blocks T6 and T7 in South Lokichar Basin, Turkana County*. The Report recommended the need to extend fiscal incentives and concessions to investors in midstream and upstream petroleum operations. To actualise the resolutions by Parliament, it has become necessary for the National Assembly to formulate a legal framework to address identifiable gaps in the prevailing legal framework, and thereby facilitate commercial development of oil discoveries and exploratory activities in the Lokichar Basin.

The Bill also seeks to amend the Special Economic Zones Act, Cap. 517A to: strengthen the Special Economic Zones (SEZs) framework and align it with the operational requirements of large-scale capital investments, including in midstream and upstream petroleum operations; facilitate strategic investments in midstream and upstream petroleum by ensuring that the SEZ regime accommodates the structure and operational needs of capital-intensive projects; expand the scope of SEZs to include oil and gas sector activities; allow SEZ developers and operators in oil and gas zones to undertake enterprise activities within the SEZ; and harmonise tax incentives applicable to SEZ entities undertaking activities in oil and gas zones.

The Bill further makes consequential amendments to the Miscellaneous Fees and Levies Act, Cap. 469C, the Income Tax Act, Cap. 470, and the Value Added Tax Act, Cap. 476 to align the fiscal incentives available under those laws with the proposed amendments to the SEZ framework.

In accordance with Article 118 (1) (b) of the Constitution and Standing Order 127(3), the Committee placed advertisements in the print media on 16th March 2026 requesting for comments on the Bill from the public and relevant stakeholders. Further, through letters Ref: NA/DDC/TIC/2026/011 and NA/DDC/TIC/2026/012 dated 24th March 2026; Ref: NA/DDC/TIC/2026/010, NA/DDC/TIC/2026/013, NA/DDC/TIC/2026/014, NA/DDC/TIC/2026/015, NA/DDC/TIC/2026/016 and NA/DDC/TIC/2026/017 dated 25th March 2026; and NA/DDC/TIC/2026/018, NA/DDC/TIC/2026/019 and NA/DDC/TIC/2026/020 dated 27th March 2026, the Committee invited stakeholders to a public engagement session on Wednesday, 1st and Thursday, 2nd April 2026. During this meetings, sixteen (16) stakeholders made oral submissions before the Committee.

The Committee wishes to extend its sincere appreciation to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support extended throughout its sessions. We also acknowledge the valuable input from all the stakeholders that submitted their memoranda and attended

the stakeholder engagement meeting. Lastly, I express my deep gratitude to the Honourable Members of the Committee and the Committee Secretariat for their dedication and contributions to the development and production of this report.

On behalf of the Departmental Committee on Trade, Industry and Cooperatives, and pursuant to Standing Order 199(6), it is my privilege and honour to present to this House the Committee's Report on the Special Economic Zones (Amendment) Bill (*National Assembly Bill No. 8 of 2026*).

Having considered the Bill, the Committee recommends that the House **PASSES THE BILL WITHOUT AMENDMENTS.**

Hon. Bernard Masaka Shinali, CBS, MP
Chairperson,
Departmental Committee on Trade, Industry and Cooperatives

CHAPTER ONE

I.0 PREFACE

I.1 Establishment of the Committee

1. The Departmental Committee on Trade, Industry and Cooperatives is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to **Standing Order 216 (5)** is as follows:

- i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
- ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
- iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
- iv. **To study and review all the legislation referred to it;**
- v. *To study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
- vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
- vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on appointments);*
- viii. *To examine treaties, agreements and conventions;*
- ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
- x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
- xi. *To examine any questions raised by Members on a matter within its mandate.*

I.2 Mandate of the Committee

2. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider trade, including securities exchange, consumer protection, pricing policies, commerce, industrialisation including special economic zones, enterprise promotion & development including micro, small & medium enterprises (MSMEs), and small and medium enterprises (SMEs), intellectual property, industrial standards, anti-counterfeit policies and cooperatives development.
3. In executing its mandate, the Committee oversees the Ministry of Investment, Trade and Industry; and the Ministry of Cooperatives and MSMEs Development.

1.3 Committee Membership

4. The Departmental Committee on Trade, Industry and Cooperatives was reconstituted by the House on 5th March 2025 and comprises the following Members:

Chairperson

Hon. Bernard Masaka Shinali, CBS, MP
Ikolomani Constituency
ODM Party

Vice-Chairperson

Hon. Marianne Jebet Kitany, MP
Aldai Constituency
UDA Party

Hon. Adhe Wario Guyo, MP
North Horr Constituency
KANU

Hon. Adams Korir Kipsanai, MP
Keiyo North Constituency
UDA Party

Hon. Anthony Tom Oluoch, MP
Mathare Constituency
ODM Party

Hon. Alfred Kiprono Mutai, MP
Kuresoi North Constituency
UDA Party

Hon. (Dr.) Beatrice Kahai Adagala, MP
Vihiga County
ANC Party

Hon. Amos Maina Mwago, MP
Starehe Constituency
Jubilee Party

Hon. Joshua Mbithi Mutua Mwalyo, MP
Masinga Constituency
Independent Member

Hon. John Okano Bwire, MP
Taveta Constituency
WDM-K Party

Hon. Joyce Kamene, MP
Machakos County
WDM-K Party

Hon. Samuel Parashina Sakimba, MP
Kajiado South Constituency
ODM Party

Hon. Robert Githinji Gichimu, MP
Gichugu Constituency
UDA Party

Hon. Michael Wainaina Wambugu, MP
Othaya Constituency
UDA Party

Hon. (Dr.) Wilberforce Ojiambo Oundo, MP
Funyula Constituency
ODM Party

1.4 Committee Secretariat

5. The Committee is facilitated by the following Secretariat:

Ms. Lauren Omosa Wesonga
Clerk Assistant I/Head of Secretariat

Ms. Carolyn Musyoka
Hansard Reporter II (Clerk Assistant)

Ms. Doreen Karani
Principal Legal Counsel II

Ms. Priscilla Wangu
Fiscal Analyst II

Ms. Priscilla Saidi
Research Officer II

Ms. Pauline Sifuma
Hansard Officer II

Mr. Ambrose Nguti
Media Relations Officer III

Ms. Margaret Wainaina
Protocol Officer III

Ms. Peris Kaburi
Assistant Serjeant-at-Arms

Mr. Kelvin Lengasi
Audio Assistant

CHAPTER TWO

2.0 BACKGROUND OF THE SPECIAL ECONOMIC ZONES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 8 OF 2026)

2.1 Legislative Background and Purpose of the Bill

6. The proposed Special Economic Zones (Amendment) Bill (*National Assembly Bill No. 8 of 2026*) seeks to implement the observations and recommendations contained in the Report of the Joint Committee of the National Assembly Departmental Committee on Energy and the Senate Standing Committee on Energy on Consideration of the Field Development Plan and Production Sharing Contracts for Blocks T6 and T7 in South Lokichar Basin, Turkana County.
7. The Report made proposals on the need to extend the ambit of special economic zones legal and regulatory regime to midstream and upstream petroleum operations, and extend fiscal incentives and concessions to investors in midstream and upstream petroleum operations.
8. The Petroleum Act, 2019 defines the terms “*midstream and upstream petroleum operations*” by reference to the stage of the petroleum value chain at which operations occur. Upstream petroleum operations means the exploration for, and the development and production, separation and treatment, storage and transportation of petroleum up to the agreed delivery point. This covers everything that happens before petroleum leaves the ground or wellhead such as seismic surveys, exploratory drilling, appraisal of discoveries, field development planning, and actual extraction of crude oil or natural gas. In the Lokichar Basin context, Gulf Energy and any companies conducting drilling operations under the Production Sharing Contracts for Blocks T6 and T7 are engaged in upstream operations. Midstream petroleum operations means all or any of the operations related to petroleum transportation, storage, refining operations, or natural gas processing operations that are related to multiple development areas including operations for the liquefaction of natural gas. This covers pipelines, storage tanks, primary separation facilities. In the Lokichar Basin context, the current transportation in phase I is via specialised steam heated road tankers, this is a midstream asset.
9. Downstream petroleum operations, cover distribution of petroleum to end users including retail sale but the Bill deliberately excludes these. Petrol stations, refineries, and LPG bottling plants are downstream. This is an important point to note because the Bill is not extending SEZ benefits to refineries or fuel retailers. The immediate policy need as identified in the Joint Committee Report is to facilitate the Lokichar Basin development, that is, getting oil out of the ground in Turkana and transporting it, from the wellhead to the export terminal (upstream and midstream).

2.2 Challenges Faced by Petroleum Companies in Upstream and Midstream Operations

10. The core operational challenge that has held back the Lokichar Basin development is infrastructure, specifically the absence of a pipeline to move crude oil from Turkana to an export point. The Lokichar crude oil is waxy and solidifies at ambient temperature, requiring the pipeline or tankers transporting it to be heated and heavily insulated to remain fluid during the journey. The capital cost

for construction of a pipeline from Lamu to Lokichar has been estimated at around Kshs. 113 to 121 billion. For perspective, the East African Crude Oil Pipeline (EACOP) which is longer (1,443 km) and also heated has an estimated cost of USD 5 billion to USD 5.8 billion. Financing a project of this scale requires bankable offtake agreements, stable fiscal terms, government guarantees, and a regulatory framework that gives lenders confidence over the project's life.

11. On the fiscal side, petroleum companies have consistently raised concerns about the cost recovery and profit-sharing terms under the Production Sharing Contracts, which were negotiated when oil prices and development cost assumptions were different. The tax and royalty regime applicable to upstream petroleum under the Income Tax Act and the Petroleum Act has been a subject of ongoing negotiation between the government and contractors. Companies have argued that the overall government take (combining royalties, corporation tax, profit petroleum share, and other levies) makes marginal fields economically unviable at realistic oil price scenarios.
12. On the regulatory side, the multiplicity of agencies with overlapping jurisdiction over petroleum operations has been a persistent complaint. The Petroleum Act brought some rationalisation but companies still navigate EPRA, NEMA, county governments with land jurisdiction, the National Land Commission, and the national government simultaneously. Each has approval requirements that do not run on coordinated timelines. The social licence dimension has also been significant. Communities in Turkana County have at various points disrupted operations over grievances related to local content, employment, land compensation, and benefit-sharing. These disruptions have caused delays to drilling programmes and field development activities.
13. The absence of an SEZ framework for petroleum has meant that companies cannot access the fiscal incentives in terms of duty exemptions on capital equipment, VAT zero-rating on inputs, reduced corporate tax rates that the SEZ regime offers. Every piece of drilling equipment, every tanker, every pumping unit imported for the Lokichar development has been subject to standard import duty treatment. For a project of this capital intensity, the cumulative duty and tax burden on imports is material. As earlier observed, competitors in other jurisdictions have benefited from more tailored fiscal incentive frameworks for their petroleum sectors.

2.3 Benefits to Companies under the SEZ Framework in Kenya

14. The SEZ regime under the SEZ Act, Cap. 517A offers a comprehensive package of fiscal and non-fiscal incentives designed to make operating within the zones significantly more attractive than operating in the general Kenyan economy.
15. On the tax side, SEZ enterprises enjoy a corporate income tax rate of ten percent for the first ten years of operation, rising to fifteen percent thereafter compared to the standard rate of thirty percent applicable outside the zones. WHT on dividends paid to non-residents is exempt for the first ten years. As established under paragraph 73 of the First Schedule to the ITA, royalties, management fees, professional fees, and similar payments to non-resident persons are exempt from WHT for the first ten years of operation. Stamp Duty is exempt on transactions within the zone. VAT is zero-rated on supplies made to SEZ enterprises, meaning their inputs carry no VAT burden.

16. On the customs side, goods introduced into the customs-controlled area of an SEZ are exempt from import duties. Capital equipment, construction materials, and raw materials brought into the zone for use in zone activities are not subject to customs duties. The zone effectively sits outside the customs territory for duty purposes.

17. On the non-fiscal side, SEZ enterprises benefit from streamlined licensing and permitting through a one-stop-shop administered by the Special Economic Zones Authority, dedicated infrastructure within the zone, and a more predictable regulatory environment than the general economy.

2.4 Historical Context of the Non-Inclusion of Petroleum Operations in the SEZ Framework

18. At the time of the enactment of the Special Economic Zones Act in 2015, the SEZ programme appears to have been primarily oriented towards advancing manufacturing and export services. This may be understood in the context of the earlier Export Processing Zones programme, which had attracted investment in sectors such as garment manufacturing and horticultural processing but faced structural limitations, including its restriction to export-oriented manufacturing, limited accommodation of services, and administrative constraints. The SEZ Act was designed to create a more flexible and comprehensive regime for industrialisation broadly defined to include manufacturing, ICT, business process outsourcing, logistics, and agro-processing. In this context, the policy focus appears to have been on light industry and services rather than extractive industries.

19. At the same time, the petroleum sector in 2015 was, at a fundamentally different stage. The first major oil discovery in the South Lokichar Basin had been made by Tullow Oil from 2012 but the sector was still in early appraisal and exploration. Commercial development was not imminent, no Field Development Plan had been approved, no Final Investment Decision had been taken, and the pipeline project was at a very early conceptual stage. It may therefore be inferred that petroleum sector investments were not yet a central consideration in the design of the SEZ framework.

20. Comparative experience suggests that jurisdictions such as Angola, Mozambique, and Nigeria which have integrated petroleum operations into special economic zone-type frameworks typically developed tailored regimes that respond to the specific infrastructure, regulatory, and fiscal requirements of the oil and gas sector.

21. In light of the foregoing, the proposed Bill therefore seeks to amend the Special Economic Zones Act to accommodate midstream and upstream petroleum operations within the SEZ framework. The amendment is intended to enhance the responsiveness of the SEZ regime to evolving investment priorities and to align it with the operational requirements of large-scale capital-intensive sectors, including oil and gas.

2.5 Comparative Analysis

22. In **Nigeria**, SEZs are regulated by the Nigeria Export Processing Zones Authority (NEPZA) and the Oil and Gas Free Zones Authority (OGFZA) which oversee industrial, manufacturing and commercial free zones as well as zones dedicated to the oil and gas sector. Major operational hubs

include the Lekki Free Trade Zone in Lagos, Calabar Free Trade Zone in Cross River, Kano Free Trade Zone, and various oil and gas zones such as Onne.

23. Businesses operating within these zones typically benefit from: tax incentives (exemption from federal, state and local government taxes, levies and rates); customs (duty-free import of raw materials, components, and equipment for production); repatriation (freedom to repatriate capital, profits and dividends); and regulatory support (simplified licencing and one-stop-shop administrative processes).
24. To operate in a SEZ or Free Trade Zone (FTZ) in Nigeria, businesses need one of two primary licences issued by the NEPZA, the Free Zone Developers' Licence for entities (public, private or public-private partnership) establishing or developing a free zone or the Free Zone Enterprise Licence for businesses conducting approved activities (manufacturing, trading, and services) within an existing Free Zone. The licences are generally valid for 5 years.
25. To obtain a licence to operate in a SEZ or FTZ, a company must be duly incorporated in Nigeria by the Corporate Affairs Commission (CAC).
26. Prior to the Nigeria Tax Act, 2025, FZEs under both the NEPZA and OGFZA enjoyed broad exemption from all federal, state and local taxes. However, the Act provides that profit from these entities is fully exempt from tax only where the entity's sales are wholly derived from export activities.
27. In **Malaysia**, the Johor-Singapore SEZ is a significant bilateral initiative, established between Malaysia and Singapore in 2025, aimed at transforming Johor into a high-tech, sustainable economic hub. Operators and developers within the zone can take advantage of various incentives, including a 5% corporate tax rate for companies in high-growth sectors like AI and aerospace for up to 15 years. Eligible skilled professionals working in the zone can benefit from a reduced personal income tax rate of up to 15% for 10 years, and designated areas within the zone have duty-free status.
28. ~~The Malaysia Investment Development Authority (MIDA) offers renewable licences valid for periods ranging from 10 to 20 years. Malaysia has successfully utilised its specialised SEZ framework to attract billions in FDI, particularly in the oil refining sector.~~
29. In **Rwanda**, the law governing SEZs regulates the establishment, development, operation, and maintenance of SEZs in the country. The Special Economic Zones Regulatory Authority of Rwanda (SEZAR) oversees the licencing process, which is designed to attract investments in manufacturing, exports, and technology.
30. Zone developers or operators must be legal entities incorporated in Rwanda and must demonstrate both financial and technical capabilities, in line with the provisions of the Principal Act. Licenced investors can benefit from incentives such as reduced corporate income tax, customs duty exemptions on raw materials and facilitated work permits, provided they hold valid licences.

CHAPTER THREE

3.0 OVERVIEW OF THE SPECIAL ECONOMIC ZONES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 8 OF 2026)

3.1 Introduction

31. The Special Economic Zones (Amendment) Bill (*National Assembly Bill No. 8 of 2026*) is sponsored by Hon. Kimani Ichung'wah, EGH, MP, Leader of the Majority Party. The Bill was read a First Time on 12th March 2026 and subsequently referred to the Departmental Committee on Trade, Industry and Cooperatives for consideration and to facilitate public participation pursuant to Standing Order 127.
32. The principal objective of the Bill is to implement the resolutions made by the Houses of Parliament upon consideration and adoption of the *Report of the Joint Committee of the National Assembly Departmental Committee on Energy and the Senate Standing Committee on Energy on Consideration of the Field Development Plan and Production Sharing Contracts for Blocks T6 and T7 in South Lokichar Basin, Turkana County*. The Report recommended the need to extend fiscal incentives and concessions to investors in midstream and upstream petroleum operations. To actualise the resolutions by Parliament, it has become necessary for the National Assembly to formulate a legal framework to address identifiable gaps in the prevailing legal framework, and thereby facilitate commercial development of oil discoveries and exploratory activities in the Lokichar Basin.
33. The Bill seeks to amend the Special Economic Zones Act, Cap. 517A to:
- a) strengthen the Special Economic Zones (SEZs) framework and align it with the operational requirements of large-scale capital investments, including in midstream and upstream petroleum operations;
 - b) facilitate strategic investments in midstream and upstream petroleum by ensuring that the SEZ regime accommodates the structure and operational needs of capital-intensive projects;
 - c) expand the scope of SEZs to include oil and gas sector activities;
 - d) allow SEZ developers and operators in oil and gas zones to undertake enterprise activities within the SEZ; and
 - e) harmonise tax incentives applicable to SEZ entities undertaking activities in oil and gas zones.
34. The Bill also seeks to make consequential amendments to the Miscellaneous Fees and Levies Act, Cap. 469C, the Income Tax Act, Cap. 470, and the Value Added Tax Act, Cap. 476 to align the fiscal incentives available under those laws with the proposed amendments to the SEZ framework.

3.2 Objective of the Bill

35. The objective of the Bill is to:

- a) expand the scope of Special Economic Zones to include oil and gas sector activities (midstream and upstream petroleum operations);
- b) remove legal inconsistencies relating to the eligibility of companies operating within Special Economic Zones;
- c) allow SEZ developers and operators to undertake enterprise activities within the zone;
- d) harmonise tax incentives applicable to Special Economic Zone entities; and
- e) make consequential amendments to the Value Added Tax Act (Cap. 476), the Income Tax Act (Cap. 470), and the Miscellaneous Fees and Levies Act (Cap. 469C).

3.3 Potential Impact of the Bill

The Bill is likely to have the following impact if enacted:

36. Enhanced business environment. By eliminating rigid statutory limits, particularly regarding incentives that may deter potential investors, the bill will boost capital inflows and liquidity, ultimately contributing to economic growth;
37. Regional integration: Opening up licenses to companies and not incorporated in Kenya will expand market access for SEZ-based industries and promote the development of regional value chains; and
38. Resource Endowments and Comparative Advantages: SEZs should align strategically with the country's existing resource endowments and comparative advantages. Focusing on sectors like oil and gas, where Kenya has natural advantages, can enhance competitiveness and attract investment.

3.4 Clause by Clause Provisions of the Bill

39. **Clause 1** of the Bill provides for the short title of the Bill.
40. **Clause 2** amends section 2 of the SEZ Act, Cap. 517A (interpretation and definitions) by inserting definitions of "*midstream petroleum operations*" and "*upstream petroleum operations*" both cross-referencing the definitions in the Petroleum Act, Cap. 308. This is with a view to expand the SEZ framework to cover midstream and upstream petroleum operations in order to facilitate commercial development of oil discoveries in the Lokichar Basin.
41. **Clause 3** amends section 4 of the SEZ Act, Cap. 517A (on declaration of special economic zones) in subsection 6 by adding two new zone types, that is, midstream petroleum operations zones and upstream petroleum operations zones, to the list of permissible SEZ designations.

42. **Clause 4** of the Bill proposes to amend section 27 of the SEZ Act, Cap. 517A (on application and issue of licence) by:
- a) replacing paragraph (d) of subsection (5) with provision that the duration of licence issued to a SEZ developer, operator or enterprise in the zones designated midstream and upstream petroleum operations shall be subject to the new subsection (5A). Currently, subsection (5)(d) simply provides that a licence shall be valid for the period SEZA decides to prescribe. This could be a one-year licence or a twenty-year licence depending on what the Authority deems appropriate. In practice, it issues annual licences;
 - b) inserting a new subsection 5A prescribing a 10-year minimum licence for petroleum zone operations to enhance investor certainty in this capital-intensive sector; and
 - c) requiring the Authority to conduct annual compliance audits for the duration of such licences, with annual audit fees payable by licensees. This is the accountability mechanism for the long licence allowing SEZA to run regular checks on whether a licence holder is complying with the terms and conditions of the licence.
43. **Clause 5** amends section 28(a) of the SEZ Act, Cap. 517A (on other qualifications of a SEZ developer) by deleting the requirement that a SEZ developer be "*incorporated in Kenya*", to create harmony with the definition of a company under section 2 of the SEZ Act. In that definition, the Act cross-references section 2 of the Companies Act, Cap. 486 and therefore includes a company incorporated outside Kenya and registered under that Act. A foreign company registered in Kenya under the Companies Act would now qualify as an SEZ developer without needing to be locally incorporated as a separate Kenyan legal entity as currently required in section 28.
44. **Clause 6** amends section 29 of the SEZ Act, Cap. 517A (on Special Economic Zone enterprises) in two respects:
- a) replacing "*is incorporated in Kenya*" with "*is a company*" in subsection (2)(a); and
 - b) inserting a new subsection (3) enabling petroleum zone developers and operators to apply for an enterprise licence to undertake activities within petroleum-designated zones.
45. **Clause 7** contains the consequential amendments to three tax related Acts:
- a) The first is the removal of the ten-year time limitation in Paragraph 73 of Part I of the First Schedule to the **Income Tax Act, Cap. 470** to effectively extend withholding tax exemptions on royalties and management fees paid to non-residents beyond the current ten-year limit.
 - b) The second is the proposed amendment to the **Value Added Tax Act, Cap. 476** to expand zero-rating to cover supplies made to SEZ developers and operators (not just enterprises) in order to address an existing gap in the law.

- c) The third one is the amendment to the **Miscellaneous Fees and Levies Act, Cap. 469C** to exempt goods destined for petroleum SEZs from the Railway Development Levy (RDL) thus reducing the cost of importing goods for oil and gas operations and making the SEZ regime more commercially attractive.

-
46. The Bill neither delegates legislative powers nor limits fundamental rights and freedoms.
47. The Bill relates to matters of energy and fiscal policy, regarding zoning of areas of economic purposes, and the concessions and incentives, both monetary and non-monetary, which may be granted to investors engaged in midstream and upstream petroleum operations in the zoned areas. These matters fall within the mandate of the National Government under the Fourth Schedule to the Constitution. Consequently, the Bill does not concern county governments in terms of Article 110(1) (a) of the Constitution as functions relating to regulation of SEZs and grant of fiscal incentives are functions of the National Government.
48. Enactment of the Bill will not occasion additional expenditure of public funds.

CHAPTER FOUR

4.0 STAKEHOLDER ENGAGEMENT ON THE SPECIAL ECONOMIC ZONES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 8 OF 2026)

Following the call for memoranda from the public through placement of an advertisement in the print media on 16th March 2026 and vide letters Ref: NA/DDC/TIC/2026/011 and NA/DDC/TIC/2026/012 dated 24th March 2026; Ref: NA/DDC/TIC/2026/010, NA/DDC/TIC/2026/013, NA/DDC/TIC/2026/014, NA/DDC/TIC/2026/015, NA/DDC/TIC/2026/016 and NA/DDC/TIC/2026/017 dated 25th March 2026; and NA/DDC/TIC/2026/018, NA/DDC/TIC/2026/019 and NA/DDC/TIC/2026/020 dated 27th March 2026, inviting stakeholders for a meeting, the Committee received memoranda from the following stakeholders on the Special Economic Zones (Amendment) Bill (*National Assembly Bill No. 8 of 2026*):

- i. Viva Africa Consulting LLP;
- ii. Anjarwalla and Khanna LLP/African Legal Network (ALN);
- iii. Association of Special Economic Zones (ASEZ);
- iv. Kenya Private Sector Alliance (KEPSA);
- v. TRIFIC Special Economic Zone;
- vi. Kenya Association of Manufacturers (KAM);
- vii. National Environment Management Authority (NEMA);
- viii. Oil and Gas Contractors Association of Kenya (OGCA-K);
- ix. Petroleum Institute of East Africa (PIEA);
- x. Tsavo Oilfield Services;
- xi. Petroleum Outlets Association of Kenya (POAK);
- xii. Gulf Energy BV;
- xiii. Special Economic Zones Authority (SEZA);
- xiv. State Department for Investment Promotion;
- xv. Kenya Revenue Authority (KRA);
- xvi. State Department for Lands and Physical Planning;
- xvii. Kenya National Chamber of Commerce and Industry (KNCCI);
- xviii. Council of Governors (CoG);
- xix. Kenya Oil and Gas Association (KOGA);
- xx. Eni Kenya;
- xxi. Independent Continental Youth Advisory Council on AfCTA;
- xxii. Emsi Associates;
- xxiii. Bureau of Special Services Limited;
- xxiv. Blue Logistics Group;
- xxv. Bhachu Industries Limited;
- xxvi. Mo Rapid Solutions Limited;
- xxvii. Idar Groups Security Services Limited; and
- xxviii. Etom Services Limited

4.1 STAKEHOLDER SUBMISSIONS ON THE SPECIAL ECONOMIC ZONES (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 8 OF 2026)

4.1.1 Viva Africa Consulting LLP

49. In a meeting with the Committee held on Wednesday, 1st April 2026, Ms. Anne Mubia-Murungi, a Partner at Viva Africa LLP informed the Committee that the Company supports the amendments proposed to the SEZ framework as they present a positive step towards strengthening Kenya's investment environment. The amendments will enhance attractiveness and operational efficiency of the SEZ regime and provide clarity for investors undertaking large scale projects. They proposed that the Bill be amended to provide for the ten-year licensing of all companies under the SEZ regime and not just to developers, operators or enterprises undertaking activities in zones designated for midstream or upstream petroleum operations. Additionally, other companies under the SEZ regime should be allowed to apply for enterprise licenses and not just developers or operators undertaking midstream or upstream petroleum operations.

4.1.2 Anjarwalla and Khanna LLP/African Legal Network (ALN)

50. In a meeting with the Committee held on Wednesday, 1st April 2026, Mr. Dennis Chiruba proposed that that the Bill be amended to provide for the ten-year licensing of all companies under the SEZ regime and not just to developers, operators or enterprises undertaking activities in zones designated for midstream or upstream petroleum operations; the operating license of a company should not be suspended without giving the company a fair hearing; clause 7 should be amended to provide for upstream and midstream petroleum operation zones instead of oil and gas zones; and all companies under the SEZ and EPZ regime should be exempted from RDL and not just those undertaking activities in zones designated for midstream and upstream petroleum operations.

4.1.3 Association of Special Economic Zones (ASEZ)

51. In a meeting with the Committee held on Wednesday, 1st April 2026, Mr. Phillip Nderitu, CEO of ASEZ proposed the following amendments to the Bill: the definition of "*midstream petroleum*" be amended by deleting the words "*transportation and storage*" to avoid designating existing standalone transportation and storage facilities which delays collection of revenue by the Government; paragraph 4(d) of the Bill be deleted because it is covered under the new subclause 5A; new subclause 5A be amended by providing that all companies under the SEZ regime benefit from the 10-year licensing; new subclause 5B be amended by deleting the words, "*terms and conditions of license as the Authority may prescribe*" and substituting with the words, "*terms and conditions of the license*"; new subclause 5A be amended by deleting the words, "*and the developer, operator or enterprise shall pay such annual audit fees to the Authority as may be prescribed*" because audit fees should be part of operational costs for the Authority and not unpredictable expenses to investors; and incentives under the Miscellaneous Fees and Levies Act should apply to all companies under the SEZ regime.

52. He proposed the following new amendments to the Bill: new amendments to section 24 of the Act to give developers rights to develop housing for staff with fiscal benefits and introducing a 2.5%

surcharge at sale to the customs territory; and new amendments to section 35 of the Act to provide that where goods are removed from a zone to a domestic market, any standards related levy shall be assessed only on the value of domestic sales and not on the annual turnover. They further proposed deletion of subsection 35(5) of the Act.

4.1.4 Kenya Private Sector Alliance (KEPSA)

53. In a meeting with the Committee held on Wednesday, 1st April 2026, Mr. Emmanuel Otieno, a Manager at KEPSA supported the amendments proposed in the Bill. However, he proposed that Clause 4 should be amended because there may be delays and cost hurdles on the conducting of audits by the Authority. This may make the environment uncondusive to investors.

4.1.5 TRIFIC Special Economic Zone

54. In a meeting with the Committee held on Wednesday, 1st April 2026, Mr. Brian Mwau, Head of Business Development submitted that the focus of the Bill should not only be on the oil and gas sector. He proposed the following amendments to the Bill: the 10-year license period is discriminatory if it does not include other sectors in the SEZ regime; and investors should be allowed to operate in the country without being incorporated in Kenya to encourage investment in the country.

4.1.6 Kenya Association of Manufacturers (KAM)

55. In a meeting with the Committee held on Wednesday, 1st April 2026, the Head of Trade Policy, Mr. Walter Kamau, proposed the following amendments to the Bill: amend definitions of midstream and upstream by replicating definitions the Petroleum Act or adopting definitions limited to the scope relevant to the Bill to avoid overreach; the 10-year license should apply to all companies under the SEZ regime; amend paragraph 4(b) to allow the CS National Treasury and Economic Planning to have powers to provide exemptions and other incentives to oil and gas operators and developers; delete clause 5 because mandating all companies to be incorporated in Kenya will enhance regulatory oversight and accountability and protects government revenue as locally incorporated companies pay various taxes; delete paragraph 6(a) because Kenyan taxpayers will provide extensive incentives to foreign companies that do not have any tax obligations in Kenya; amend clause 8 to restrict provision to oil and gas operators, allow residents to benefit from the exemption and allow the CS National Treasury and Economic Planning power to include other sectors in the exemption on a case-by-case basis; insert a new clause to maintain the legal and territorial integrity of SEZs as foreign customs territory; and insert a new clause providing that customs and duties payable by goods from SEZs be less of local content to encourage integration between the domestic market and SEZs/EPZs.

4.1.7 National Environment Management Authority (NEMA)

56. In a meeting with the Committee held on Thursday, 2nd April 2026, Mr. David Ong'are, Director of Compliance informed the Committee that NEMA supports the Bill subject to strict adherence to the environmental safeguard framework established under EMCA. He reiterated that all

developments under SEZs are subject to rigorous environmental assessment, monitoring, and enforcement.

4.1.8 Oil and Gas Contractors Association of Kenya (OGCA-K)

57. In a meeting with the Committee held on Thursday, 2nd April 2026, Mr. Mwendia Nyaga, Director at OGCA-K submitted that OGCA-K supports the amendments proposed in the Bill. He proposed that the Bill be amended to widen parameters of SEZs to incorporate regions where midstream and upstream petroleum sector operations in Kenya are conducted.

4.1.9 Petroleum Institute of East Africa (PIEA)

58. In a meeting with the Committee held on Thursday, 2nd April 2026, the General Manager, Ms. Wanjiku Manyara submitted that the Bill should be amended to expand the scope of SEZs to include areas where midstream and upstream petroleum operations are being carried out.

4.1.10 Tsavo Oilfied Services

59. In a meeting with the Committee held on Thursday, 2nd April 2026, Eng. Elizabeth Rogo, Founder and CEO proposed that the Bill be amended to: expand the concept of petroleum-related SEZ activities to include the full services ecosystem; require a local content and Kenyan participation plan; add safeguards to the broader eligibility language; tie the ten-year licence period to performance review; protect independent enterprises from discriminatory treatment; require reporting on fiscal incentives and economic outcomes; and provide for county and host-area consultation.

4.1.11 Petroleum Outlets Association of Kenya (POAK)

60. In a meeting with the Committee held on Thursday, 2nd April 2026, the CEO and National Coordinator, Mr. John Njogu proposed the following amendments to the Bill: amend section 29 of the Act to provide that fiscal incentives given to licenced petroleum SEZ enterprises shall remain unchanged for the duration of the initial licence period, notwithstanding changes in the ITA and VAT Act; introduce a "Local Sourcing Preference" clause in Regulations; and provide for a joint audit framework between SEZA, KRA and EPRA.

4.1.12 Gulf Energy

61. In a meeting with the Committee held on Thursday, 2nd April 2026, Mr. Paul Limo, Group CEO informed the Committee that Gulf Energy supports all amendments proposed in the Bill because they reinforce the National Investment Policy 2019 with regard to predictable incentives and simplified licencing; Vision 2030 with regard to manufacturing-led growth, logistics expansion and energy security; and Kenya's industrialisation and regional competitiveness objectives.

4.1.13 Special Economic Zones Authority (SEZA)

62. In a meeting with the Committee held on Thursday, 2nd April 2026, the CEO, Dr. Kenneth Chelule proposed the following amendments to the Bill: Amend definition of “industrial parks” to include ~~“upstream petroleum operations and midstream petroleum operations”~~; maintain definition of upstream and downstream petroleum operations as provided in the Petroleum Act; delete clause 3; allow 10-year licence to all industrial park SEZ developers, operators and enterprises; substitute annual audit fees with licence fees; insert provision for penalty to a developer, operator or enterprise that fails to pay the prescribed annual fees within sixty days; and provide for suspension of a license for an enterprise or developer that violates the SEZ Act or the East African Community Customs Management Act, 2004 or any other applicable law.

4.1.14 State Department for Investment Promotion

63. In a meeting with the Committee held on Thursday, 2nd April 2026, Mr. Joseph Nguyo, Senior Deputy Secretary, informed the Committee that the State Departments supports all the amendments proposed in the Bill.

4.1.15 Kenya Revenue Authority (KRA)

64. In a meeting with the Committee held on Thursday, 2nd April 2026, Mr. David Ontweka, Ag. Deputy Commissioner submitted that companies should comply with registration under section 974 of the Companies Act to enable them obtain PINs for accounting of tax incentives.

4.1.16 State Department for Lands and Physical Planning

65. In a meeting with the Committee held on Thursday, 2nd April 2026, Ms. Sarah Maina, Secretary, Lands, informed the Committee that the State Department had reviewed the amendments proposed in the Bill and were in agreement with both form and content of the Bill.

4.1.17 Kenya National Chamber of Commerce and Industry (KNCCI)

66. In a memorandum dated 31st March 2026, Mr. K. K. Mutai, Chief Executive Officer proposed that: petroleum-zone terminology across section 4(6), the First Schedule and fiscal provisions should be harmonised to eliminate the three term mismatch created by the Bill; clarity should be provided that the 10 year minimum licence period does not curtail the Authority’s powers to revoke licences for non-compliance; replace blanket annual audits with risk-based proportionate audit frameworks; provide that companies should be registered in Kenya under the Companies Act; provide a clearly bounded period from the date of first operation to benefit from income tax exemption; the VAT zero-rating and levy exemptions should only be given to certified, authorised SEZ activities backed by SEZ Authority certification and KRA verification controls; require a Local Content and MSME Linkages Plan as a mandatory condition of every petroleum zone licence; and establish annual reporting obligations and publish an MSME participation dashboard to ensure domestic value creation.

4.1.18 Council of Governors (CoG)

67. In a letter, Ref: COG/6/50/1A Vo.22 (111) dated 25th March 2026, Ms. Mary Mwiti, Chief Executive officer submitted that the Bill should explicitly provide for the role of county governments within the SEZs framework, particularly where such zones are domiciled on county land. The resources provided under the SEZ Act result in county governments foregoing certain own-source revenues, including those that would ordinarily accrue from licencing regimes like business permits. Host counties should therefore derive equitable socio-economic benefits, including revenue sharing arrangements and community benefits.

4.1.19 Kenya Oil and Gas Association (KOGA)

68. In a letter, Ref: Gen-001-2026 dated 23rd March 2026, the Chairman, Mr. Franklin Juma, submitted that: the National Assembly should pass the Bill as drafted; SEZA to publish energy-SEZ regulations within 90 days of assent of the Act to give effect to licence tenure, audits and fiscal alignment; the National Treasury and KRA to issue practice notes clarifying VAT zero-rating for developers/operators, withholding-tax treatment and RDL exemption workflows for petroleum SEZ cargo; and align SEZ spatial planning with various state port authorities to ensure bonded corridors, liquid bulk jetties and shared utilities are delivered on bankable schedules.

4.1.20 Eni Kenya

69. In their letter, Ref. MD/DM/132/2026.O dated 25th March 2026, Ms. Daniela Morra, Managing Director, proposed that geothermal zones be included in the First Schedule to the SEZ Act to integrate geothermal energy into the national SEZ classification framework which is consistent with the designation of the Olkaria geothermal area as an SEZ, thereby supporting a consistent framework applicable to the sector for future projects.

4.1.21 Independent Continental Youth Advisory Council on AfCTA (ICOYACA)

70. In their memorandum dated 25th March 2026, ICOYACA proposed that the Bill be amended to: clarify the incentive position after ten years; specify that licence conditions for petroleum zone licensees shall include at a minimum (i) all payments to the national and county governments, (ii) cost recovery amounts claimed and approved, (iii) payments into the local community trust fund under section 58 of the Petroleum Act, 2019, and (iv) compliance with the EITI standards as adopted by Kenya; restore the 10 year limitation in paragraph 73 of the ITA or confine the perpetual exemption to petroleum zone entities in a new standalone paragraph with mandatory annual transfer pricing compliance reporting; amend the new paragraph (xix) of the Miscellaneous Fees and Levies Act to cross reference the EPZ Act, Cap. 517 and SEZ Act, Cap. 517A and specify the certifying authority for each zone type; and provide that the incentives and benefits available to licenced petroleum SEZ enterprise, developer or operator under this Act shall apply in addition to and not in substitution for the terms of any petroleum agreement entered into under the Petroleum Act, 2019.

4.1.22 Emsi Associates

71. In a letter dated 25th March 2026, Ms. Mary Chege, Managing Partner, proposed the following amendments to the Bill: amend the Bill to consolidate all proposed zones i.e. BPO zones, service focused zones, educational zones, midstream petroleum operations zones and upstream petroleum operations zones, and such other sectors as may be prescribed by the CS responsible for SEZs; provide that a licence shall remain valid from the date of issue subject to payment of prescribed fees and inspection by the Authority; delete subclause 5B; and amend section 28 and 29 of the Act to require that foreign companies register a branch or incorporate a subsidiary in Kenya in accordance with provisions of the Companies Act, Cap. 486.

4.1.23 Bureau of Special Services Limited

72. In a letter, Ref: Bss/Adm/vol ii/016/26 dated 23rd March 2026, the CEO, IP Rtd. Ekai Lomoru Nicholas, HSC proposed that the Bill be amended by widening parameters of SEZs to incorporate regions where midstream and upstream petroleum operations are currently conducted.

4.1.24 Blue Logistics Group

73. In a letter dated 23rd March 2026, Mr. Duncan Wagura, Managing Director, East Africa supported the Bill because its enactment will enhance efficiency in cargo movement, lower the cost of doing business, attract investment and technology transfer, improve infrastructure and logistics capacity, promote compliance and transparency, and create employment and build local capacity.

4.1.25 Bhachu Industries Limited

74. In a letter dated 25th March 2026, Mr. Gurveer Bhachu proposed that the Bill be amended to expand the scope of special economic zones to include regions where upstream and midstream petroleum operations are currently underway as they are not covered by the SEZ Act, Cap. 517A.

4.1.26 Mo Rapid Solutions Limited

75. In a letter, Ref: mo/25/2026 dated 23rd March 2026, the Director, Mr. Amos Cheruiyot proposed that the Bill be amended to expand SEZs to include areas where midstream and upstream petroleum operations are taking place.

4.1.27 Idar Groups Security Services Limited

76. In their letter, Ref: 001/03/EPZ/NA dated 23rd March 2026, the Director, Capt. (Rtd.) Augustine Ekitela proposed that the Bill be amended to widen the parameters of SEZs to incorporate regions where midstream and upstream petroleum operations are currently conducted.

4.1.28 Etom Services Limited

77. In their letter, Ref: Etom-005-2026 dated 26th March 2026, Mr. Fredrick Ejore, Managing Director, supported the amendments proposed in the Bill because incorporating the area in the SEZ framework will create jobs, improve infrastructure, develop skills and retain talent, create opportunities for local suppliers, improve the quality of life and diversify the economy.

4.2 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS ON STAKEHOLDER COMMENTS

Clause 2

78. Clause 2 amends section 2 of the Special Economic Zones Act, Cap. 517A by inserting definitions of "midstream petroleum operations" and "upstream petroleum operations," both cross-referencing the Petroleum Act (Cap. 308).
79. **KAM** proposed either replicating the Petroleum Act definitions directly in section 2 of the SEZ Act, or adopting tailored definitions limited strictly to the scope relevant to this Bill to avoid overreach. **KNCCI** proposed an explicit cross-reference to section 2 of the Petroleum Act by chapter number, and an implementing note clarifying that SEZ licensing does not substitute for Petroleum Act approvals. **KNCCI** further proposed a harmonisation clause confirming that definitions in section 2 of the SEZ Act apply for purposes of all consequential fiscal amendments in the Bill's Schedule thereby addressing the risk that KRA and courts construe the same terms differently under tax and SEZ statutes. The **ASEZ** proposed deleting the words transport and storage from the definition of midstream petroleum operations to avoid the inadvertent designation of existing standalone transportation and storage facilities as petroleum zones, which would delay government revenue and distort the application of the zone regime to infrastructure already operating outside the SEZ framework. **SEZA** proposed accommodating midstream and upstream operations under industrial parks.

Committee observations/Recommendation

The definitions of midstream petroleum operations and upstream petroleum operations by cross-reference to the Petroleum Act, Cap. 308 are in order. They are consistent with the sector's primary legislation and avoids duplication. The Committee accordingly approved Clause 2 as proposed in the Bill.

Clause 3

80. Clause 3 amends section 4(6) of the Special Economic Zones Act, Cap. 517A by adding two new zone types, that is, midstream petroleum operations zones (k) and upstream petroleum operations zones (l) to the list of permissible SEZ designations.
81. **SEZA** proposed accommodating petroleum activities within the existing industrial scheme framework by expanding the definition of industrial park to include upstream and midstream

petroleum operations rather than creating new zone types. This is consistent with SEZA's ongoing policy review proposing consolidation of all zone types into three broad schemes: Industrial, Services, and Trade-Related. Multiple stakeholders supported this approach. **TRIFIC Special Economic Zone** proposed designating oil and gas activities as a sub-category within industrial parks with an explicit cross-reference to ensure petroleum zone operators benefit from the same infrastructure, fiscal, and regulatory frameworks applicable to industrial parks. **Eni Kenya** proposed insertion of a new paragraph (m) geothermal resource zones into section 4(6) of the SEZ Act, alongside the petroleum zone types introduced by the Bill. The justification is that Kenya has significant geothermal resources as a strategic priority under the renewable energy agenda, and that geothermal development faces similar large-scale capital investment and long development cycle challenges as upstream and midstream petroleum operations.

Committee observations/Recommendation

The committee observed that midstream and upstream operations will be designated special economic zones. This amendment is the operational heart of the Bill. The designation of midstream and upstream petroleum operations zones within the SEZ framework is a targeted and deliberate policy response to the specific investment characteristics of the Lokichar Basin development. Upstream petroleum operations and midstream petroleum operations are capital-intensive, technically complex, and long-cycle activities that require a stable, predictable, and comprehensive regulatory and fiscal environment over periods of twenty years or more.

The Committee acknowledged the coherence of SEZA's proposal in the context of its ongoing policy review and the consolidation agenda it represents. However, the Committee resolved not to adopt this approach since routing petroleum operations through the industrial park framework would conflate two fundamentally different categories of economic activity, that is petroleum extraction and transportation on the one hand and manufacturing and processing on the other hand within a single zone type that was not designed to accommodate the technical, environmental, safety, and infrastructure requirements of petroleum operations. The industrial park framework also does not carry the same legal and regulatory specificity that the dedicated petroleum zone types provide, and investors seeking project financing for large-scale petroleum infrastructure require the legal certainty of a distinct and unambiguous regulatory designation. Further while the Committee acknowledged the strategic importance of geothermal resources the insertion of geothermal zone types goes beyond the subject matter of the Bill which is confined to midstream and upstream petroleum operations in the Lokichar Basin. The proposal to extend the SEZ framework to geothermal operations should be advanced through the ongoing SEZA policy review or through a separate legislative process informed by equivalent sector-specific analysis.

The Committee accordingly approved Clause 3 as proposed in the Special Economic Zones (Amendment) Bill (National Assembly Bill No. 8 of 2026).

Clause 4

82. Clause 4 amends section 27 of the SEZ Act, Cap. 517A by replacing paragraph (d) of subsection (5) with a validity provision subject to new subsection (5A), and inserting two new subsections: (5A) mandating a minimum licence duration of ten years for petroleum zone operators, and (5B) requiring the Authority to conduct annual compliance audits for the duration of such licences, with annual audit fees payable by licensees.
83. The policy rationale is that petroleum projects involve enormous upfront capital investment over long development cycles, and investors need confidence that their licence will not be shortened or revoked before they have had a reasonable opportunity to recover that investment. The current Act provides for a twelve-month licence validity, after which an investor has no legal certainty of continued operation until renewal.
84. **SEZA** opposed restricting the ten-year minimum licence duration to petroleum zones and proposed extending it to all industrial park SEZ developers, operators, and enterprises. **ASEZ, KAM, TRIFIC SEZ, KEPSA, ALN, and VIVA Africa Consulting** supported extending the ten-year minimum licence duration to all SEZ sectors, on the basis that the capital intensity and long investment cycle arguments are not unique to petroleum operations and that limiting the guarantee to petroleum creates an unjustified asymmetry across the SEZ programme.
85. **SEZA** proposed that the extended licence period be accompanied by strengthened enforcement powers for SEZA, including express grounds and procedures for licence suspension and revocation, a formal redress mechanism, including the right to a fair hearing and appeal, and a penalty for delayed payment of annual licence fees. SEZA proposed a new section 27(5C) imposing double the annual fee where payment is not made within sixty days of the due date. **TRIFIC SEZ** specifically proposed insertion of an express clause providing that tax incentives run independently of licence validity and renewal. **POAK** proposed a provision that fiscal incentives granted to a licensed petroleum SEZ enterprise remain applicable for the duration of the licence notwithstanding amendments to tax laws effectively a fiscal stabilisation clause protecting investors from adverse changes introduced through annual Finance Acts during the licence period.
86. Several stakeholders challenged the imposition of audit fees on licensees. **ASEZ, KAM, TRIFIC SEZ,** and **KEPSA** argued that compliance audit costs should be borne by SEZA as an operational cost of the Authority, already captured within the annual licensing fee paid by the investor. They proposed deletion of the audit fee provision and suggested that if a fee is necessary, it should be prescribed through regulations for flexibility rather than fixed in primary legislation. **SEZA** proposed substituting annual audit fees with annual licence fees, and inserting a new subsection expressly providing for the payment and consequences of non-payment of annual licence fees.
87. **Emsi & Associates** proposed deletion of section 27(5B) on the basis that EPRA's existing audit regime under the Petroleum Act is sufficient and the additional SEZA audit constitutes unjustified jurisdictional duplication. **POAK** proposed a joint institutional audit mechanism involving SEZA, KRA, and EPRA as an alternative. The **KNCCI** proposed that the Bill includes an express clarification that SEZ licensing operates alongside and does not substitute for petroleum sector approvals under

the Petroleum Act, and that SEZA be required to publish a joint licensing guide with petroleum regulators within twelve months of commencement of this Act.

Committee observations/Recommendation

The Committee considered whether the mandatory minimum ten-year licence tenure should be extended to all SEZ sectors or retained as petroleum-specific. Upon careful consideration, the Committee resolved that the provision should remain confined to petroleum zones as proposed in the Bill.

The Committee observed that while the policy case for longer licence tenures is broadly applicable across capital-intensive investment sectors, the extension of a mandatory minimum tenure across the entire SEZ programme is not a decision that can be made without a proper risk-benefit analysis. Long-term licences carry inherent risks, particularly speculative licence holding, where investors secure access to land, infrastructure, and fiscal incentives without genuine development. This can lock up scarce resources and delay economic activity, employment, and revenue that the SEZ programme is intended to generate.

The Committee observed that the case for a minimum licence tenure in the petroleum sector is grounded in well-documented, sector-specific characteristics namely the scale of capital investment, long development timelines, and technical complexity of upstream and midstream operations established through the Joint Committee process preceding this Bill. No comparable analysis has been undertaken for other SEZ sectors. Extending a minimum tenure in the absence of such analysis would therefore be premature and potentially undermine the integrity of the broader SEZ framework.

The Committee accordingly resolved that the question of extending the minimum licence tenure to other SEZ sectors be referred to the Cabinet Secretary responsible for investment, the Special Economic Zones Authority, and the Cabinet Secretary responsible for finance for consideration within the ongoing comprehensive review of the SEZ policy and legal framework, to be informed by a proper sector-by-sector needs analysis that weighs the investment certainty benefits of longer tenures against the regulatory flexibility and anti-speculation risks specific to each zone type. In the interim, the Bill maintains a focused and proportionate objective: to support investment in the petroleum sector through targeted interventions that address gaps in the existing SEZ framework without disrupting the broader architecture of the SEZ programme.

On the proposed annual audit obligation under section 27(5B), the Committee observed that this requirement serves as a necessary regulatory counterbalance to the ten-year minimum licence tenure as the extended licence tenure limits the Authority's ability to rely on non-renewal or early revocation, continuous oversight becomes essential. The annual audit provides this oversight by enabling regular monitoring of compliance and development progress, early detection of non-performance, and a

sound evidentiary basis for enforcement where required. The Committee therefore affirmed the annual audit as a critical safeguard within the petroleum zone licensing framework.

The Committee accordingly approved Clause 4 as proposed in the SEZ (Amendment) Bill, 2026.

CLAUSE 5

88. Clause 5 deletes the expression "incorporated in Kenya" from section 28(a) of the principal Act, replacing it with the broader term "company". The existing definition of "company" in section 2 of the principal Act adopts the meaning assigned by the Companies Act (Cap. 486) and expressly includes a company incorporated outside Kenya but registered in Kenya under that Act. The effect of this amendment is to extend eligibility as an SEZ developer or operator to foreign-incorporated entities operating through registered branches in Kenya, without requiring the establishment of a locally incorporated subsidiary.
89. **TSAVO Oilfield Services** proposed requiring foreign companies to register a branch or subsidiary in Kenya under the Companies Act as a condition of SEZ participation. **ICOYACA** raised beneficial ownership transparency as a gap in the Bill that allows foreign-incorporated entities to qualify without introducing compensating disclosure obligations or requirements for substantive local presence. Tsavo further proposed that where the Bill uses the term a company, conditions should require tax compliance, beneficial ownership disclosure, a substantive local presence, and implementation of local participation obligations. **KRA** did not object to the removal of the local incorporation requirement and proposed that any company seeking to benefit under the amended provision complies with section 974 of the Tax Procedures Act by obtaining a Personal Identification Number as a condition of accessing SEZ benefits so that KRA can identify it, track its transactions, issue assessments, and administer its tax obligations.

Committee Observations/Recommendation

90. The Committee observed that the amendment accommodates the corporate structures typically used by international petroleum investors who would not readily establish a new Kenyan subsidiary purely to qualify as an SEZ participant. The Committee noted that the policy justification for the removal is well-founded in the context of this Bill. Large-scale international petroleum investors including the companies currently engaged in the Lokichar Basin under Production Sharing Contracts typically operate through complex multi-jurisdictional corporate structures involving holding companies, project vehicles, and operating entities incorporated across several jurisdictions. The Committee resolved that the amendment as proposed is necessary and appropriate to achieve the Bill's objective of attracting large-scale international petroleum investment into the Lokichar Basin. SEZA, in its licensing regulations, may expressly require proof of PIN registration as a condition precedent to the issuance of the SEZ developer, operator or enterprise licences proposed in this Bill.

The Committee accordingly approved Clause 5 as proposed in the Bill.

Clause 6

91. Clause 6 amends section 29 in two respects: replacing "*is incorporated in Kenya*" with "*is a company*" in subsection (2)(a), and inserting a new subsection (3) enabling petroleum zone developers and operators to apply for an enterprise licence to undertake activities within petroleum-designated zones.

Committee Observations

The Committee observed that the change accommodates the corporate structures typically used by international petroleum investors who would not readily establish a new Kenyan subsidiary purely to qualify as an SEZ participant. The Committee noted that the policy justification for the removal is well-founded in the context of this Bill. Large-scale international petroleum investors including the companies currently engaged in the Lokichar Basin under Production Sharing Contracts typically operate through complex multi-jurisdictional corporate structures involving holding companies, project vehicles, and operating entities incorporated across several jurisdictions. The Committee resolved that the amendment as proposed is necessary and appropriate to achieve the Bill's objective of attracting large-scale international petroleum investment into the Lokichar Basin. SEZA, in its licensing regulations, may expressly require proof of PIN registration as a condition precedent to the issuance of the SEZ developer, operator or enterprise licences proposed in this Bill.

The Committee accordingly approved Clause 6 as proposed in the SEZ (Amendment) Bill, 2026.

Clause 7

92. Clause 7 amends the First Schedule to the SEZ Act, Cap. 517A by adding "*oil and gas zones*" as paragraph (i) to the enumerated zone types.

Committee Observation/Recommendation

93. The Committee observed that the amendment enables the Authority to permit oil and gas zones within the SEZ programme, anchoring this new zone type to the declaration framework under section 4 of the principal Act. The Committee accordingly approved clause 7 as proposed in the Bill.

Clause 8

94. The Bill makes the following three consequential amendments under clause 8:

- a) under the Income Tax Act, Cap. 470, it deletes the ten-year establishment cap in paragraph 73 of Part I of the First Schedule, effectively extending withholding tax exemptions on royalties and management fees paid to non-residents beyond the current ten-year limit;
- b) under the VAT Act, Cap. 476, it extends zero-rating to supplies made to SEZ developers and operators (not only enterprises); and
- c) under the Miscellaneous Fees and Levies Act, Cap. 469C, it exempts goods destined for EPZs or SEZs designated for petroleum operations from the Railway Development Levy.

Committee Observations/Recommendation

The Committee observed that the amendment to the Income Tax Act was necessary to harmonise the withholding tax incentive with the long investment and production cycles characteristic of petroleum operations and to make the SEZ regime genuinely competitive for the scale of investment the Lokichar Basin requires. The Committee accordingly approved the deletion of the ten-year cap in paragraph 73 of Part I of the First Schedule to the Income Tax Act.

The Committee further observed that extension of zero-rating to developers and operators, is consistent with the intentions of the Bill and harmonises the tax incentives applicable to SEZ entities across all licence categories. In the context of petroleum operations, developers and operators are the entities that incur the heaviest capital expenditure in establishing and equipping zone infrastructure. The Committee accordingly approved the extension of VAT zero-rating to SEZ developers and operators as proposed.

The amendments to the Miscellaneous Fees and Levies Act are consistent with the broader objective of harmonising the fiscal incentive regime applicable to petroleum zone activities and removing fiscal burdens that would otherwise impede the capital investment flows the Bill is designed to attract.

The Committee observed that the three consequential amendments form an integrated fiscal package that, read together with the substantive amendments in the entire Bill constitutes a coherent and proportionate response to the investment barriers facing petroleum operators in the South Lokichar Basin. The Committee accordingly approved clause 8 and the Schedule of consequential amendments as proposed in the Bill.

Proposed New Provisions

95. **KNCCI** proposed inserting definitions of local enterprise cross-referenced to the MSME Act No. 55 of 2012 and local content aligned to the Petroleum Act's local content concepts into section 2. This would create the statutory basis for MSME-linkage licensing conditions across the Act. **TSAVO Oilfield Services** proposed a more detailed Local Participation Plan requirement for all applicants

for petroleum SEZ licences, covering employment of Kenyan nationals, technical training and skills development, collaboration with local institutions, procurement from Kenyan firms, SME supplier development, technology transfer, inclusion of women, youth, and regional enterprises, and periodic reporting of outcomes.

96. **POAK** proposed an express minimum local procurement requirement for SEZ petroleum enterprises. **ASEZ** made a proposal to introduce an express provision entitling SEZ enterprises to develop housing facilities for their staff within the zone. The proposal further introduces a surcharge of 2.5 percent payable on sale of goods from the SEZ into the customs territory. **ASEZ** also proposed to amend section 35 of the SEZ Act, Cap. 517A to provide that where an SEZ enterprise is liable to pay the standards levy in respect of exports, that levy be assessed on the value of domestic sales only and not on the enterprise's annual turnover. **ASEZ** further requested the Committee to delete the ten-year cap in section 35(5) of the SEZ Act, Cap. 517A, which currently limits the period during which SEZ enterprises may enjoy the benefits conferred under that section.
97. **KNCCI** proposed for a statutory orientation of petroleum SEZs toward regional export hubs within the African Continental Free Trade Area trade regime. **KNCCI** proposed a Single-Window Licensing System, statutory thirty-day decision timelines for licensing determinations, a joint SEZ-KRA-NEMA-EPRA inter-agency committee, and a performance monitoring framework incorporating key performance indicators covering FDI inflow, employment creation, export volumes and MSME participation share. **KNCCI** requested integration of zone declarations with National and County Spatial Plans under the Physical and Land Use Planning Act, 2019 and on the consequential amendments, a bounded withholding tax exemption of ten years from the date of first operation with a maximum of fifteen years for petroleum zones.

Committee Observations/Recommendation

98. **The Committee considered the proposals submitted during public participation and rejected them for the following reasons:**
- a) **The Petroleum Act already provides for local content. Introducing parallel provisions through the SEZ (Amendment) Bill, 2026 would risk regulatory duplication, inconsistency, and compliance confusion. Any enhancement of local content requirements should be pursued under the Petroleum Act or through the ongoing SEZA policy review.**
 - b) **The proposal to amend the standards levy basis engages the Kenya Bureau of Standards Act and KEBS's administrative framework, which fall outside the scope of this Bill. It was not supported with evidence of consultation with KEBS or by a fiscal impact assessment of the potential revenue implications.**
 - c) **The proposed deletion of the ten-year benefits cap under section 35(5) constitutes a cross-cutting reform of the SEZ incentive framework affecting all sectors and zone types. It is a matter of general policy that should be addressed through the ongoing SEZA policy review.**

- d) On staff housing, the Committee observed that the proposal poses a significant risk to the integrity of the SEZ regime. While the existing framework already permits developers to provide staff housing as part of zone infrastructure, extending an express entitlement to SEZ enterprises would create a risk of abuse. Enterprises benefiting from SEZ fiscal incentives could develop housing for sale or lease to persons outside the zone, effectively turning SEZs into vehicles for subsidised real estate development unrelated to their export-oriented purpose. In the absence of clear safeguards on occupancy, use, and applicable incentives, such provisions would be vulnerable to exploitation and could divert scarce zone resources from productive investment. The Committee further noted that housing development is comprehensively addressed under existing government policy and legal frameworks, and expanding SEZ enterprise activities to housing would dilute the programme's focus by extending fiscal concessions beyond their intended purpose.
- e) On AfCFTA alignment, the Committee acknowledged the strategic merit of orienting petroleum zones toward the continental trade architecture under Kenya's AfCFTA commitments and Article 2(6) of the Constitution. However, this is a matter of implementing policy and regulatory strategy rather than primary legislation, and goes beyond the Bill's scope.
- f) On regulatory efficiency, digital licensing, and inter-agency coordination, the Committee endorsed the substance of these proposals as sound regulatory practice but observed that they engage the broader regulatory architecture of multiple agencies beyond the scope of this Bill and carry institutional resource implications that attract money Bill considerations under Article 114 of the Constitution.
- g) The Committee further noted that Standing Order 133(5) prohibits amendments that expand a Bill beyond its subject matter. This Bill is narrowly focused on extending the SEZ framework to upstream and midstream petroleum operations in the Lokichar Basin, as mandated by the Joint Committee Report adopted on 25th February 2026. The proposals considered were not directed at this objective and would constitute an expansion of scope.
- h) In addition, several proposals carry direct fiscal implications including the removal of the benefits cap, introduction of a 2.5% surcharge on domestic sales, and changes to the standards levy base yet these were not accompanied by fiscal impact assessments or recommendations from the Cabinet Secretary responsible for finance, as required under Article 114 of the Constitution.

General Observations on Proposed Stakeholder Amendments

99. The Committee considered all proposed amendments submitted by stakeholders during the public participation process. Having done so, the Committee makes the following fundamental observations which apply uniformly to all proposed amendments:

- a) Upon careful consideration, the Committee observed that majority of the proposed amendments sought to reform the broader SEZ programme, extend incentives to sectors not contemplated by the Bill, introduce local content frameworks, address MSME participation, create new zone types unrelated to petroleum, and resolve structural issues that predate and are independent of the Lokichar Basin development objective.
- b) Standing Order 133(5) prohibits amendments that go beyond the subject matter of a Bill or expand it unreasonably. While meritorious in their own right, the proposals fall outside the Bill's defined scope and their incorporation would constitute an unreasonable expansion contrary to Standing Order 133(5).
- c) The Committee further noted that proposals with money Bill implications had not been accompanied by the recommendations of the Cabinet Secretary responsible for finance, as required under Article 114 of the Constitution.
- d) The Committee recognised that several broader reform proposals, particularly those relating to incentive continuity on licence renewal, extension of fiscal corrections across all SEZ sectors, local content frameworks, and zone type rationalisation, raise legitimate policy concerns. It recommends that these be considered within the ongoing comprehensive review of the SEZ policy and legal framework by the Cabinet Secretary responsible for industrialisation, in consultation with SEZA and the National Treasury, informed by stakeholder submissions.
- e) For the foregoing reasons, the Committee rejects all proposed stakeholder amendments. In the interim, the Bill maintains a focused and proportionate objective: to support investment in the petroleum sector through targeted interventions that address gaps in the existing SEZ framework without disrupting the broader architecture of the SEZ programme.

CHAPTER FIVE

5.0 COMMITTEE OBSERVATIONS

Having considered the Bill, the Committee made the following observations on the Special Economic Zones (Amendment) Bill (*National Assembly Bill No. 8 of 2026*):

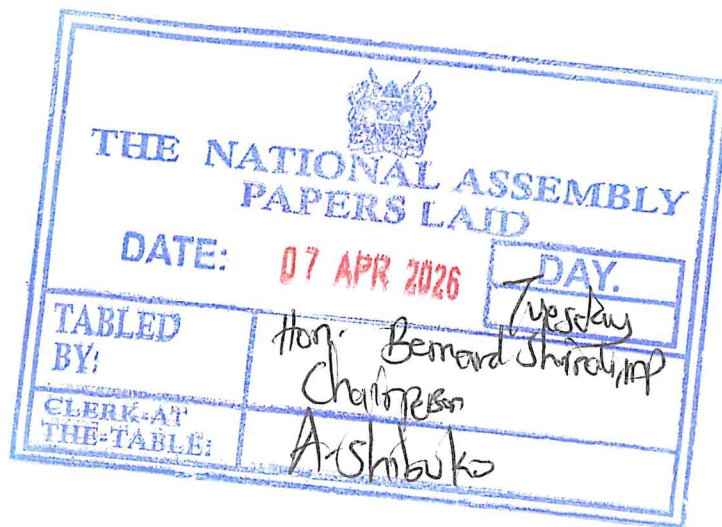
1. The Special Economic Zones (Amendment) Bill, 2026 represents a timely and necessary intervention to strengthen Kenya's investment and industrialisation framework. The Bill seeks to address longstanding constraints in the SEZ regime, particularly in relation to regulatory inefficiencies, fragmented institutional coordination, and limited investor facilitation. By refining the mandate of the Special Economic Zones Authority and enhancing licensing, administration, and incentive structures, the proposed amendments provide a foundation for a more responsive and competitive SEZ ecosystem.
2. The Bill is premised on a resolution of both Houses of Parliament adopting the Report of the Joint Committee of the National Assembly Departmental Committee on Energy and the Senate Standing Committee on Energy on the Field Development Plan and Production Sharing Contracts for Blocks T6 and T7 in South Lokichar Basin, Turkana County, adopted on 25th February 2026.
3. The absence of an SEZ framework for petroleum has meant that companies cannot access the fiscal incentives in terms of duty exemptions on capital equipment, VAT zero-rating on inputs, reduced corporate tax rates that the SEZ regime offers. Every piece of drilling equipment, every tanker, every pumping unit imported for the Lokichar Basin development has been subject to standard import duty treatment. For a project of this capital intensity, the cumulative duty and tax burden on imports is material. Competitors in other jurisdictions have benefited from more tailored fiscal incentive frameworks for their petroleum sectors.

CHAPTER SIX

6.0 COMMITTEE RECOMMENDATION

The Committee having reviewed the Special Economic Zones (Amendment) Bill (National Assembly Bill No. 8 of 2026) recommends that the House **PASSES THE BILL WITHOUT AMENDMENTS.**

SIGNED.......... DATE 07/04/2026.....
HON. BERNARD MASAKA SHINALI, CBS, MP
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES



REFERENCES

1. Report of the Joint Committee of the National Assembly Departmental Committee on Energy and the Senate Standing Committee on Energy on Consideration of the Field Development Plan and Production Sharing Contracts for Blocks T6 and T7 in South Lokichar Basin, Turkana County.
2. [https://kenyalaw.org/kl/fileadmin/pdfdownloads/IncomeTaxAct\(Cap.470\).pdf](https://kenyalaw.org/kl/fileadmin/pdfdownloads/IncomeTaxAct(Cap.470).pdf)
3. <https://new.kenyalaw.org/akn/ke/act/2013/35/eng@2024-12-27accessedon19-03-2026>
4. <https://rwandalii.org/akn/rw/act/law/2011/5/eng@2011-03-30/source>
5. <https://www.investmalaysia.gov.my/media/r00jypsc/free-zones-act-1990.pdf>



THIRTEENTH PARLIAMENT - FIFTH SESSION - 2026

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

ADOPTION SCHEDULE

We, the undersigned Honorable Members of the Departmental Committee on Trade, Industry and Cooperatives today, **Saturday, 4th April 2026** do hereby affix our signatures to this **Report on the Special Economic Zones (Amendment) Bill (National Assembly Bill No. 8 of 2026)** to affirm our approval and confirm its accuracy, validity and authenticity:

S/NO.	NAME	SIGNATURE
1.	Hon. Benard Masaka Shinali, CBS, MP - Chairperson	
2.	Hon. Marianne Jebet Kitany, MP - Vice-Chairperson	
3.	Hon. Adhe Wario Guyo, MP	
4.	Hon. Anthony Tom Oluoch, MP	
5.	Hon. (Dr.) Beatrice Kahai Adagala, MP	
6.	Hon. Joshua Mbithi Mutua Mwalyo, MP	
7.	Hon. Joyce Kamene, MP	
8.	Hon. Robert Githinji Gichimu, MP	
9.	Hon. (Dr.) Wilberforce Ojiambo Oundo, MP	
10.	Hon. Adams Korir Kipsanai, MP	
11.	Hon. Alfred Kiprono Mutai, MP	
12.	Hon. Amos Maina Mwago, MP	
13.	Hon. John Okano Bwire, MP	
14.	Hon. Samuel Sakimba Parashina, MP	
15.	Hon. Michael Wainaina Wambugu, MP	

